1. Summary

1.1 This paper proposes that the London Assembly Economy Committee carries out an investigation into the effectiveness of apprenticeships in London.

2. Recommendation

2.1 That the Committee notes the scoping paper and agrees an investigation into the effectiveness of apprenticeships in London.

3. Background

3.1 In May 2013, the Economy Committee held a meeting examining the construction sector in London. One of the issues raised by guests was the difficulty in securing a regular flow of high quality apprentices.\(^1\) Following this meeting, the Committee agreed to look more broadly at how apprenticeships are developed and managed in London, including what value they bring to workers and the economy.

3.2 Major changes are being introduced to apprenticeship programmes over the coming year, including greater involvement from employers in design and delivery, as well as a more substantial role for the London Enterprise Panel in directing skills funding in London. This investigation would provide an opportunity for Members to explore the likely effects of these changes and how Londoners and business might benefit.

3.3 The investigation will address three key questions:
- How effective are apprenticeships in preparing people for work in the capital?
- How will the proposed government changes affect scheme provision? and
- What more should the Mayor and GLA do to support apprentice provision in London?

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\(^1\) Issues raised at the meeting included not only the quality of the candidates being put forward, but also institutional barriers from local authorities and employers - transcript of London Assembly Economy Committee meeting, 14 May 2013
4. Issues for Consideration

4.1 An apprenticeship is a scheme which offers a job with training so individuals can earn while they study for recognised qualifications. Apprenticeships are available to people 16 and over, and not in full time education. They take between one and four years to complete and cover 1,500 job roles in a wide range of industries.

4.2 All apprentices should:

- Receive the appropriate national minimum wage (£2.68 for under 19 and first year apprentices, £4.68 for 19 and 20 year olds and £6.19 for those aged 21 and over);
- Work at least 30 hours a week; and
- Receive a nationally recognised qualification such as a National Vocational Qualifications (NVQs) at Level 2 to 5, a Functional Skills qualifications, eg in maths, English or ICT, a technical certificate, such as a BTEC or City & Guilds Progression Award or a knowledge-based qualifications, such as a Higher National Certificate (HNC), a Higher National Diploma (HND) or a Foundation degree.

4.3 Apprenticeships are governed and delivered through a complex national, regional and local framework. The Department for Business, Innovation and Skills, and the Department for Education set broad standards for apprenticeship schemes through the Specification for the Apprenticeships Standards for England (SASE). Once these standards have been set, there are three further key roles:

- **Proposer** - An organisation who has an idea for an Apprenticeship framework but who does not necessarily want to develop one, who is then encouraged to work with the relevant Sector Skills Council (SSC) to develop an appropriate framework
- **Framework Developer** - The organisation who will develop the framework for submission to the Issuing Authority
- **Issuing Authority** Organisations appointed by the Secretary of State in England to issue Apprenticeship frameworks for a particular sector. The Issuing Authority is responsible for ensuring that only those Apprenticeship frameworks which comply with the SASE are issued as recognised English Apprenticeship frameworks. There is only one Issuing Authority for each sector and they will support framework developers, if they wish to make sure that their frameworks comply with SASE requirements

4.4 Finally, the National Apprenticeship Service (NAS) supports, funds and co-ordinates the delivery of Apprenticeships throughout England. It is responsible for increasing the number of Apprenticeship opportunities and providing a dedicated, responsive service for both employers and learners. This includes simplifying the process of recruiting an apprentice through Apprenticeship Vacancies, an online system where employers can advertise their openings and potential apprentices can apply. NAS is run through the Skills Funding Agency, which has authority over the wider Further Education and skills remit.

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2 All information from this section is taken from the National Apprenticeship Service (NAS) website – www.nas.org.uk
3 The Department for Education has authority over apprenticeships for those 19 years and younger. The Department for Business, Innovation and Skills has authority over all other apprenticeships.
Value of Apprenticeships

4.5 There is some evidence that there is a benefit to workers and companies in completing an apprenticeship. According to the latest research from NAS:⁴

- 85 per cent of apprentices will stay in employment, with two-thirds staying with the same employer.
- A third of all former apprentices had received a promotion within 12 months of finishing, and of those in work, 75 per cent reported taking on more responsibility in their job.
- Employers think that qualified apprentices are 15 per cent more employable than those with other qualifications.

4.6 Surveys have also shown that businesses tend to have a more favorable opinion of the value of apprenticeships once they have had taken on an apprentice, or heard from those who had in the business community. On hiring an apprentice, business owners are also more likely to think they help improve staff retention, loyalty and overall performance.⁵ In a study carried out by the Department of BIS, 90 per cent of London employers had either recommended or would recommend apprenticeships to other employers while 85 per cent were committed to the offering apprenticeships in the future.⁶

4.7 A study by the National Audit Office in 2012 found that investing in apprenticeships offered a good return on investment for the government. It estimated that spending on adult apprenticeships overall could be producing an economic return of £18 for every £1 of public spending. In 2012/2013, the Government invested £1.5 billion in apprentice training.⁷

Performance of Apprenticeship schemes

4.8 The performance of apprenticeship schemes is generally evaluated through the number of apprentice ‘starts’ and the total number of apprentices in an academic year. In London, the number of apprenticeship starts has increased from 20,350 to 47,230 (132 per cent increase) between 2009 and 2012 which is the biggest proportionate increase in the UK. This has largely been driven by increases in the number of older people (ie 19 years and over) joining apprenticeship schemes.⁸

4.9 There is less publically available data on the number of apprentices who successfully complete their training. Currently, the only available figures are national, which show a rising number of successful completions, from approximately 70 per cent, to 76 per cent between 2008 and 2011. However, the 2011/2012 academic year showed an average drop of 2.6 per cent in success levels across all apprenticeships, rising to 12 per cent for Higher Level apprentices.⁹

4.10 In London, 0.9 per cent of all employed positions are apprenticeships: this compares with 2.1 per cent nationally. The Mayor believes that this indicates that is clearly an opportunity to increase the number of apprentices in London.

4.11 The Mayor has set a target of 250,000 apprenticeship starts in London by 2016: so far approximately 110,000 have been delivered.

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⁹ This may be a particular issue for London, as the LEP has identified the for a larger number of Higher Level apprenticeships to meet future economic needs – http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current
Issues for consideration by the Committee’s review

4.12 A more substantial role for the London Enterprise Panel
The LEP currently funds promotional campaigns to build the market for apprentices in London. This includes a public role for the Mayor in working with young people and businesses to increase the range of positions and the number of candidates available. It is likely that the LEP will play a more substantial role in future. From next year, the LEP will play a greater role with the Skills Funding Agency in setting strategic objectives for skills funding in London. This is an attempt to better match the development of skills with the local and regional economy. As part of this new role, the LEP will develop a skills strategy outlining where it sees local priorities. The Mayor and LEP have already announced their intention to lobby for full devolution of the adult skills budget for London. The Committee could explore how the LEP might use this greater role to increase the number and range of apprentice opportunities in London.

4.13 Changing role of employers
In November 2012, the Government published the Richards Review which examined how apprenticeships can meet the needs of the changing economy. Broadly, the Review recommended giving employers greater control over the type of apprenticeships being offered, and the level of qualifications that successful apprentices receive. This has been welcomed by the business sector and the Government is planning to release its final proposals this autumn. The Committee could thus examine what the practical impacts of these changes might be for apprentices and business, including examining sectors in London where employers already play a leading role, and how this might help deliver more Higher Level Apprenticeships in London.

4.14 Pathways to apprenticeships
According to employers, there remain persistent difficulties in ensuring the right candidates are being put forward for apprenticeship schemes. A consistent complaint has been a lack of awareness from schools about the advantages of apprenticeships, and a lack of preparation amongst young people for the demands of balancing a job and training. A roundtable of business leaders organised by The Guardian highlighted poor engagement from teachers and guidance counsellors who are potentially too blinkered by the traditional route of school to university. The Committee could examine what effect this might be having on the type of candidates being put forward in London and whether the GLA or the Mayor could play a role in improving the pathway for students from school to apprenticeships.

4.15 Support to apprentices
There are concerns that the apprenticeship network is becoming increasingly complicated, with funding for support programmes being split across several national and regional initiatives. For example, there are particular concerns about the increased focus on traineeships (ie a kind of ‘pre-apprenticeship’ programme targeted at 16 – 23 year olds) at the expense of funding for schemes aimed at 25 year olds and over. Forty per cent of all apprenticeships in London are aimed at this older age group, who require different support services than younger apprentices. The Committee could examine how support programmes work for apprentices in the capital and whether better targeted support might increase the number of young people entering and completing apprenticeships.

4.16 The role of the GLA
Targets have been set for the GLA family to provide apprenticeships places. For example, Transport for London delivered up to 2,600 apprenticeships places last year, while City Hall has recently advertised for a further 40. The Committee could whether all parts of the GLA have engaged with providing apprenticeships, and the quality of that provision.

10 For further information on the Richards Review and the Government’s subsequent consultation, please visit https://www.gov.uk/government/news/the-richard-review-of-apprenticeships
11 http://www.theguardian.com/bpp-professional-apprenticeships/learning-to-value-apprenticeships
Methodology

4.17 The investigation will issue a broad call for views, including:

- A data request to the National Apprenticeship Service and Skills Funding Agency to look at funding and performance of London apprenticeships (including starts and completions) since 2009/2010, with a view to comparing it to other regions. This would also seek to break down the type of people entering apprenticeships by sector, geographical area, gender and household income to examine participation trends in London.

- Targeted letters to providers of apprenticeship schemes, individual companies, trade associations and schools of Further Education. Some work has already begun to identify ‘gold standard’ organisations who work in various sectors, such as the Technician Apprenticeship Consortium, British Airways and CrossRail. Further stakeholder mapping will need to be done, in conjunction with business organisations, youth teams and the GLA. It is proposed at this stage that the investigation concentrate on sectors which mirror the LEP’s prioritisation, ie, infrastructure, digital creative, science and technology, as well as other current growth industries such as hospitality, retail and health.

- Letter to GLA asking for data on apprenticeship starts for each member of the GLA family from 2010 onwards, including completion rates and any qualitative data from apprentices on their experience. The Committee would also ask for any evaluation of the organisation’s apprenticeship programme carried out in the last three years.

- The views of apprentices, both those who are currently undertaking an apprenticeship scheme and those who have recently qualified will also be sought.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report: None

Local Government (Access to Information) Act 1985
List of Background Papers: None

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