

Subject: Apprenticeships in London

Report to:	Economy Committee
Report of:	Executive Director of Assembly Secretariat
Date:	3 February 2022
Public Access:	This report will be considered in public

1. Summary

1.1 This report provides background for the Economy Committee meeting focusing on apprenticeships.

2. Recommendations

2.1 **That the Committee notes the report as background to putting questions to invited guests and notes the subsequent discussion.**

2.2 **That the Committee delegates authority to the Chairman, in consultation with party Group Lead Members, to agree any output arising from the discussion.**

3. Background

3.1 The apprenticeship system in England has undergone substantial reform in recent years. Since 2014, new apprenticeship 'standards' have been introduced and have replaced the old system of 'frameworks', which have gradually been phased out. Standards are seen as more employer-led than frameworks, which were primarily qualification-focused.¹

3.2 The apprenticeship levy came into effect in 2017. All employers with a pay bill over £3 million must pay a levy of 0.5% of the employer's pay bill, minus an allowance of £15,000 per financial year. These funds, which are topped up by the Government by 10%, can then be spent by the employer on apprenticeship training and assessment (but not wages or other associated costs). Unspent levy funds are spent by the Government on apprenticeship training for non-levy paying employers, who must contribute 5% towards these costs.²

¹ [Apprenticeships and skills policy in England](#), House of Commons Library, September 2020

² [Apprenticeships and skills policy in England](#), House of Commons Library, September 2020

- 3.3 Employers have expressed support for the apprenticeship levy and the principle of a more employer-led system.³ However, businesses have also called for reform of the levy, in particular highlighting the barriers it has created for smaller businesses and the inflexibility of the system.⁴
- 3.4 The Government has said that reforms to the apprenticeship system have led to an increase in quality and ensured that apprenticeships are genuinely employer-led.⁵ However, overall apprenticeship numbers have fallen since the introduction of the apprenticeship levy and the introduction of apprenticeship standards. In 2020/21, the number of apprenticeship starts in London was 17% lower than in 2016/17, the year before the levy was introduced.⁶ The fall has been particularly sharp for younger apprentices and apprentices at Level 2. Nationally, the number of Level 2 apprenticeships has fallen by 62% since 2016/17⁷ and the number of apprentices under the age of 19 has fallen by 47%.⁸ Research from the Social Mobility Commission found that there had been a 36% decline in apprenticeship starts by people from disadvantaged backgrounds, compared with 23% for others.⁹
- 3.5 Apprenticeship numbers dropped both in terms of starts and completions due to the impact of national lockdowns.¹⁰ Research carried out during the first lockdown found that just 39% of apprenticeships were continuing as normal, with 36% having been furloughed and 8% made redundant.¹¹
- 3.6 As part of the Plan for Jobs, published in July 2020, the Government announced that employers hiring apprentices would receive additional payments of £1,500 – £2,000 per apprentice.¹² These incentive payments, which have since been increased to £3,000 per apprentice, will expire in January 2022. The Government has since announced the creation of new ‘flexi-job apprenticeships’, set to launch in early 2022, which will enable apprentices to move between projects in sectors where project-based work is the norm.¹³
- 3.7 The London Progression Collaboration (LPC) was launched in February 2020. Delivered jointly by the Greater London Authority (GLA) and Institute for Public Policy Research with support from the JP Morgan Foundation, the LPC provides support and advice to employers to help them create more apprenticeships. The LPC has a target of creating 1,098 apprenticeships between 2019 and 2021. The Mayor has said that “the LPC has facilitated the transfer of over £5.3 million of unspent apprenticeship levy from large employers to non levy-paying employers to create hundreds of new high-quality apprenticeships.”¹⁴

³ [The open letter from business leaders you need to read right now](#), Chartered Management Institute (CMI), June 2018

⁴ [Apprenticeships and skills policy in England](#), House of Commons Library, September 2020

⁵ [Progress report on the apprenticeships reform programme](#), DfE, July 2021

⁶ [Apprenticeships and traineeships: Academic Year 2020/21](#). In 2016/17, there were 44,380 starts in London, compared to 36,900 in 2020/21.

⁷ [Apprenticeships and traineeships: Academic Year 2020/21](#). In 2016/17, there were 487,200 starts in England at Intermediate Level (Level 2), compared to 185,400 in 2020/21.

⁸ [Apprenticeships and traineeships: Academic Year 2020/21](#). In 2016/17, there were 122,750 starts by apprentices under the age of 19, compared to 65,150 in 2020/21.

⁹ [Apprenticeships and social mobility](#), Social Mobility Commission, June 2020

¹⁰ [Progress report on the apprenticeships reform programme](#), DfE, July 2021

¹¹ [COVID-19 and Social Mobility Impact Brief #3: Apprenticeships](#), Sutton Trust, May 2020

¹² [Plan for Jobs](#), HM Treasury, July 2020

¹³ [‘Flexi-job’ apprenticeships: What are they and how will they work?](#) FE Week, March 2021

¹⁴ [The urgent need for apprenticeships, 27 May 2021](#), May 2021

3.8 The Mayor's 2021 manifesto noted that "apprenticeships are crucial for many Londoners — I'll continue to champion them, ensuring they are available for all Londoners regardless of background, as well as promoting their use within the GLA family."¹⁵ He has also said that he will "promote the creation of quality apprenticeships through my 'Helping Londoners into Good Work' recovery mission".¹⁶

4. Issues for Consideration

4.1 The Committee's investigation will seek to understand:

- The role that apprenticeships can play in providing both a pathway into employment and upskilling for those already in work, particularly for disadvantaged groups;
- The impact of the apprenticeship levy and other recent changes to the apprenticeship system in London, including the reasons behind the recent fall in numbers, and whether further reform to the apprenticeship levy and the wider system is needed;
- The impact of the pandemic on apprentices and the wider apprenticeship system;
- What action central government and the Mayor can take to improve access to apprenticeships, particularly for younger, more disadvantaged and ethnic minority groups; and
- The impact of the LPC and other Mayoral initiatives relating to apprenticeships; and future Mayoral plans relating to apprenticeships.

4.2 Members will question the following guests:

- Jules Pipe CBE, Deputy Mayor for Planning, Regeneration and Skills;
- Michelle Cuomo-Boorer, Assistant Director for Skills and Employment, GLA;
- Stephen Evans, Chief Executive, Learning and Work Institute; and
- Simon Ashworth, Director of Policy, Association of Employment and Learning Providers (AELP) and AELP London Chair.

5. Legal Implications

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

6. Financial Implications

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

¹⁵ [Sadiq for London manifesto, 2021](#)

¹⁶ [The urgent need for apprenticeships, 27 May 2021](#), May 2021

List of appendices to this report:

None

Local Government (Access to Information) Act 1985

List of Background Papers:

None

Contact Information

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