



all party parliamentary group on  
apprenticeships

# Annual Report

## 2016-2017

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# Foreword

We are delighted to present the annual report of the All-Party Parliamentary Group on Apprenticeships for 2016-7.

Apprenticeships offer a unique opportunity for businesses to play a role in developing our talented young people. By offering jobs with a real wage and the opportunity to gain valuable skills and recognised qualifications, high-quality apprenticeships can ensure the workforce of the future has the skills it needs.

The APPG has held a number of well-attended meetings throughout the year on a variety of issues relating to the opportunities and challenges created by the government's commitment to deliver 3 million new apprenticeships. The APPG has developed a series of policy recommendations which we believe would enhance the apprenticeship offer and increase the number of apprentices in our country.

We hope you find this report useful.

If you would like more information on the APPG, please contact the secretariat on [ApprenticeshipsAPPG@connectpa.co.uk](mailto:ApprenticeshipsAPPG@connectpa.co.uk) and follow us on twitter at [@ApprenticeAPPG](https://twitter.com/ApprenticeAPPG)



*Catherine McKinnell*

**Catherine McKinnell MP**  
**Co-Chair**  
**APPG on Apprenticeships**



*Alan Mak*

**Alan Mak MP**  
**Co-Chair**  
**APPG on Apprenticeships**

The APPG has heard from a wide variety of speakers, apprentices and parliamentarians throughout the past year. The APPG has developed a series of policy recommendations which we believe would enhance the apprenticeship offer and increase the number of new apprentices in our country.

Our key recommendations are:

- Schools and colleges should provide better information as part of a reformed careers advice service which proactively encourages young people to take up an apprenticeship;
- Employers, schools and government should promote the different types of apprenticeships available, particularly degree apprenticeships, so young people can make better informed choices about their future;
- Government and business should support SMEs to take on more apprentices, particularly those in large businesses' supply chains;
- Apprentice pay should be raised in line with their level of experience and qualification as they progress in their role to ensure that the apprentice route is attractive to as many people as possible;
- Government should promote and build the brand confidence of apprenticeships and address the geographical disparity between the perception of apprenticeships;
- Employers and government should seek to address age parity in apprenticeships and promote a renewed focus on apprenticeships for older people;
- More should be done to encourage those in underrepresented sectors to take on an apprentice, particularly women, those from lower socio-economic backgrounds, BAME and disabled people. All schemes should include mentoring for apprentices.



## Background: political context

Apprenticeships policy was a significant part of the political agenda over the course of the 2015-2017 Parliament.

Numerous policy initiatives for apprenticeships were undertaken by the previous government, including a target of three million new apprenticeship starts by 2020 set out in the 2015 Queen's Speech, setting a target of 2.3% apprenticeships starts in public bodies in England, bringing forward the apprenticeship levy, and the establishment of the Institute for Apprenticeships and Technical Education.

Responsibility for apprenticeships policy moved from the Department for Business, Innovation and Skills, which was reconstituted to form the Department for Business, Energy and Industrial Strategy, to the Department for Education in July 2016. At the same time, Rt Hon Robert Halfon MP became the Minister of State for Apprenticeships and Skills.

Addressing the APPG in February 2017, the Minister outlined five priorities for apprenticeships:

1. Improving the prestige of apprenticeships and technical education
2. Expanding the quantity and quality of careers advice provision
3. Meeting the needs of a skills economy
4. Support for the most disadvantaged
5. Job security

These are five areas that have received cross-party support and have been frequent topics at the Group meetings. Since November 2016, the Group held the following meetings:

- Apprenticeships Funding (November 2016) – a discussion on the government's reforms to apprenticeship funding, with speakers including Sue Husband, Director of the National Apprenticeship Service, Education and Skills Funding Agency.
- Careers advice – and launch of Apprenticeships Fair Toolkit for MPs (February 2017) – the group launched a toolkit for MPs giving a step-by-step guide to organising an apprenticeship fair in every constituency. The Minister of State for Skills and Apprenticeships, Rob Halfon MP spoke at the meeting about improving careers advice.

## Background: political context



- National Apprenticeship Week: Apprentice Question Time (March 2017) – to celebrate the tenth annual National Apprenticeship Week, the Group held a special meeting with a panel of apprentices from the sponsors of the APPG.
- Diversity and equality in Apprenticeships (April 2017) – a discussion on how to encourage more diversity in apprenticeships which looked at the challenges women, BAME people and disabled people faced.

The sections in this report look at issues that have dominated the policy agenda over this period and were the focus of discussion at these meetings:

- Funding: The apprenticeship levy was introduced on 6 April 2017 with all UK employers with a pay bill of over £3 million per year paying a 0.5% levy of the value of the employer's pay bill above the £3 million threshold. This levy is paid into an apprenticeship service account by the employer, which must be spent on apprenticeship training and assessment with a training provider.
- Careers advice: Improving the reputation and knowledge of apprenticeships amongst parents, teachers and young people and the importance of careers advice are issues that have been raised consistently.
- Diversity: To meet their target of three million apprenticeship starts, the government will need to support people from all backgrounds into an apprenticeship.

## Apprenticeship funding and standards

At the first meeting of the parliamentary year, the APPG heard evidence from Sue Husband, Director of the National Apprenticeship Service at the Education and Skills Funding Agency. She outlined how the apprenticeship levy would deliver the government's apprenticeships target and create a sustainable funding system and deliver quality apprenticeships.

The meeting also heard from Neil Carberry, Director of Employment and Skills at the Confederation of British Industry, who stressed the CBI's belief that skills matter "*more than anything else*" in the economy. Although CBI members have experienced several issues with the current funding formula, the business community has generally welcomed the introduction of the apprenticeship levy, which Neil Carberry feels provides an opportunity for skills to be "*business led*".

He explained that businesses would like to see transitional arrangements to allow them to navigate the new funding system, before outlining areas of concern which the CBI feels need to be addressed, which include the need for better communication with businesses of their obligations under the new arrangements; the need for the Institute for Apprenticeships to be genuinely independent; and a greater focus on outcomes, delivering quality and progression.

The CBI believes that over time the levy should focus on skills rather than apprenticeships alone and that employers should be incentivised to invest in level 4 and 5 qualifications. Neil Carberry explained that the CBI believes the government needs to provide clarity on the levy arrangements for all parts of the UK, as England is the only country operating the 'draw-down system'.

The meeting also heard evidence from Tom Richmond, a teacher at a sixth form college and former advisor on vocational education and skills policy to Skills Ministers Nick Boles MP and Matthew Hancock MP. He co-authored Policy Exchange's report *The skills we need and why we don't have them* which calls for stronger focus on quality alongside the apprenticeships target. He noted that while government and industry had demonstrated their support for high quality apprenticeships, a lack of quality control has resulted in a high number of poor quality apprenticeships.

The Policy Exchange report outlines several challenges with the apprenticeship levy. These include concerns that employers will 're-label' low-skill, low-wage training as apprenticeships, that employers may rebrand existing training as apprenticeships, and that employers may draw down on levy money for internal training, instead of creating new apprenticeships.

# Apprenticeship funding and standards

The report outlines key recommendations for an apprenticeship system that focuses on the delivery of high-quality outcomes. These recommendations cover three key areas: set clear goals for apprenticeship programmes based on international best practice – and which are not about the number of apprenticeships taken up; redefine all existing and upcoming apprenticeship standards to focus unequivocally on quality; and design a delivery infrastructure and funding model that supports apprenticeships and wider high-quality technical education qualifications.



## Case Study: Centrica

Apprenticeships are paramount to the development of our workforce and mitigating skills shortages. We have a long and proud history of bringing people into the business and providing the foundations for long and fulfilling careers through this route. Over the last decade we've invested more than £260 million in training 6,000 engineers and apprentices, and currently have over 1,300 apprentices employed in the UK.

Through the Centrica Academy, we are developing a ladder of learning with on-going professional development to ensure our apprentices joining at all levels can progress their careers. We have therefore embraced the government's ambition to create more quality apprenticeships and supported the review of its funding. The reforms will have a large impact on our business succession planning and strategy to mitigate profiled skills shortages to ensure we have a high-quality workforce to deliver against the changing requirements of our customer base and contribute to a competitive UK economy.

Apprenticeship reform is complex and the pace of change is significant. The Apprenticeship Levy is a critical step that aims to give employers more control over where, and how, money is spent on apprenticeships. For the long term benefit of UK plc skills we should ensure that apprenticeship policy is simple to administer, effective, and streamlined across the UK.

Earlier this year, the APPG was joined by Rt Hon Rob Halfon MP, Minister for Apprenticeships and Skills who explained that expanding the quality of careers provision was a key priority of the government's apprenticeships agenda. He said that the quality and consistency of careers provision across the country needs addressing to ensure that everyone has access to "*high calibre*" support no matter their age and where they are from. He added that schools needed to do more to provide careers advice on apprenticeships to their pupils, highlighting that "*nine times out of ten*" apprentices did not find out about their current position through their schools.

The group also heard evidence from members of an 'apprentice panel' who contributed examples of their own experience of careers advice. In large part, these contributions reflected the truth of the evidence provided by the Minister – that careers advice provides inadequate emphasis on the benefits of apprenticeships.

A fourth-year apprentice and member of Industry Apprentice Council (IAC), David Godden from the UK Atomic Authority, recalled how careers advice pushed him to attend university rather than study as an apprentice to become an engineer. Against this advice he became an apprentice, a choice which he says he has never regretted. Similarly, apprentice Sinéad Grennan from KPMG expressed her concern that more emphasis on apprenticeships was needed in careers advice. She recalled that the debt burden associated with university had prompted her to become an apprentice on the KPMG360<sup>o</sup> programme, a choice which has provided her with "limitless opportunities" that she might not have had as a graduate. She emphasised that the label of 'apprenticeship' was misleading with many people associating apprenticeships with low skill occupations and suggested changing the "outdated" term.

The APPG heard further contributions from MPs who reflected a consistent theme of weakness in careers advice. The APPG Co-chair, Catherine McKinnell MP, highlighted that the evidence presented by members of the apprenticeship panel suggested that the majority of apprenticeships were found by luck rather than as a result of careers advice, further reflecting the common theme that schools are missing a link in career development.





In the face of substandard careers and apprenticeship advice, the APPG has identified a number of ways that groups and individuals can contribute to improvement of the careers advice landscape. Apprenticeships fairs have been identified as an effective way for MPs to inform their constituents about the apprenticeship opportunities that businesses are offering, matching potential apprentices with employers and giving young people a better understanding of the options available to them. An apprenticeship fair can also be the ideal forum to allow local businesses to explain to jobseekers what they are looking for in an apprentice.

Evidence heard by the APPG indicates that schools and even parents would benefit from a greater understanding of the positive opportunities provided by apprenticeships. By moving away from a model that measures success purely by the number of students going to university and offering information and advice on apprenticeships to students at all levels of attainment, schools can begin to improve the perception of the apprenticeship route.

### **The Industry Apprentice Council – making apprentices voices heard**

There are 1.8 million good reasons for Semta to be involved in the APPG for Apprenticeships – that’s the number of engineers EngineeringUK’s latest annual report says the UK is going to need to train by 2025.

Apprenticeships have always been and remain a key way for engineering employers to develop talent. It’s a system which works well for employers, who can be sure their workforce has the practical skills needed to do the job, and for apprentices themselves, who can rest assured that the skills they develop are those which employers in the sector really value.

As we move towards an employer-led apprenticeships system it’s crucial that apprentice voices are heard and that their needs, not just those of employers, continue to be met. That’s why Semta facilitates the Industry Apprentice Council (IAC). Founded four years ago, the IAC provides a platform for engineering apprentices to discuss the apprenticeships system of today, to push government for changes, to raise awareness of the quality and value of apprenticeships in the sector, and to promote engineering as a great sector in which to start a career.

In the coming year, as the incoming government develops the apprenticeships system further, it will be more important than ever that the IAC’s voice is heard in the corridors of power.



## Case study: KPMG

KPMG recognises the importance of apprenticeships both to broadening the firm's recruitment base, but also to affording individuals the opportunity to access a range of different career pathways – helping to increase the diversity of the workforce and creating better social mobility.

We offer two high-quality programmes. KPMG360° is a three or six year apprenticeship offering varied work experience and professional qualifications and a permanent role from day one. Apprentices spend their first three years rotating around KPMG's varied business functions whilst studying towards the AAT Level Three and Four. Apprentices can then opt to step off the programme, and apply for a role relevant to the skills and experience they have gained. Alternatively, they can specialise in Audit, Tax or Advisory and progress to Level Seven and chartered status, alongside our Graduate intake. The Business Services Academy is a 15 month apprenticeship offering a Level Three qualification in Business Administration. Apprentices work in one of our support functions (secretarial, facilities or graphics) and receive mentoring and support to aid their transition into the workplace.

Our apprenticeship attraction and recruitment strategy focuses on widening access by targeting a diverse audience and breaking down barriers to entry. We commissioned the Bridge Group to develop an algorithm so we could target schools based on socio-economic disadvantage and attainment; we work closely with specialist charities such as Teach First and the Social Mobility Foundation; we offer high-quality work experience; and we support our current apprentices to return to their old schools to share their experiences and inspire others to apply.

We publish data on the diversity of our school leavers in our Annual Report and year on year trends show the positive impact of this strategy on the diversity of our intake.



For many high-achieving students, apprenticeships aren't even considered. That's a shame, says Microsoft Apprentice, Katie Rose Bradbury. *"I wish my high school gave students like me, and others on a university track, more information about apprenticeships. It's been an incredible experience: getting to meet with Prime Minister, Theresa May, and our CEO, Cindy Rose. I feel like my apprenticeship has opened so many doors to opportunities. Not just the friends I've made with other apprentices and 20-somethings, but mentors who are always so willing to help me learn.*

*"I think that's especially important when you're getting hands-on experience with digital technology and skills. This is the kind of technology that people are using in the real world to solve real problems, so it's been great to experience that first-hand rather than in a classroom environment. I'm still going to be getting a university degree, but I feel as though I'll be so much further along in building my career than if I had gone for a traditional university experience."*

Katie is a Degree Apprentice, studying for a degree whilst working at Microsoft. She is also one of the 30,000 digital apprentices Microsoft will help create through its network of 25,000 UK partners.

## Diversity and equality

This year the APPG heard evidence on the need to engage underrepresented groups in the apprenticeship agenda. While one in five people have a health problem or disability, only one in ten apprentices has a disability or learning difficulty. According to the Learning and Work Institute, people from BAME backgrounds make up 15.6% of the working age population, but just 10.5% of apprenticeship starts. The gender pay gap is a common concern for those seeking to address inequality in the workplace, and while there are more female than male apprentices, the gender pay gap is higher in apprenticeships than in the wider workplace. Women are severely underrepresented in certain sectors such as construction and engineering.

Disability Employment Strategy Adviser at the Department for Work and Pensions, Stuart Edwards outlined to the APPG how the Access to Work programme had been successful in helping to overcome the barriers to hiring disabled people. He highlighted the importance of flexibility to the scheme and explained that support included awareness training for colleagues. He also outlined the increasing focus on disability and mental health support provided by government.

The Group also heard evidence from Business in the Community's Race Equality Director, Sandra Kerr who explained that despite high application rates among BAME applicants, overall uptake was low. She argued that an accurate picture of data at every stage of the application process is vital. By evaluating data on BAME candidates at interview stage, requiring diversity on selection panels and greater assistance from employers after appointment, she argued that a better assessment can be made on how to focus future efforts in the recruitment process. She suggested that unconscious bias training could play an important role, as it has been proven to have a positive impact.

Dr Carole Easton, Chief Executive of the Young Women's Trust highlighted the lack of female apprentices in sectors such as engineering where women make up just 4% of the intake and further noted that while more men now work in traditionally female sectors, the reverse was not true in male-dominated sectors. She recommended the removal of academic requirements, a greater focus on the importance of tracking progress and the promotion of women-only open days. She also emphasised the need for more mentors, as well as greater engagement with schools and parents.

The KPMG360° programme is an example of best practice in this area. Senior Manager at KPMG, Kathryn Roberts presented evidence on the scheme's achievements, explaining how it had widened access to the profession. KPMG's success in increasing diversity stems from their "*demystifying*" approach, breaking down myths and barriers. While recruitment and retention is important, so is day-to-day support from employers such as the dedicated 'buddy' provided to apprentices on the KPMG360° scheme.



## Case study: Battersea Power Station

Wandsworth resident Trent Shaw will be one of over two hundred apprentices who will have worked on the regeneration of Battersea Power Station by the time it opens to the public in 2020. A self proclaimed “oldie” when he began his apprenticeship, Trent started training as an apprentice electrician at the age of 29 having resolved to get himself a career in order to support his young family.

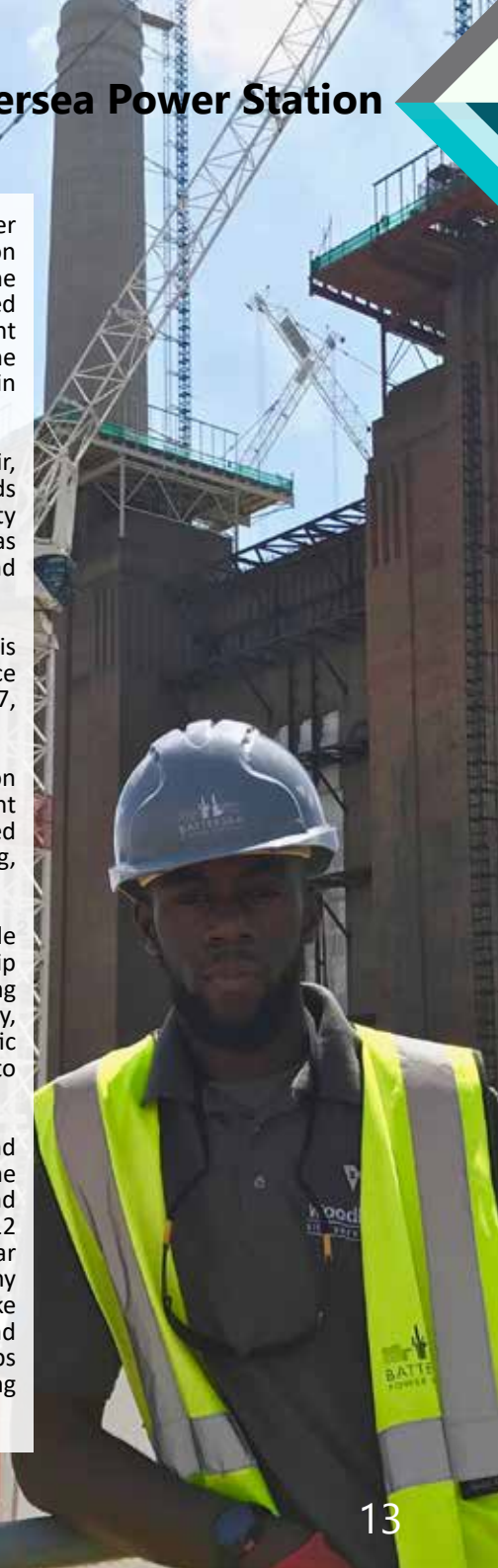
Having attended an Employ Wandsworth jobs fair, Trent was put in touch with contractor Woodlands Site Services via Harry Wain, Community Engagement Adviser at Skanska. Woodlands has the contract to undertake electrical, plumbing and security works on Battersea Power Station.

Trent’s apprenticeship marked a watershed in his life whereby he left behind a troubled adolescence which included serving time in prison, age 17, followed by a six-year career in retail.

Addressing a meeting of the APPG on Apprenticeships in the House of Commons, Trent spoke about how his apprenticeship has enabled him to follow a structured career path with training, mentoring and responsibility.

In the future Trent hopes to encourage more people to get off the streets and onto apprenticeship programmes, seeing the importance of promoting apprenticeships to older people particularly, and talking with pride about taking “a realistic opportunity to earn more money without going to university.”

Currently there are over 3,000 workers and apprentices working on the regeneration of the 42 acre Battersea Power Station site. Training and up-skilling are at the heart of the Battersea’s 12 year regeneration programme and later this year will see the first anniversary of Battersea Academy of Skills Excellence (BASE), which is a bespoke training institute set up specifically to equip and qualify people for the 17,000 permanent jobs being created as a result of the Power Station being redeveloped.



## Case study: BAE Systems

### INCREASING FEMALE PARTICIPATION IN ENGINEERING APPRENTICESHIPS

BAE Systems recruits around 700 apprentices a year and currently employs just under 2,000 apprentices. 26% of its apprenticeship intake in 2016 was female - up from 12% in 2012. This compares well to an average of just 5% for the engineering sector overall.

This progress has been achieved through our education programme. The company's annual Schools Roadshow, delivered in partnership with the RAF and Royal Navy, engages over 90,000 young people across the UK, not only aims to promote STEM amongst young people but it also challenges female students' perceptions of STEM subjects and careers in engineering.

BAE Systems has found that working with teachers has been a successful way of increasing understanding of the company's apprenticeship scheme and broadening its appeal. The organisation provides two-day placements for teachers to gain a familiarity with the apprenticeship programmes with the aim of increasing awareness of these as career routes for young women as well as men.

Ensuring its female engineers are visible is an important part of encouraging women to join the organisation. Around 35% of the company's STEM Ambassadors are female and regularly support school classroom activities, events and careers fairs across the UK. We use our female apprentices as well as young role models in schools.

As a result of the work in improving the gender balance of the organisation and ensuring there is an inclusive working environment for all our employees, BAE Systems has once again been selected as one of The Times Top 50 employers for Women.



## Case study: Carillion



As the largest provider of apprentices to the construction sector, and with additional opportunities across our businesses in Rail, Civils, FM and Engineering, Carillion has a long established and ongoing commitment to developing talent. At the heart of everything we do are our people and our values. They drive our commitment to offering our apprentices great experiences, a real job structure, support and guidance throughout, setting them up for long and rewarding careers in a varied, challenging and dynamic industry.

Today's apprentices want to feel valued and be heard, and that's why the Industry Apprentice Council (IAC) is so important. The IAC is made up of young apprentices from all sectors throughout the UK and has rapidly established itself as the country's industry voice for apprentices and the wider further education sector.

It is recognised by government, and us, as an important part of the apprenticeship debate, with members regularly invited to address MPs, peers and leaders in both industry and education.

We're passionate about providing the best possible apprenticeship experience and to do this it's vital that we listen to our people and members of the IAC to hear unfiltered feedback – this way we deliver the best and most sustainable programmes that make a tangible difference that will inspire the next generation to consider apprenticeships as a career option.

## Looking ahead

At the 2017 General Election, the three major national parties' manifestos included a number of policy commitments on apprenticeships, demonstrating the cross-party recognition of the growing importance they play in the future of the UK economy.

The Conservative manifesto committed the government to create three million apprenticeship starts for young people by 2020. The manifesto says that the Conservatives will create a National Retraining Scheme to "help workers stay in secure jobs." The costs of training under the scheme will be met by the government, with companies able to gain access to the apprenticeship levy to support wage costs during the training period. The Conservative manifesto also confirmed that large firms will be able to pass levy funds to small firms in their supply chain. Additionally, the Conservatives committed to subsidised travel for apprentices and to exploring teaching apprenticeships sponsored by major companies.

Other parties' manifestos included policies allowing companies to use the apprenticeship levy more flexibly, improve the diversity of those who participate in apprenticeships, and a target to double the number of businesses that hire apprentices.

The major themes emerging from all party manifestos was the need to encourage retraining, increasing the diversity of apprentices, encouraging SMEs to take on more apprentices, how best to use funds for the apprenticeship levy and the improvement of careers advice. This year will see the publication of the Taylor Review on Modern Employment Practices and the government's strategy on careers advice as well as the continuing development of their industrial strategy.

These issues will form the core focus of the APPG's agenda for the year ahead.





### WORKING THROUGH THE SUPPLY CHAIN

As one of the UK's largest single-site employers, with a workforce of over 76,000 people across 400 businesses, Heathrow strives to make sure that everyone feels the airport is a great place to work. Our aim is to give our people the best chance of a career – not just a job, ensuring that our local community truly makes the most of having the UK's hub airport on their doorstep. We believe that we can achieve far more by working together than alone, that is why we set up the Heathrow Employment and Skills Academy. The Academy plays a key role in working with Heathrow employers to help attract and retain their people through recruitment, apprenticeships and development.

Since 1977, we have also been running the Heathrow Engineering Apprenticeship Scheme, after completion 97 percent of apprentices are offered a permanent position at the airport. Unfortunately, we are not able to place all applicants into apprenticeships, therefore we pass on those high quality candidates to local businesses, saving on significant recruitment costs and helping to support SMEs.

Moving forward, Heathrow plans to facilitate 10,000 apprenticeships by 2030 across the airport's direct operations, supply chain and Team Heathrow companies to help people develop skilled and sustainable careers.

## Future meetings

From Autumn 2017 to Summer 2018, the APPG on Apprenticeships will hold the following meetings:

- Apprenticeship reforms six months on
- Apprenticeships and the future world of work
- Parents, teachers, friends – how can we ensure better careers advice leads to more apprentices?
- How can we get more women into engineering apprenticeships? Marking the DfT's Year of the Engineer
- Toolkit launch – working with small businesses through the supply chain
- Apprentice Panel to mark National Apprenticeship Week
- The 'devolution revolution' one year on – how can metro mayors use devolution to improve apprenticeships?
- The power of social mobility – how can apprenticeships play a bigger part of the solution?



The APPG on Apprenticeships is sponsored by:





all party parliamentary group on  
**apprenticeships**

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