

## Written evidence submitted by the St Martin's Group

### Summary

The St Martin's Group would like to thank the Education Committee for the opportunity to respond to its inquiry into the future of post-16 qualifications. For the purposes of this inquiry, The St Martin's Group will be submitting evidence related to the effectiveness of apprenticeships, as well as proposing several recommendations to consolidate progress made in recent years

The St Martin's Group is a unique, independent membership organisation created to support the UK economy by fostering a sustainable, quality-focused and employer-led apprenticeship and skills system. In achieving this aim, the Group comprises some of the UK's leading employers, training providers and awarding organisations, which together are representative of the UK's delivery infrastructure.

The St Martin's Group has identified several strengths and weaknesses within the current apprenticeship system as it relates to the Committee's inquiry. These are illuminated by national data, trends and case studies of employers, training providers and learners. Our response also draws upon research commissioned by the Group in September 2021 into the real costs and benefits of apprenticeships, conducted by the Centre of Economics and Business Research, in collaboration with City & Guilds and NCFE.

Current strengths include higher employment rates for apprentices than those from our progression pathways; the ability to provide young people with greater financial security and long, meaningful careers; equipping young people with in-demand skillsets, making them competitive prospects in the labour market; and creating more opportunities and greater access to further education and employment opportunities for young people, particularly those from disadvantaged backgrounds thereby supporting the wider 'levelling up' agenda.

Additionally, the Group identified some areas for development, including the complexity and lack of clarity in navigating the apprenticeship and skills system; lower uptakes and outcomes amongst learners from disadvantaged backgrounds; high non-completions rates and the need to review measures of success; the mandatory study and attainment of maths and English as part of an apprenticeship; and the need to better integrate SMEs into the skills system to ensure training opportunities best equip young people for the world of work.

As part of the inquiry, the St Martin's Group has provided a number of recommendations which build upon the current system to ensure young people have access to, and are equipped for, positive employment prospects. This includes making sure the apprenticeship and skills system is robust and agile, regardless of the upcoming challenges the economy and sector may face; raising awareness and more clearly signposting opportunities and positive outcomes of apprenticeships and flexible training opportunities; and integrating employers, but particularly SMEs, further into policy and delivery discussions. All of this will in turn, ensure that young people are able to gain the relevant skills and knowledge that will set them up for long-term success.

## Strengths

### ***Employment and unemployment rates***

Ensuring learners have positive employment prospects at the end of their apprenticeship and training is essential in setting young people up for long-term success and supporting employer and business needs. Only by doing so can we create a robust and sustainable economy which also best prepares young people for further education and employment opportunities.

The existing apprenticeship and skills system has a positive track record of helping learners move into meaningful employment; recent research from the St Martins Group found that learners who hold apprenticeship qualifications outperform the wider labour market. Between 2017 and 2020, the unemployment rate amongst those with apprenticeships averaged 2.5 per cent, compared to the national average of 4.2 per cent. Additionally, apprenticeship completers outperform university graduates on this measure, with the average unemployment rate for graduates between 2017 and 2020 standing at 2.8 per cent. The corresponding value for those with no qualifications was recorded at 10 per cent.

Although the inherent nature of apprenticeships demands a high level of investment (not just in terms of financial commitment but also time and resources) from employers during the scheme, this ensures each apprentice is equipped with a ready-made set of skills to either continue working for their current organisation or transfer this skillset to an organisation in the same or similar field/sector following completion.

IBM is one example of how effectively delivering employer-led training opportunities prepares and supports young people transitioning into employment. In fact, its apprenticeship scheme has a high retention rate of 96 per cent. This not only indicates a strong employment pathway for learners but also provides IBM with a return on investment (ROI), while addressing any internal skills shortages.

*“Although I’ve always had a love for learning, after completing my A-Levels I was keen to gain more practical work experience and found the prospect of university quite daunting. I was lucky enough to be selected for IBM’s ‘Futures’ internship, which lays out a clear roadmap and ‘check points’ to help early professionals progress and improve.*

*“Throughout the course of my subsequent degree apprenticeship, I was promoted twice whilst continuing my studies, which put me miles ahead of new graduates in a university-equivalent setting. What’s more, as someone who wasn’t considered traditionally academic at college, during my studies I published several research papers, obtained a first-class degree and was awarded the highest overall grade for dissertations in my year; all thanks to the nourishing and supportive environment which empowered me to thrive.*

*“It’s never been clearer that one size really doesn’t fit all in terms of learning and development, but from my experience, an apprenticeship is one of the best ways to refine your knowledge and skills and kickstart a career regardless of your background.”*

*Shannon Wilson, Senior Consultant, Global Services at IBM*

### ***Long-term outcomes relating to quality, length and earning potential of roles***

When assessing the breakdown between full and part-time work, apprenticeship completers rank highly in comparison to the wider labour market. In 2020, while 77 per cent of all those in employment were in full time work, this figure increased to 86 per cent when solely considering apprenticeship holders, demonstrating how the qualifications can arm young people with the tools they need to stand out in a competitive job market.

*“Apprenticeships have provided Royal Mail with a great opportunity to directly engage with the pre-employment market and share the wealth of career opportunities that are available to young people. Additionally, with apprentices being embedded in the business, they can deliver value more quickly than new hires with limited work experience. This not only provides business benefits but often means apprentices can be fast tracked into senior management roles, sometimes as early as nine months after their apprenticeship – laying the foundation for a long and prosperous career.”*

*Tracy Fairhurst, Head of Apprenticeships at Royal Mail*

According to The St Martin’s Group research, skilled trade occupations rank as the most common grouping for apprenticeship completers in the workforce in 2020, reflecting the nature of traditional apprenticeship qualifications. The next most common grouping is associate professional and technical occupations, followed by professional occupations. This diversity is a key strength of the apprenticeship and skills system, providing learners with a range of pathways which support various interests and aptitudes.

Additionally, earning rates amongst apprenticeship completers are broadly in line with those of the wider labour market, making this route a viable option for young people looking to establish their financial security. The Group’s research also points to a considerable wage premium for apprenticeship completers compared to those who began an apprenticeship but did not complete their qualification. According to data from the Department for Education (DfE), this wage premium can be as high as 22 per cent for Level 4 or Level 5 apprenticeship holders just three years post qualification. In an increasingly turbulent labour market with rising costs of living, providing young people with secure, meaningful employment opportunities is more important than ever.

By working with, and further integrating businesses into the skills system, we are better positioned to provide apprenticeships which meet critical skills gaps. This is also supported by research from the Group which found that 47 per cent of businesses believe apprentices play a key role in addressing their skills needs. Therefore, by developing apprenticeship programmes in this way, young people will have increased access to more substantial and longer-term opportunities while also futureproofing their professional competencies.

*“I’m feeling optimistic about the future and I’m so happy I’ve managed to land a role at Co-op. If I work hard and make the most of my opportunities, I really feel the possibilities are endless. There’s no downside to an apprenticeship as you’re being paid to get a qualification. You’ll learn so many valuable skills and it’ll lead to fantastic opportunities in the future.”*

*Ellis Frankland, Level 2 Customer Service Practitioner Apprentice at Co-op Group*

### **Developing competitive skillsets**

For apprentices embarking on roles in sectors with particularly prominent skills deficits or talent gaps (such as recent shortages of HGV drivers and nurses/care workers), apprenticeships offer a compelling way to secure meaningful employment while helping meet national demand more efficiently through practical, hands-on training and qualification. This combination of technical training with first-hand experience is unique, as apprentices can deploy new skills in a supportive environment to embed competency and consolidate learnings.

*“Apprenticeships are an excellent way of recruiting new talent into the NHS, particularly for early career roles. 90 per cent of our apprentices are now current staff, having utilised an apprenticeship to develop their skills. Employers are keen to establish internal talent pipelines which maximise progression for those in support worker and associate level roles into the registered professions using apprenticeships. At Health Education England (HEE), our nursing pathway can see learners enter as Level 2 Healthcare Support Workers, with the goal of progressing through to a Level 6 Registered Nurse through apprenticeships.*

*“Apprenticeships by design, are key to enabling individuals to be the best they can be in their current role and meet occupational competence whilst aspiring for career development. Maximising the talents and opportunities of our workforce, as well as fostering a culture that strives for improvement, helps us deliver the highest quality service and simultaneously retain and grow talent.”*

*Jane Hadfield, National Senior Programme Manager – Apprenticeships, at HEE NHS*

At Capgemini, a global leader in consulting, digital transformation, technology and engineering services, apprentices play a central role in tackling skills shortages and building a sustainable talent pipeline that will continue to meet evolving business needs. In delivering this scheme, Capgemini has appointed dedicated apprentice leads across the business who work closely with learning and development business partners to refine training requirements. This ensures the apprenticeship programme continues to support key business areas and provides a positive return on investment which, for Capgemini, includes an apprentice retention rate of 95 per cent over the past four years.

*“We are committed to providing young people with opportunities to fulfil their potential and, by doing so, need to ensure our apprenticeships equip them with the knowledge and skills that will position them as competitively as possible in the labour market. The success of developing our apprenticeship programmes to be at the cutting edge of skills and meet our current and future business needs has increased employment prospects for learners but also enabled us to expand to new apprenticeship standards, providing even more opportunities for young people in the future.”*

*Sally Rhodes, Head of Learning and Development at Capgemini*

### **Social mobility and ‘levelling up’**

Apprenticeships yield the potential to act as a vehicle for social mobility for young people. Recent estimates from the National Foundation for Educational Research (NFER) suggest that disadvantaged young people with an apprenticeship qualification earn, on average, more than 10 per cent more by the age of 28, compared to individuals holding an equivalent qualification.

The value of apprenticeships with regards to boosting social mobility and diversity is recognised by Co-op Group, which cites its ability to increase household income and earnings, as well as providing

an additional avenue to promote internal progression. Lloyd Thomas, Apprenticeship Partner at Co-op, reiterates findings from a recent report conducted by the Social Mobility Commission, revealing that apprenticeships are key to helping individuals and their communities 'level up', after the impact of the pandemic upon young people's futures and local economies.

*"When I was applying for jobs, people were turning me down for not having the experience, even though I'd come straight out of school. I think businesses should be aware that young people won't always have the experience they're looking for. They should give people a chance to learn, a chance to grow. I'm now working across various departments at the Co-op and feel like I am getting the experience that I need to progress in my career."*

*Nicole Heath, Sales and Service Customer Service Apprentice at Co-op Group*

Additionally, Health Education England (HEE) has noted that providing a technical education route has attracted more local diverse talent, who bring value to the organisation like an appreciation of work employability and culture, which is notably higher than applicants joining from undergraduate pathways. By widening the talent pool to increase accessibility, Jane Hadfield, National Senior Programme Manager – Apprenticeships, at HEE states that apprentices have become an integral element of meeting the organisation's vision to *"transform the current workforce to meet tomorrow's health and care needs"*.

## **Areas for development**

The St Martin's Group strongly believes that apprenticeships are the keystone of post 16 programmes in preparing young people for the world of work and securing better outcomes. However, with the benefits for both apprentices and employers borne out in research and anecdotal evidence, it's crucial to consolidate successes to maximise opportunities and drive excellence. There are areas for development in the system which need addressing. These are largely in part, not related to the content of apprenticeships but more the context in which apprenticeships operate. If left unaddressed, these could erode the strengths of the current model in creating employment opportunities and preparing young people for the world of work. To stimulate demand and increase participation the following must be tackled by policy and collaborative efforts of organisations and bodies across the sector.

### **Access to skills**

#### *Complexity and lack of clarity in navigating the system*

Although apprenticeships can, for many young people, bridge the gap from full-time education through to permanent employment, the need to more effectively communicate this to both apprentices and employers has been well-documented. Research conducted by The St Martin's Group has reinforced the importance of clear communication which can demystify the world of skills and apprenticeships for students.

There are also challenges with perception and a lack of confidence in how this translates to employment opportunities. Polling released by UCAS last year [revealed](#) that, despite apprenticeships offering comprehensive on-the-job training and career progression, only eight per cent of students surveyed associated them with leading to a good job. As little as four per cent of students reported

associating the word ‘prestigious’ with apprenticeships, compared to 76 per cent who did so for a traditional university degree.

Further, research commissioned by Group member and independent training provider, Babington in 2021 revealed that 43 per cent of 16-24-year-olds agreed that an employer would favour a university degree over an apprenticeship. Therefore, Government and employers must work in tandem to develop recruitment practices which expel any bias towards university degrees. This collaboration will better empower learners to build skills through their apprenticeships, prepare them for the world of work and secure employment that will support long-term career development.

Distilling the latest data and statistics to accurately capture the true benefits of apprenticeships will be crucial in helping them serve their purpose and appeal to as broad a cohort as possible. This should form part of careers guidance provision in schools and is particularly needed in deprived areas to encourage individuals to participate.

*“Having completed my A-Levels at a sixth form college in Stoke-on-Trent, one of the most deprived regions in England, I am passionate about the potential of apprenticeships in helping young people from lower income backgrounds overcome the odds and forge successful, stable careers. However, based on my experience, much work needs to be done in supporting this progression pathway.*

*“Due to funding allocations, which were based on university admission rates, my college encouraged all students to apply to university and overlooked apprenticeships and practical courses. Much more should be done on a national and local level to promote the value of apprenticeships as, when implemented properly, they can be a powerful tool in combatting entrenched inequalities, as was the case with me.”*

*Shannon Wilson, Senior Consultant, Global Services at IBM*

#### *Lower uptakes and outcomes amongst learners from disadvantaged backgrounds*

Considering apprenticeship starts in England using the Index of Multiple Deprivation – a relative measure of deprivation - starts amongst apprentices in the most deprived 20 per cent of neighbourhoods in England between 2015/2016 and 2019/2020 fell by nearly half. Each subsequent quintile of neighbourhoods has seen a smaller relative fall in the number of starts over this period, amounting to a decrease of just 17 per cent for the least deprived 20 per cent.

There are a couple of contributing factors identified: the emphasis on higher, specialist qualifications and entry requirements for maths and English.

The increasing focus on higher, specialist qualifications to raise productivity, coupled with older age, in-work development has led to a decline in the use of Level 2 apprenticeships, negatively impacting the volume of entry-level apprenticeships which create opportunities for younger and disadvantaged learners to enter the workforce. While the intention has been to mitigate risks around lack of progression from Level 2 and retaining apprentices following completion, there could be ways to address this without limiting access to Level 2 apprenticeships. For example, better incentivising progression routes in channels where Level 2 is the first step so that employers are encouraged to address career progression using apprenticeship programmes. This should be reviewed across all sectors, as there is still demand for entry level jobs at Level 2, which would help increase access for a

younger demographic as well as disadvantaged and underrepresented groups, and those that struggle to achieve the necessary grades via the traditional academic route.

The Social Mobility Commission's 2021 State of the Nation report calls for increased incentives to help employers provide more Level 2-4 apprenticeships, noting that poorer apprentices are *"more likely to be clustered in lower-level apprenticeships than their peers from higher socio-economic backgrounds."* With Level 2 apprenticeships - which often support the youngest and most vulnerable learners - seeing a continuous decline in starts since 2018, it's clear that lower-level programmes are at risk of becoming unattractive to training providers and employers but are needed to support young people in preparing them for the world of work.

Following the Government's decision to make it mandatory for all apprentices to continue studying towards a Level 2 qualification in maths and English (to achieve a minimum GCSE grade of 4), employers and providers have taken to filtering out candidates lacking these benchmark requirements. Although originally introduced to help drive up standards and make apprentices more employable, an unintended consequence of including these subjects as prerequisites is that it may have contributed to the drop off in apprenticeship starts amongst disadvantaged young people. Inextricably linked with this new requirement is the impact on young people from disadvantaged backgrounds, with the [NFER observing](#) only half of learners eligible for Free School Meals achieved a grade 4-9 in English and maths during the last academic year.

### ***Non-completions***

With National achievement rate tables [published](#) by the DfE from 2019/2020 showing over a third of apprentices failed to successfully complete their qualification, it's clear there is a requirement to investigate and address some of the factors causing lower rates of completion. The St Martin's Group would recommend a full analysis of non-completions is undertaken, as these statistics not only represent poorer outcomes for learners, but if allowed to take root and dominate the national narrative, could erode young people's, parents' and teachers' perception of the wider apprenticeship system as a viable route to preparing them for the world of work. Further, they make the business case for apprenticeships more challenging for employers leading to reduced demand.

Based on the front-line experience and insight of the St Martin's Group members, there are a number of factors at play, identified below.

### ***Changing attitudes and ways of working***

Individuals' preferences and attitudes are changing post pandemic, and so too have business' ways of working. Apprenticeship models must reflect these changes to remain relevant in preparing young people for the world of work. Consideration should therefore be given to the delivery of on-the-job training, taking into account hybrid, remote and flexible working practices now in place. The introduction of portable and flexi-job apprenticeship schemes is a step in the right direction in matching individual and business needs, but further work is needed to address the longer-term impacts faced by current apprentices in the wake of the pandemic.

Ofsted's latest report for the 2020/21 academic year observes the ramifications faced by the FE and skills sector throughout the pandemic, citing: *"many apprentices found themselves furloughed or out of work altogether and the number of learners experiencing significant mental health problems or safeguarding concerns increased."* Efforts to reverse the effects of the pandemic must acknowledge

the unique stresses and anxieties faced by apprentices during the last two years of learning, but also look to a longer-term vision of strengthening the system.

#### *Study and attainment of maths and English as part of apprenticeships*

While continuous development in these key areas is undoubtedly beneficial, the attainment of maths and English in apprenticeships does not necessarily translate to young people being work ready in every instance. The St Martin's Group members recognise the value of studying these subject areas but report on the rigidity of requirements as a barrier to completion for both learners and business. This will likely be exacerbated as young people leave school suffering pandemic related learning losses and need to catch up via their apprenticeship.

In November 2021, the Education Secretary announced that the English and maths "exit requirement" qualification for T Levels was to be removed, aligning T Levels with A-Levels, with the intention of making T Levels more accessible and encourage greater uptake. The same flexibilities should also be applied to apprenticeships, giving parity of treatment for learners across apprenticeships, T Levels and A-Levels.

#### *Considering measures of success*

Although as a baseline, formal completion rates will always be important to monitor, alternative modes of measuring, analysing and communicating 'success' should also be considered. It would be advantageous for example, to consider promotion, wage increases or other destinations for those who have started an apprenticeship but have not completed for employment related reasons. This is necessary to provide a fuller picture and context, which in turn, helps increase positive perceptions and support greater uptake.

#### ***Barriers to demand***

Despite a wealth of evidence demonstrating the wider financial, business and productivity benefits of employing an apprentice, uptake has continued to decline amongst SME employers. In order to best prepare young people for work and/or FE or higher education, we must overcome any barriers from an employer perspective to create demand and sustainability.

#### *Improving SME participation*

SMEs in certain regional pockets, particularly those in deprived areas, are facing a number of challenges when it comes to participating in apprenticeships. Although a high level of subsidies already exists for SMEs, they have also most keenly felt the sharpest decline in apprenticeship starts, even pre-pandemic with a decrease of 57 per cent between 2015/2016 and 2019/2020. As no levy is taken from SMEs, some degree of financial contribution is expected however, this can often be offset by lower wage commitments where the apprenticeship post is entry level for a younger applicant. Subsidies introduced by the Government in the wake of the pandemic have proven successful, and so these should continue to be targeted at SMEs to de-risk the investment required to hire apprentices.

However, financial support is just one factor here. The Group's research found that the main barriers to participation were not financial but in fact due to limited access to information, and perceptions around the time and structure required to manage an apprentice. The introduction of 'Flexi' apprenticeships could ease pressure on SMEs by removing the need for a full duration commitment



but more flexibilities in the design and delivery of apprenticeships are needed to help integrate SMEs further into the apprenticeship and skills system.

*“SMEs play a vital role in the country’s economy, apprenticeship and skills system and if we are to set young people up for long-term success, we must do more to involve businesses and in particular SMEs in discussions around the future of FE. For example, SMEs experience unique pressure points regarding administrative burdens, resources, and training support but by helping SMEs better engage with training providers, they may be able to unlock and harness new potential for learners in delivering more flexible apprenticeship programmes and expanding access to sustainable employment pathways from mainstream FE.”*

*Patrick Craven, Director of Policy, Strategy Partnerships and Stakeholder Engagement at City & Guilds*

## **Conclusion and recommendations**

With vacancies reaching an all-time high in 2021, there has never been a more exciting time for young people to embark on an apprenticeship so they can ‘learn and earn’ and equip themselves with the skills needed to help secure and launch their careers.

The current system has many strengths which can be further built upon, including providing young people with positive employment prospects, helping establish financial security and widening access to learners from disadvantaged backgrounds.

However, to maximise potential for young people and employers alike, we must first ensure the apprenticeship and skills system is robust and agile enough to weather future disruptions and adapt to reflect the national context. This should include raising awareness and more clearly signposting opportunities and positive outcomes of apprenticeships; offering more flexible training opportunities, to support a wider variety of learners; and integrating SMEs further into policy and delivery discussions, to ensure young people gain the relevant skills and knowledge that will set them up for long-term success.

To achieve this, The St Martin’s Group recommends:

- 1) Boosting the profile of and widening access to apprenticeships by demystifying the application process and pathways for employers and learners alike, but also by conducting a review of the mandatory requirement for maths and English GCSE qualifications, which can present a barrier.
- 2) Utilising providers and intermediaries in the system with direct links to SMEs, to provide advice and overcome barriers to participation. The costs related to this can be significant, and providers and intermediaries should be incentivised to expand their services in this area. In England, as Local Skills Improvement Plans are mobilised, this should be considered, and funding made available. Together, this will help increase opportunities available to young people and better prepare them for the world of work.
- 3) Supporting greater agility and facilitating wider collaboration to promote a joined-up approach across the apprenticeship and skills system. New and creative innovations such as rethinking measures of 'success', as well as extra accommodations for vulnerable learners,

will help facilitate different ways of navigating the system to widen access and boost outcomes for all. Moreover, by ensuring apprenticeships are employer-led and address the demands of the workforce, young people can enter their first roles with a thorough understanding of what it takes to thrive in the workplace.

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