

Written evidence submitted by The Prince's Trust

The Impact of Covid-19 on Education
Submission from The Prince's Trust – The Impact on Apprenticeships

The Prince's Trust is pleased to submit evidence to the Committee's inquiry into the impact of Covid-19 on education and children's services. We were invited to submit evidence focusing on apprenticeships in particular, so this response looks specifically at the importance of apprenticeships as a bridge to success for young people and the challenges in the current system.

As a member of the Fair Education Alliance, The Prince's Trust has shared broader evidence with the Committee, with the submission covering issues including the need to prioritise personal development alongside academic progress, the value of a catch up premium and the importance of supporting those in transition phases. This individual submission provides additional information and recommendations around the apprenticeships system.

Background and key messages:

Youth charity The Prince's Trust helps young people to develop the confidence and skills they need to realise their ambitions, so that they can live, learn and earn. Founded by HRH The Prince of Wales in 1976, the charity supports 11 to 30 year-olds who are unemployed, struggling at school and at risk of exclusion. The Trust has helped over 950,000 young people to date and continues to support young people to develop their skills and confidence and to find employment during this challenging period.

In this current crisis, it is especially important to encourage the continued provision of apprenticeship opportunities for young people. Due to financial pressures on many employers caused by Covid-19, alongside incentives in the existing levy system for employers to prioritise apprenticeships for current employees at higher levels, a shift in government approach is needed to ensure that apprenticeships can be a vehicle for social mobility.

Through our work with employers across different sectors, The Prince's Trust has a proven track record of providing a bridge for young people to access – and thrive in – apprenticeships. We seek to enable employers to hire a diverse range of young people into their apprenticeship vacancies – focusing on those who may be considered disadvantaged.

This submission sets out the challenges we see in the current apprenticeship system, and our proposed solutions to create a system that delivers for young people and sets them on the path to success.

The current situation:

The data shows a drop in the number of apprenticeship starts for young people, as well as at the lower levels that we know can provide an important first step onto the employment ladder.

Analysis from FE Week¹ shows that the number of apprenticeships started by young people in 2018/19 had fallen substantially since 2014/15 – with a reduction of 25% in starts for those aged under 25 compared to 16% for those over 25. Between 2017/18 and 2018/19, starts for under 25s fell by 3%, whereas we saw an increase of 16% for over 25s. These figures show a significant shift in who apprenticeships are serving. Additionally, we see that in 2011/12, 63% of apprenticeship starts were at intermediate level, a figure that had fallen to 36% by 2018/19² - further demonstrating the impact of changes to the system.

¹ <https://feweek.co.uk/2019/11/28/apprenticeship-starts-for-young-people-continues-to-fall-dfe-reveal/>

Research from the Social Mobility Commission also showed a 36% decline in starts by learners from disadvantaged backgrounds between 2015/16 and 2017/18 (compared to a 23% decline for more privileged apprentices)³.

Early research into the impact of Covid-19 on apprenticeships carried out by the Sutton Trust shows that around a third of employers surveyed reported that they were likely to hire fewer apprentices over the coming year, or none at all⁴. This, coupled with the vast reduction in the number of vacancies advertised during a recession, underlines the need for interventions that encourage the continued provision of apprenticeship opportunities, and that target these opportunities at young people.

Incentivising a focus on young people through the apprenticeship system:

Through both our own experiences and our work with the recently formed Covid-19 Youth Employment Group, we have developed a number of recommendations for the apprenticeship system to refocus on younger people – much of which starts with a clear statement of intent from the government.

Government should state that opportunities for unemployed young people is a priority for the apprenticeships programme, and take action to gear the system towards younger applicants. We believe that setting targets for 75% of apprentices to be under 25 and more than 50% to be new starters with the employer would be a good first step in rebalancing the current apprenticeship system.

In 2018/19, 44% of apprenticeship starts in England went to those over 25⁵ - out-of-step with other OECD countries. Alongside this, data suggests that as many as 62 per cent of apprentices at all levels are employed by the same firm prior to beginning their apprenticeship⁶, and that just 16% of apprentices under 25 were NEET in the period before starting their apprenticeship⁷.

Incentives would clearly be needed alongside these targets to change employer behaviour that has developed in response to the design of the apprenticeship levy system. This is even more important during this current crisis and forthcoming recession – it needs to be attractive for employers to take a risk and make these investments in young people.

Incentive payments:

While the government has announced some welcome incentive payments for employers who take on new apprentices between August 2020 and January 2021, it is not clear whether the value of these will be sufficient to make a substantial difference. There is also a risk that the level of payment for under 25s compared to older apprentices is not differentiated enough to drive a focus on young people.

Along with the broader Youth Employment Group, we are recommending that the current payments are enhanced to incentivise employers to take on young apprentices – increasing to:

- £5,000 to any employer who takes on an apprentice aged 16-18 or aged 19-24 if they have an EHC plan or have been in local authority care
- £3,500 to any employer who takes on an apprentice aged 19-24

Pre-apprenticeship programmes:

² <https://commonslibrary.parliament.uk/research-briefings/sn06113/#:~:text=Apprenticeship%20starts%20in%202018%2F19,starts%20and%2018%2C100%20apprenticeship%20achievements.&text=Starts%20at%20intermediate%20level%20and,an d%20over%20were%20particularly%20affected.>

³ <https://www.gov.uk/government/news/apprenticeships-and-social-mobility>

⁴ <https://www.suttontrust.com/our-research/covid-19-impacts-apprenticeships/>

⁵ <https://commonslibrary.parliament.uk/research-briefings/sn06113/>

⁶ <https://www.resolutionfoundation.org/app/uploads/2019/09/Trading-up-or-trading-off.pdf>

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875553/Apprenticeships_Evaluation_-_Learner_Report.pdf

We know that for employers, taking on a young inexperienced apprentice can be a risk. By enabling employers to spend up to 10% of their levy funding on pre-apprenticeship programmes, we believe that this could generate more confidence in taking on a young person (as well as potentially widening their talent pool). This would also signal to employers the commitment from government to making the apprenticeship programme a vehicle for social mobility.

The Prince's Trust is experienced in running such programmes that reduce the costs and risks to an employer of hiring an unproven apprentice, by providing:

- sector-based skills training
- a chance for the employer to see the candidate in action
- guidance through the recruitment process
- ongoing mentoring support for the new employees first six months.

Supporting SMEs:

A large number of potential (and current) apprenticeship employers operate outside of the levy system. For these smaller businesses, we recommend abolishing the co-investment required to train an apprentice if the employee is under 25.

Rebalancing the levy system:

In order for the levy to cover more of these costs, we acknowledge that changes are needed in the system to free up this money. As such, we would recommend that new Level 7 apprenticeships should no longer be funded through the levy system (following on from announcements that apprenticeships at Level 8 that were in development will not be supported further). These disproportionately benefit older, existing employees and in many cases feel out of step with the broader aims of the levy system.

Next steps:

These interventions should remain in place for at least a year to drive change and help mitigate the negative impacts on this crisis on young people. If there is insufficient progress towards the targets, the Government should bring forward further measures. If necessary, it should introduce a ringfenced apprenticeship budget for young people.

The Government should lead by example, both revising the public sector apprenticeship target to focus on the young and disadvantaged, and requiring contractors to create apprenticeships through procurement arrangements.

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