

2017 Analysis of the apprenticeship market through the employer's perspective

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Introduction:

This report will assess the impact that the introduction of the apprenticeship levy has had on the different players in the apprenticeship market from the employer perspective. This report will provide a background to the legislative policy from the government. Whilst examining the important concerns and questions that employers have about this new position that they find themselves in. The apprenticeship levy was announced in the 2015 and came into effect in April two years later. The government has stated that the apprenticeship levy will be a levy that is placed on UK employers to fund new apprenticeships. This is in accordance with the government's target to create three million more apprenticeship starts by 2020.¹ Subsequently in England the control of the apprenticeship funding will be in the hands of employers through the digital apprenticeship service.² This will allow employers to take direct control over their own funding towards an apprenticeship programme. The government has stated that employers in all sectors will be under the levy programme and that it will only be paid by those employers whose pay bills are in excess of £3 million.³ The apprenticeship levy works on the same legislative basis as a taxation system with no opt out for those that qualify.⁴ This means that for the first time it is in the employer's interest to fully engage with the apprenticeship programme and seriously consider it as a viable solution to companies hiring needs. The government's objective to this policy is that it has committed to the figure of 3 million apprenticeship starts in England by 2020⁵. It believes that the levy will help to deliver these new apprenticeships and provide quality training and support to the learners by placing the employers at the centre of process. The government has also stated that employers who are committed to training new apprentices will be able to see a return of their investment by being recipients of high quality learners turned workers.

The benefits of taking on an apprentice for employers:

This section will examine the benefits of taking on an apprentice for employers using the responses from the apprenticeship evaluation survey. The apprenticeship evaluation survey

¹ "Apprenticeship Levy."

² "Apprenticeship Levy."

"Apprenticeship Funding_ How It Works - Gov.Uk.Pdf."³

⁴ "Apprenticeship Levy."

⁵ "Apprenticeship Levy."

found that the biggest benefit to employers was the development of skills that was relevant to the company.⁶ It found that those companies that took on and successfully completed their apprenticeship with their learners hand at the end of the course a potential employee who had been developed and trained to the specific needs of that company.⁷ Instead of hiring externally to fill the skills gap and then training that external employee to the company's practices these employers had already done so through their training and development of their apprentices. This is an obvious benefit to employers as it saves time and effort in filling a skills gap that could potentially be urgent and vital for the continued success of that company.

However it should be noted that these benefits are only applicable if the apprentice is retained for some years after the completion of their apprenticeship.⁸ The survey found that whilst these learners were trained to the specific dynamics of the company they were not always at the same skill level as some external candidates and that it would take some further years of employment to bring learners up to the correct standard.⁹

Initially this would seem like a concern for the employers having to wait even longer for the learners to reach the desired skill level. The apprenticeship valuation survey found that 79% of the companies surveyed were already offering full-time employment to their learners providing they successfully completed their apprenticeship with the company.¹⁰ This is a strong indication that companies are already seeing the benefits of these apprenticeships from the beginning of the course by offering full-time employment opportunities to these learners in full awareness of what that would entail versus hiring externally in subsequent years.

Another significant benefit for employers taking on apprentices is that they can remould their workforce with a cohort of young learners that can forged into dynamic energetic workers. The benefits for these companies that engage with the apprenticeship programme in this way is that they can overtime, strengthen and evolve their workforce with young workers who bring fresh approaches and new ideas to the companies. This is in contrast to hiring externally which can result in more ridged applicants who have their own ways of practice and who are unwilling to adapt to the changing ways of the company.¹¹

⁶ "Apprenticeships Evaluation 2017."

⁷ "Apprenticeships Evaluation 2017."

⁸ "Apprenticeships Evaluation 2015: Employers."

⁹ "Apprenticeships Evaluation 2017."

¹⁰ "Apprenticeships Evaluation 2017."

¹¹ "Apprenticeships Evaluation 2017."

The apprenticeship programme from the perspectives of employers is best described as an investment. The benefits that have been stated are often felt in subsequent years after the company has taken on new learners. Whilst it is clear that there are meaningful benefits for employers to take on apprentices it must be made clear that these benefits are not immediate and require sustained investment from the employer in order to be felt longer term.

An example of this is that following the completion of an apprenticeship programme the company may find themselves in need to hire a new worker. The apprenticeship evaluation survey found that across multiple sectors it was more expensive for companies to hire externally than it was to integrate their existing apprentices into the workforce.¹² This is an advantage that many companies would see as a fantastic opportunity for them to lower their labour turnover. However this opportunity is only available to the company after their apprentices have successfully completed their apprenticeship programme which requires the sustained efforts from both the apprentices and their employers in order to see it to a successful conclusion. It is therefore clear that whilst there are benefits for the employers to take on apprentices these benefits are felt in subsequent years after mutually sustained commitment by all parties. However these benefits are significant and could be profitable to all of those who have committed to the apprenticeship programme.

The opinion of employers regarding allowing learners to take time off to learn as they work:

Along with the hands on experience that learners gain from their course they also must complete 20% time off the job training.¹³ This is a key component to the apprenticeship program. However this presents a unique challenge for employers regarding the allocation of time off for their learners. Yet there is little literature that answers this specific problem, this suggests that more time is needed for these new apprenticeships to conclude before such feedback will become available. Despite this it is possible to infer that a potential problem could be developed if employers do not have the necessary information. It is clear that there is a lack of easily accessible and understandable information for some employers and that this can cause significant problems to the apprenticeship system that they have in place. Some employers were found not to have fully understood the framework that was needed in order for

¹² “Apprenticeships Evaluation 2017.”

¹³ “Apprenticeship Levy.”

learners to be supported successfully.¹⁴ This was owing to a lack of wide reaching information and the primary information being focused on the fiscal matters. Whilst fiscal matters were the number one priority for employers who were considering taking on apprenticeships the framework for the learners presented the biggest challenges.¹⁵ If the employers do not fully understand the best way for them to support their learners then this can result in a breakdown of trust and support between all the parties. The research that has been conducted has found that failures to complete such apprenticeships were largely owing to a lack of information by all parties. In regards to giving time off to learn research has also found that because there was a lack of information regarding the levels of support that employers were supposed to provide their learners that certain cohorts of learners were not fulfilling the necessary criteria in regards to their off site training which resulted in difficulties in completing the apprenticeship.

The information that employers require to support an apprentice effectively:

In order for employers to successfully oversee an apprenticeship programme it is important that they are fully aware of how the process works, what is expected of them and how it can impact their business model. Research has shown that the most important topic for employers based on research conducted is the fiscal implications that can occur when taking on apprentices.¹⁶ Particularly with the changes to the apprenticeship programme based on the legislation the government introduced in April 2017 regarding levy payments, companies have reported not fully understanding the process of how they can access their funds how they pay into the program if they are levy payer and indeed the impact that taking on a programme would have for their financial commitments.¹⁷ In addition it is important for employers to understand the structure of the apprenticeship programme specifically revolving around the amount of time that is divided between off-site learning and those hours working in the business. Research has consistently shown that the biggest barrier for companies engaging with an apprentice program is the lack of clarity surrounding funding.¹⁸ If this was to become clearer to companies specifically focusing on the amount of funding that they would receive and the contribution

¹⁴ “Apprenticeships Evaluation 2015: Employers.”

¹⁵ “Apprenticeships Evaluation 2015: Employers.”

¹⁶ “Apprenticeships Evaluation 2015: Employers.”

¹⁷ “Apprenticeships Evaluation 2017.”

¹⁸ “Apprenticeships Evaluation 2017.”

levels for their program then it could be suggested that more companies would positively engage with apprenticeships.

Employers view towards apprenticeship in regards to filling skill gaps:

The biggest advantage to employers is that apprentices are able to fill the skill gap that companies face in constant dynamic industry's. The benefit for employers is that they can fill the gaps in their workforce by taking on apprentices. This is possible because employers have an extended period in which they can train and develop learners specifically tailoring their programme to the needs of the company in certain skills. The benefits of taking on apprentices versus hiring externally is that through the many years of the apprenticeship they can train learners to their specific style and work practices.¹⁹ On the other hand assimilating external workers can prove to be a challenge because these workers are more experienced in other areas and requires a recruitment strategy that focuses on trying to fill the skills shortage that the company has proved to be a particularly difficult task

The advantages to employers when using an apprentice training provider:

It was the general consensus that due to the changing dynamics of the apprenticeship market that there would be significant research on the benefits of training providers. However upon inspection it is clear that there is a lack of available literature on this topic area. This is significant as it demonstrates the difficulty in fully understanding the market. This has been a theme throughout the different areas of research in the apprentice market yet the scale of the problem is truly highlighted here. The fact that there is limited research within this area shows that more work is needed to produce a fully comprehensive guide to the apprentice market. Therefore it would be advisable for all involved to push for greater research not just regarding training providers but across the entire subject that focuses on providing clear information. Should such research be conducted then knowledge about this market can be enhanced and improved which is crucial for its sustained understanding and development.

¹⁹ "Apprenticeships Evaluation 2017."

Conclusion:

This report has assessed the impact that the introduction to the apprenticeship levy and other changes has had on the different players in the apprenticeship market specifically focusing on the employers point of view. This report has provided a background to the policy from the government's perspective whilst examining the important concerns and questions that employers have about this relatively new position that they find themselves in within the apprenticeship market. It is clear that more information needs to be supplied to everyone involved in apprenticeships in order for all to fully engage with apprenticeships.

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