

# Delivering the Apprenticeship Ambition



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# 1. Outline

The Government has committed to creating three million new apprenticeships by 2020 to increase the employability of young people and deliver the skills employers need. The Skills Minister has said that apprenticeships should be recognised by the public as “being equal to degrees”. In this report, Reed in Partnership and NCFE analyse newly commissioned YouGov research and highlight the challenges the government faces in making their ambition a reality.

Reed in Partnership is a public service provider with the mission to support individuals, businesses, families and communities to prosper - often under challenging circumstances. NCFE is a registered educational charity and an Awarding Organisation passionate about designing, developing and certificating diverse, nationally recognised qualifications.

The Government’s apprenticeship strategy states that “our goal is for young people to see apprenticeships as a high quality and prestigious path to successful careers”.<sup>1</sup> However, our research shows that younger generations are the least likely age group to consider the merit of apprenticeships.

Our YouGov survey also suggests that apprenticeships have a particular image problem in London, with people in the capital 40% less likely than the English average to want their children to pursue an apprenticeship.

In November 2015, the Prime Minister said that “If we’re going to compete in a global economy, then we need to make sure our young people are more highly skilled, more highly trained than our competitors: either apprenticeships or university for almost everyone.”<sup>2</sup>

This report will recommend that the education system becomes less narrowly focused on the university route and does more to promote apprenticeships as an alternative option.

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf)

<sup>2</sup> <https://www.gov.uk/government/speeches/cbi-annual-conference-2015-prime-ministers-speech>

## Our research

The findings presented in this report are based on:

- A YouGov survey, carried out on behalf of Reed in Partnership and NCFE, of a representative sample of the British population to understand the country's views of post school options. Total sample size was 2,042 adults. Fieldwork was undertaken in February 2016. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).
- A Reed in Partnership survey of over 2,300 young people (aged 16-25) on the barriers they believe they face entering employment
- A focus group of young people at Barnet College in London
- A roundtable session chaired by Neil Coyle MP (Member of the Work and Pensions Select Committee) with representatives from the following organisations:

Business roundtable attendees		
Lendlease	Fleishman Hillard Fishburn	City of London
Department for Work & Pensions	NHS	British Land
Anthony Gold Solicitors	Southwark Council	Zurich Insurance
Careers and Enterprise Company	Reed in Partnership	South Bank Employers Group

There was a wide ranging discussion at the roundtable, which informed the conclusions and recommendations in this report. However, the views expressed in this report are those of Reed in Partnership and NCFE and do not necessarily represent the views of the organisations listed above.

## 2. The benefits of apprenticeships

The benefits of apprenticeships are clear, both for the individuals undertaking them and for the taxpayer. Individuals benefit from additional lifetime earnings of between £48,000 and £74,000 for a level 2 apprenticeship and between £77,000 and £117,000 for a level 3 apprenticeship.<sup>3</sup> The monetary returns over a working life for an apprenticeship at level 4 or above could be in excess of £150,000.<sup>4</sup>

In our focus group, young people told us that one of the main attractions of an apprenticeship was the ability to combine obtaining hands-on experience with earning a wage.

Views of young people:



The Government has estimated that the UK economy benefits by up to £28 for every £1 on level 3 apprenticeships, due to higher profits and wages, as well as reductions to the welfare bill.<sup>5</sup> When compared to further education as a whole – where the average return on investment is £20 for every £1 spent – apprenticeships represent good value for money.<sup>6</sup>

The UK has low productivity levels when compared to other countries in the G7. The Government has linked this productivity problem to a low level of skills in the workforce, where the UK ranks in the bottom four countries in the Organisation for Economic Co-operation and Development (OECD) for numeracy skills for 16-24 year olds.<sup>7</sup>

The UK is also set to face a growing skills gap, particularly in key growth sectors such as science, technology and engineering, which will increasingly become a drag on our

<sup>3</sup> London Economics (2011) – BIS Research Paper Number 53, Returns to Intermediate and Low Level Vocational Qualifications

<sup>4</sup> AAT and CEBR (2013) University education – is this the best route into employment?

<sup>5</sup> BIS research paper 229 (2015) Further education: measuring the net present value in England

<sup>6</sup> BIS research paper 229 (2015) Further education: measuring the net present value in England

<sup>7</sup> OECD Skills Outlook 2013: First results from the survey of adult skills, Figure 0.3 (OECD 2013). Data is for England and Northern Ireland.

economic performance. While there is a need to increase skills training, employers in the UK invest less in training than many other countries – and the level of this investment has been falling over the last two decades. While around 15% of employers in England offer apprenticeships, it is much higher in other countries such as Australia (30%), Austria (25%) and Germany (24%).<sup>8</sup>

The Government views increasing the number and availability of apprenticeships as key to addressing the UK's skills gap and productivity problem. In the November 2015 Autumn Statement it announced an Apprenticeship Levy would be introduced in April 2017. The aim of the levy is to fund an increase in apprenticeship numbers as well as giving employers a greater stake in the system.<sup>9</sup>

An apprenticeship also allows learning without taking out a loan. This may increasingly be seen as one of the benefits of apprenticeships, as university fees have increased to £9,000 per year and are set to rise again for some institutions.<sup>10</sup> This means that students who take a Higher Education loan with maintenance are likely to graduate with over £40,000 of debt.

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<sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf)

<sup>9</sup> <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents/spending-review-and-autumn-statement-2015>

<sup>10</sup> <https://www.gov.uk/government/news/student-choice-at-the-heart-of-new-higher-education-reforms>

### 3. Views of apprenticeships

Our findings are based on an exclusive YouGov survey of a representative sample of the British population.

The Government's aspiration is for apprenticeships to be as highly valued by the public as degrees, but our findings show that apprenticeships continue to suffer from an image problem compared to Higher Education.

When asked what they would like their 18 year old child to do, just over half of adults (51%) said they would like them to go into higher education. By comparison, only a fifth (20%) said they would want them to go into an apprenticeship.

<b>Which ONE, if any, of the following would you MOST want your child, aged 18 years old, to do?</b>	<b>% of adult population</b>
Go into higher education (e.g. university, college, etc.)	51%
Go into an apprenticeship	20%
Go into another type of vocational training	4%
Go into full/ part-time employment	11%
Other	4%

*NB: If someone does not have a child aged 18 years old, they were asked to imagine that they do.*

The primary motivators for people selecting their chosen option is that they believe it would lead to higher earnings (47%) and that they were more likely to get employment upon completing it (43%).

<b>Why would you want your child to make that choice?</b>	<b>% of adult population</b>
They are more likely to get employment after completing it	43%
It's the only way they will get employment	10%
It is likely it will lead to higher earnings than other options	47%
It would best suit their abilities/ personality	36%
Other	6%
Don't know	2%

The Government's Apprenticeship strategy states that "*our goal is for young people to see apprenticeships as a high quality and prestigious path to successful careers*".<sup>11</sup> However, our YouGov survey suggests that this message is not getting through – with younger people less likely to see the merit of an apprenticeship and more likely to view university as the best way to progress.

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<sup>11</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/482754/BIS-15-604-english-apprenticeships-our-2020-vision.pdf)

An 18-24 year old is almost four times less likely than someone aged 55+ to view an apprenticeship as the best option. Only 7% of people aged 18-24 considered apprenticeships as the best way forward.

Age group	Best option is higher education	Best option is apprenticeship
18-24	68%	7%
25-34	50%	18%
35-44	52%	19%
45-54	46%	20%
55+	49%	27%

There were differences of view depending on social grade, with those classed ABC1 adults more likely to want their child to go to university and less likely to want their child to do an apprenticeship than people classed as C2DE.

	Social grade	
	ABC1	C2DE
Go into higher education (e.g. university, college, etc.)	55%	46%
Go into an apprenticeship	19%	22%
Go into another type of vocational training	4%	5%
Go into full/ part-time employment	10%	13%
Other	4%	5%
Don't know	8%	10%

Views of apprenticeships compared to higher education also varied depending on the industry sector someone worked in. This ranged from 37% of people in construction stating they would most want their child to do an apprenticeship to 15% of people in financial services/accountancy/legal.

Industry sector	Best option is higher education	Best option is apprenticeship
Manufacturing	56%	21%
Construction	41%	37%
Retail	44%	22%
Hospitality & leisure	61%	18%
IT & telecoms	50%	14%
Medical & health services	56%	18%
Education	57%	17%
Transportation & distribution	43%	28%
Finance, Accounting & Legal	52%	15%

Our research highlights that apprenticeships have a particular image problem in London, with Londoners 40% less likely to want their children to do an apprenticeship compared to the average across England (12% vs 20%).

<b>Region</b>	<b>Best option is higher education</b>	<b>Best option is apprenticeship</b>
North East	43%	23%
North West	49%	25%
Yorkshire and the Humber	49%	21%
East Midlands	51%	24%
West Midlands	52%	23%
East of England	47%	20%
London	64%	12%
South East	46%	19%
South West	53%	22%
England	51%	20%
Wales	49%	20%
Scotland	56%	19%

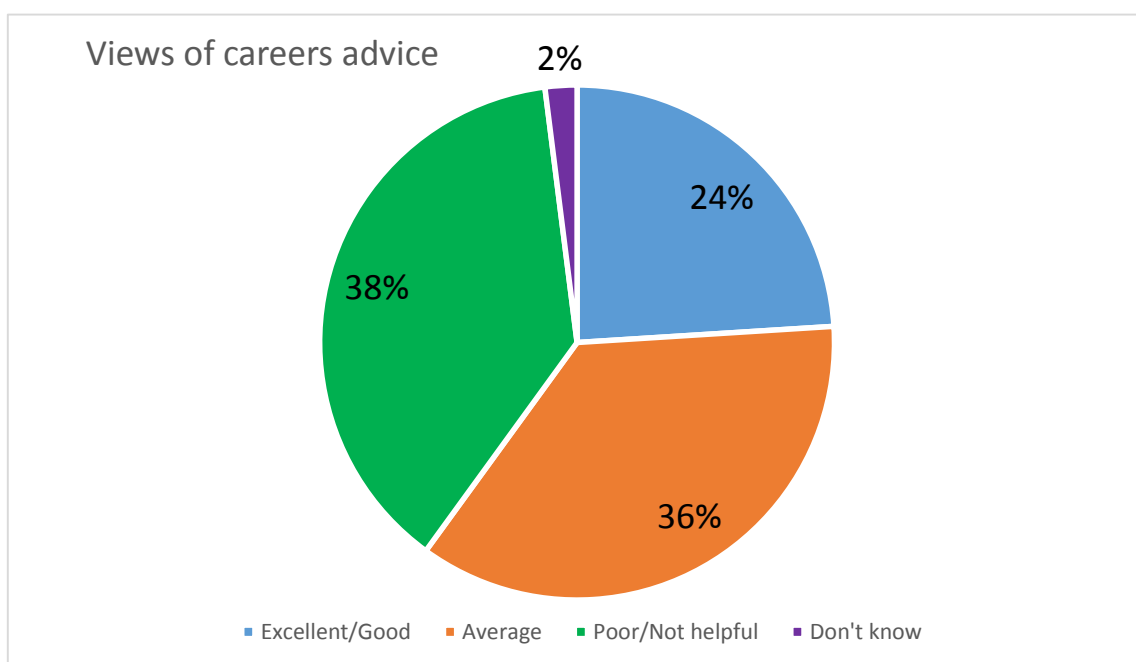


## 4. The role of careers advice

### 4.1 Young people's views of careers advice and apprenticeships

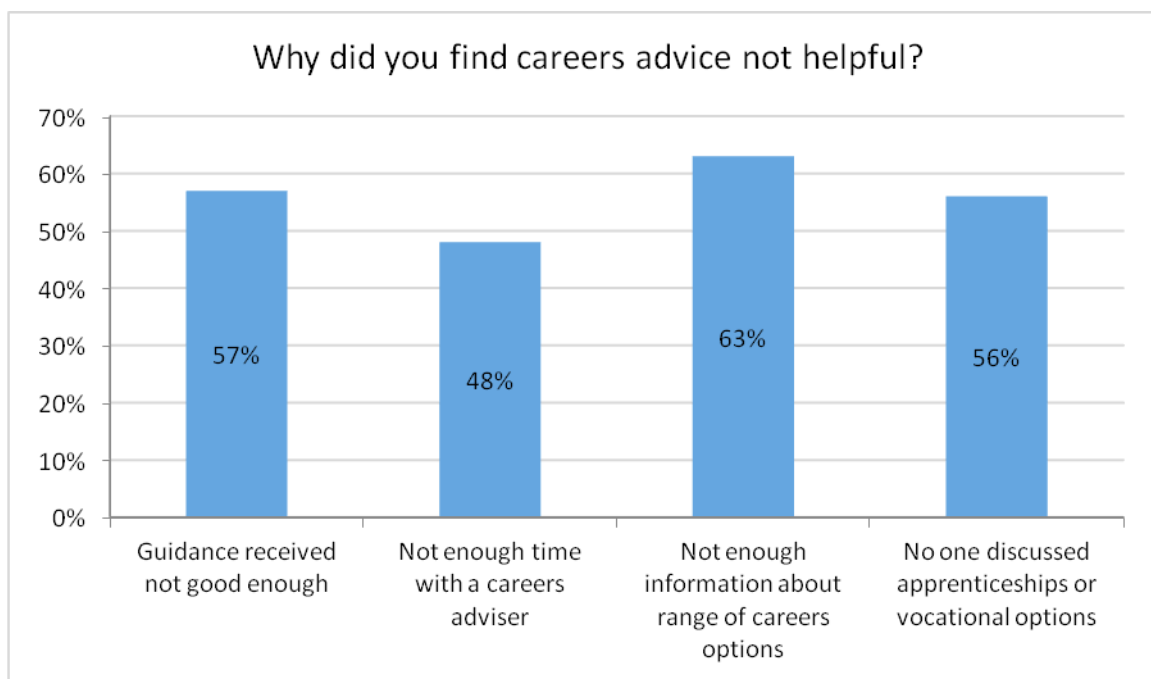
As discussed in the previous sections, our YouGov survey has identified that apprenticeships are less popular among young people than older generations. It also showed people in London are 40% less likely to want their child to pursue an apprenticeship than the English average.

A separate survey by Reed in Partnership of 2,336 young people (16-25) from across the UK indicates that this may be due to failings in careers advice provided to young people. Our survey showed that fewer than one in four young people (24%) rate the careers advice they received in school as 'good' or 'excellent'. In contrast, more than one in three (38%) rate their careers advice as 'not at all helpful' or 'poor'.<sup>12</sup>



Poor careers advice in school means that many young people are not aware of the career options available to them. When we asked young people who rated their careers advice as 'not at all helpful' or 'poor' why they held this view, 63% said that there was not enough information about the range of career options and 56% said no one had discussed apprenticeships or vocational training options with them.

<sup>12</sup> Full report can be read online: [www.reedinpartnership.co.uk/youthreports](http://www.reedinpartnership.co.uk/youthreports)



Young people interviewed for this survey and during our focus group explained that careers advice was focused on the university route and gave very little, if any, time to explaining other options.

Views of young people:



Our survey shows that the proportion of young people stating that no one discussed apprenticeships with them was higher in London than any other part of the country (62%).

<b>Region</b>	<b>No one discussed vocational training options or apprenticeships</b>
East of England	52%
East Midlands	52%
London	62%
North East England	40%
North West England	59%
Scotland	59%
South East England	50%
South West England	62%
Wales	61%
West Midlands	48%
Yorkshire and Humber	59%

## **4.2 Businesses' views of careers advice and apprenticeships**

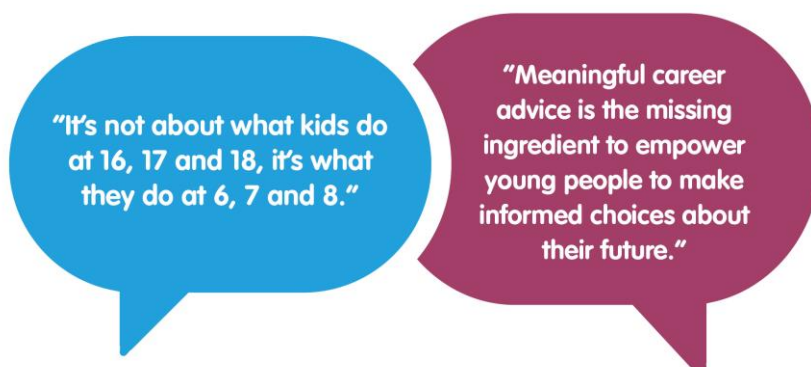
The employers body the CBI report that 77% of businesses in the UK feel the quality of careers advice received is not good enough to help young people make informed decisions about future career options. Speaking about the importance of high quality careers advice, former CBI Director-General John Cridland, said "How can young people decide what type of work they want to do in the future - when the careers advice they receive is simply not up to scratch?".<sup>13</sup>

The businesses at our roundtable session agreed with this and highlighted inadequacies in the way careers advice is currently delivered in schools. In particular, concerns were expressed that despite having a statutory role to deliver careers advice, too often schools aren't incentivised or resourced to carry it out.

<sup>13</sup> <http://news.cbi.org.uk/news/careers-advice-in-schools-not-good-enough-says-firms/>

In order to improve the effectiveness of careers advice, we endorse the view of many of our business contributors that careers advice should start much earlier in school to shape young people's thinking. If young people receive occupational guidance at an early age, with a greater emphasis on apprenticeships and vocational options, then they are less likely to grow up with the impression the best option is higher education and anything else is a lesser outcome.

Views from business roundtable:



#### 4.3 Measuring Success

Businesses at our roundtable event also stressed that alongside moves to widen the focus of careers advice, improved metrics need to be developed to track employer engagement and work experience. As well as allowing parents and school governors to analyse performance on this measure, it would focus schools' minds on the importance of integrating it into the school day.

The City of London Corporation has recently published a guide to how businesses can help young people to develop the skills that employers require to meet current and future demands.<sup>14</sup> One of their guiding principles is monitoring the impact of interventions and building upon what works. As part of the Government's apprenticeship strategy, we recommend that a specific measure on apprenticeship education should be incorporated into school careers advice.

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<sup>14</sup> <http://www.cityoflondon.gov.uk/business/support-promotion-and-advice/Documents/City-Business-Guide-2016.pdf>

## 5. Making apprenticeships more attractive

Reed in Partnership and NCFE's research has shown that the Government has a challenge if it wants to succeed in its ambition for apprenticeships to be viewed by the public as being equal to degrees.

A report by the Sutton Trust states that apprenticeships have a "lesser value" compared to degrees and that this view is "an ingrained part of UK culture".<sup>15</sup>

At our business roundtable, apprenticeships were viewed as key to addressing current skills shortages, particularly in sectors such as construction. This section of the report will consider the role of careers advice and employers in improving the image of apprenticeships.

### 5.1 Widening the scope of education

The Sutton Trust reports that the negative perception of apprenticeships compared to degrees "extends to teachers and parents".<sup>16</sup> We believe that the consequence of the often narrow focus of education on the university route is that many young people do not consider an apprenticeship as a credible option.

A separate survey of 2,336 young people was carried out by Reed in Partnership and found that alternatives to university are often either discouraged or simply never discussed during school.<sup>17</sup> The result is that many young people progress down the university route by default – and then can feel like a failure if they don't succeed.

Views from business roundtable:



<sup>15</sup> <http://www.suttontrust.com/wp-content/uploads/2015/10/Levels-of-Success3.pdf>

<sup>16</sup> <http://www.suttontrust.com/wp-content/uploads/2015/10/Levels-of-Success3.pdf>

<sup>17</sup> <http://www.reedinpartnership.co.uk/media/174597/young%20people%20and%20employment%20-%20reed%20in%20partnership.pdf>

Rather than acting as a funnel to select subject options for university, it is vital that young people are told what the progression routes are if they choose a vocational path. This includes information on different industries as well as the progression routes once employed, so young people can see the potential for promotion and a career.

Careers advice should include more comprehensive information about the cost and benefits of different options, such as the repayment of Higher Education loans. For example, young people should be told how much they would have to earn to cover interest alone based on current interest rates for loans over three years.

## **5.2 Changing public perception**

Our YouGov survey indicated that apprenticeships are perceived poorly by the public compared to university/higher education. This correlated with research by The Sutton Trust which stated that the “public perception of apprenticeships also needs to be addressed.” In its recent report, ‘The potential of UK apprenticeships’, The Trust states: “Recent governments have attempted to boost the reputation of apprenticeships through the creation of the National Apprenticeship Awards and the National Apprenticeship Week, but at present, apprenticeships are too often linked with the ‘lesser’ skills associated with manual labour.”

This is supported by views expressed by businesses at our roundtable: they were concerned that most schools consider apprenticeships an inferior option to university. They told us that one of the main problems in engaging schools with apprenticeships is that they are often viewed as the route for ‘less academically able’ pupils.

This view ignores options such as Higher Apprenticeships, which offer school leavers a different route to traditional university study. Higher Apprenticeships involve a combination of learning on-the-job, working alongside experienced colleagues, alongside training at a college. They can lead on to academic qualifications such as an Honours Degree or professional qualifications specific for an industry.

The role of family and wider public perception was also discussed, with contributors remarking that parents are often the most influential people in a young person’s life. We believe that engaging schools and parents is key to reshaping public opinion of apprenticeships and increasing their take up. We recommend that parents are given a greater role as part of the careers advice process, including being involved in discussions with schools about future career options.



Views from business roundtable:



A fundamental review of how apprenticeships are perceived is required. We recommend that apprenticeships are re-branded to promote achievements of apprentices and make them synonymous with high quality and aspiration. The think tank Demos recommend that publicising 'high ability' apprentices could help break down some of the negative perceptions towards apprenticeships in schools. They also state that government should track the longer term outcomes of pupils to provide evidence for the success of apprenticeships, as well as giving schools a stronger stake in the career outcomes of their pupils.<sup>18</sup>

We are also of the view that universities and employers should work as partners to develop high level apprenticeships to work in parallel with degrees. This would create a system where different partners work collaboratively to dispel any worries that parents and schools might have about the vocational route.

### 5.3 Engaging employers

Research by the Education and Employers Taskforce has shown the value of employer engagement with young people. They found that young adults who recalled four or more employer contacts are five times less likely to be NEET ('not in education, employment or training') than those who had no involvement.

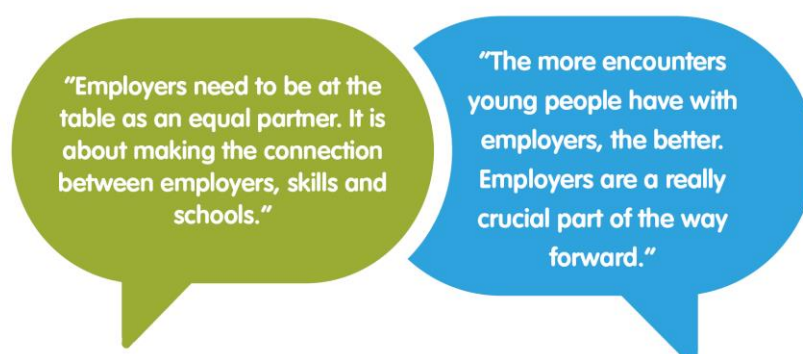
At our business roundtable, employers were passionate about the value of apprenticeships and were enthusiastic about working to increase their availability, particularly within sectors affected by skills shortages.

Therefore, we believe that increased employer engagement with education is vital to changing the perception of apprenticeships among young people and schools. By demonstrating the value of apprenticeships within their own business, employers are in a powerful position of being able to instil confidence among young people in apprenticeships as a route to employment.

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<sup>18</sup> [http://www.demos.co.uk/files/476\\_1504\\_CoA\\_WEB\\_2\\_.pdf?1425489134](http://www.demos.co.uk/files/476_1504_CoA_WEB_2_.pdf?1425489134)

Views from business roundtable:



While most schools value relationships with business and have willingness to engage, they are under pressure to deliver so much during the school day that businesses told us this often means employer engagement is squeezed out. We believe that a broker is important to facilitate engagement between schools and businesses, and we recommend that someone on the senior management team within every school should be tasked with this role.

This flow of information about careers and apprenticeships should work both ways, as our roundtable also highlighted that while all the businesses present were well informed, they were aware that some employers lacked the necessary detail about how to engage with the system.

The Government has established the Careers and Enterprise Company to help facilitate relationships between employers and schools. This is a welcome move, and we believe that the model should be flexible enough to encourage local partnerships. Small, local initiatives within local authorities or groups of schools would allow the needs of specific areas to be addressed.

We also recommend that local authorities should work with local employers to carry out skills audits to ensure that the careers advice offered matches the specific employment requirements of businesses in that locality.

#### **5.4 Apprenticeship wage**

The final point raised by businesses during our roundtable session was the level of the National Minimum Wage for apprentices; at £3.30 an hour it is considerably lower than the National Minimum Wage for 18-20 year olds (£5.30 an hour) and the National Living Wage for those over 25 years old (£7.20).

Several of the businesses present were of the view that parity between the rate for apprentices and other workers would boost the image of apprenticeships.



## 6. Conclusion and recommendations

### Research summary

Our research found that:

- If they had a child aged 18, just over half of adults in Britain (51%) would want them to go to university, compared to a fifth who want their child to go into an apprenticeship (20%).
- Younger people are less likely to consider apprenticeships as the best option, with someone aged 18-24 almost four times less likely than someone aged 55+ to view it as the best option if they had a child aged 18.
- Among young people who rate their careers advice as poor, over half (56%) said they held that view because no one had discussed apprenticeships or vocational training options with them.
- Apprenticeships appear to have a particular image problem in London, with Londoners 40% less likely to want their children to do an apprenticeship than the English average.
- This is consistent with our separate finding that the proportion of young people who say their careers advice did not feature any discussion of apprenticeships or vocational training options is higher in London than anywhere else in the UK.

### Recommendations

- The education sector should recognise that apprenticeships are key to addressing the skill shortages facing some industry sectors, such as construction.
- Careers advice in schools must become less narrowly focused on the university route. It must promote alternative options, such as apprenticeships. It should begin at an earlier age and young people must be informed of the progression routes within industries if they choose a vocational path.
- Increased employer engagement with schools is key to improving the perception of apprenticeships among young people. This should be encouraged by national government policy, but with a flexible model that encourages local partnerships.
- In recognition of their influential role in young people's lives, parents and family should be involved in discussions between schools and pupils about future careers.
- We recommend that apprenticeships are re-branded to promote achievements of apprentices and make them synonymous with high quality and aspiration. For example, by publicising 'high ability' apprentices and tracking the longer term outcomes of pupils to provide evidence for the success of apprenticeships, as well as giving schools a stronger stake in the career outcomes of their pupils.

- Universities and employers should work as partners to develop high level apprenticeships to level six, which can work in parallel with degrees.
- A specific approach should be developed for London, to recognise our findings that (a) apprenticeships are less popular among adults in London than elsewhere in the UK; and that (b) young people in the capital are less likely than elsewhere in the UK to be told about apprenticeships during their careers advice.
- A member of the senior management team within every school should be designated as a broker to facilitate engagement within schools and businesses.
- Local authorities should work with local businesses to conduct regular skills audits to determine the employment and skills requirements of that locality.
- Improved metrics should be developed for tracking employer engagement with schools, with a specific measurement for apprenticeship education.
- Government should seek to increase the minimum wage for apprenticeships to the same as other workers in order to boost the image of apprenticeships.