



Business Services Association
130 Fleet Street,
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BSA - The Business Services Association

**Submission to the Apprenticeships Inquiry by the
Sub-Committee on Education, Skills and the Economy**

March 2016

The BSA welcomes the opportunity to provide evidence to the Sub-Committee on Education, Skills and the Economy on apprenticeships.

The BSA - the Business Services Association - is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors. The business services sector accounts for over 9.3 per cent of economy-wide gross value added to the economy with an annual turnover of around £263 billion, and employs 3.3 million people, or 10 per cent of the UK workforce.¹

BSA full members employ over 17,000 apprentices and provide around 845,000 days of training each year. The business services sector considers apprentices to be a key part of their workforce and provides schemes across a wide range of services and skills areas, from engineering, construction and security to facilities management, cleaning and food services; from customer service, ICT and business development to finance, human resources and administration. Many BSA members have been involved in trailblazer schemes and work with apprenticeships in SMEs through their supply chains.

The target of three million apprentices by 2020, how the Government proposes to achieve this and how this may affect the 'skills gap'

The Government's target to reach three million new apprenticeship starts by 2020 is an ambitious goal. It ensures a sustained focus on apprenticeships and shines a spotlight on issues such as careers advice for school leavers and the relationship between higher education and the labour market. It has led to positive steps such as the development of degree apprenticeships, increased employer engagement on apprenticeship trailblazers and the protection of the term apprenticeship by law.

However, businesses, educational experts and Ofcom have all raised concerns regarding the current delivery of apprenticeship standards and issued warnings to Government on the dangers of emphasising quantity over quality. It is vital that the target to create apprenticeships is matched by equal investment in producing high-quality standards and ensuring that apprentices see real-life value from their training and qualifications.

To understand the impact of apprenticeships better, the Government should focus on the number of successful completions and the number of apprentices who are offered full-time employment following their training. This will provide information on whether apprenticeships are producing the right output and genuinely addressing skills gaps for employers.

¹ Oxford Economics - The UK market for business services, The national, regional and constituency picture in 2013 – January 2015

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Recent figures show that over thirty per cent of those starting an apprenticeship fail to complete their course with the success rate having dropped year on year since 2010.² This is a waste of limited resources for employers and taxpayers and demonstrates how a target of start rates can obscure the bigger picture. There therefore needs to be a fundamental shift in the Government's focus from a target of 3 million apprenticeship starts to a more holistic approach which supports and rewards training providers and employers who are creating long-term benefit through apprenticeships.

The proposal for an apprenticeships levy and how this may be implemented

With the introduction of the Apprenticeship Levy due to raise £3 billion for the Exchequer, it is vital that this measure does not merely amount to an additional tax on employers but provides real value and benefit for businesses and their employees.

Key to this will be ensuring the value of vouchers is proportionate to the amount of levy paid and that employers are given appropriate discretion over when and with whom to spend them. We therefore urge the Government to review the 24 month spend period for digital vouchers, to provide prompt clarity on the value of vouchers and available top-ups, and to consult industry on the remit and structure of the proposed Institute for Apprenticeships.

Furthermore, in order for employers to be able to deliver an increased number of high quality apprentices from April 2017, more information and clarity is needed from Government as a matter of urgency. Questions currently remain over how the levy funds will be distributed amongst the devolved governments; what the funding caps for each standard will be; how training providers will be assessed and approved; when employers will be able to access the digital system; the future of the construction industry training boards; and on many other crucial points. Without further detail from Government in the coming months, this lack of information will significantly impede companies' ability to plan their recruitment, training and funding of apprentices.

The institutional architecture of current provision and how this may be affected by the proposed Institute for Apprenticeships

The Government has rightly recognised that the current system for apprenticeships does not adequately reflect the quality and skills which employers need. The Institute for Apprenticeships should therefore support employer choice over how to spend their vouchers, whether that be with registered providers or to fund training in-house. This will introduce a truly competitive market amongst training providers which the Institute for Apprenticeships should seek to support and monitor for quality without introducing barriers to provision.

² Department for Business, Innovation & Skills – Further education and skills: statistical first release – February 2016



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Take-up of apprenticeships amongst 16-19 year olds and steps that can be taken to make more young people aware of available opportunities

To break down social and cultural perceptions which undervalue vocational routes, the way in which advice is offered must fundamentally change. For example, careers advice in schools currently focuses on academic routes and they are measured solely against these metrics. The BSA therefore welcomes this Sub-Committee's inquiry into careers advice and looks forward to the publication of the report. We hope this will address the divide between careers advice and the labour market, highlight the positive role employers can play in supporting young peoples' choices and provide useful recommendations for the inclusion of apprenticeships metrics in schools' assessment criteria.

The process of applying for apprenticeships

Government should aim to make this process more centralised and simple for both employers and prospective apprentices. A recent survey found that one in ten successful applicants had taken "a long time to search for vacancies" with many having to "go to lots of interviews before finding the right apprenticeship".³ A system such as UCAS which creates a clear portal for applicants and businesses would reduce the barriers to applying and increase the visibility of employers' vacancies.

Routes for progression to higher qualifications for current apprentices

Employers providing apprenticeships are invested in the long-term success of their apprentices and many already have progression pathways in place to support their careers. The BSA welcomes the Government's drive to develop Degree Apprenticeships and our members are already engaged with creating and delivering trailblazer standards that offer one to three year courses. These allow apprentices to progress naturally to higher qualifications that advance their careers. The voucher system for spending employers' contributions to the Apprenticeship Levy should reflect the increased value and cost of longer apprenticeship courses to support employers providing these options.

The quality of, and minimum standards for, apprenticeships, and how standards can be enforced

The government should continue to run the trailblazer scheme for providers to directly contribute to apprenticeship standards. Furthermore, in line with the government's policy to give employers greater say over apprenticeships training, there should be the option for employers to take on the lead provider role themselves, work with existing lead providers, or work with new providers.

All those providing training should be registered and inspected by the Institute for Apprenticeships to assesses their provision of training. Factors for consideration should be the quality of the training itself and the effectiveness of standards in preparing apprentices for the relevant career. Only providers and standards approved by the Institute should be eligible for voucher funding to guarantee high quality qualifications are being delivered. The demonstrable value of apprenticeship standards is key to improving uptake and public perception of the qualifications.

³ Positive Outcomes - Survey of Apprentices – February 2016



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Appendix - List of BSA Members

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Accenture Plc
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