

**Assessing the existing and latent  
demand for higher level vocational  
skills in Lancashire**

**Final Report**

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# LANCASHIRE LEP HIGHER APPRENTICESHIP ACTION PLAN

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## Background and purpose

1. The purpose of this report is to set out a proposed action plan for growing the market for higher and degree level vocational skills in Lancashire. The proposed actions have been identified as a result of
  - a detailed assessment of the existing and latent demand for higher level vocational skills in Lancashire;
  - the opportunities afforded by higher level and degree level apprenticeships in this context; and
  - the extent to which this demand and these opportunities can be addressed by skills providers in the county.
  
2. This action plan draws together the conclusions of this project, where the prior work has included:
  - Phase 1 – an extensive review of current/recent apprenticeship developments, including higher/degree level apprenticeships that are in development via the trailblazer process
  - Phase 2 – identification of higher level/degree frameworks with the highest levels of likely demand from employers in the county; undertake consultations with the employer bodies that have led the framework development process to identify for each framework the key delivery requirements (mode of delivery, staff capacity and capability, assessment mechanisms etc) that skills providers will be expected to meet.
  - Phase 3 - work with employers and providers in Lancashire to understand the extent to which possible demand might translate into actual demand from employers, the action that providers need to take to address this and the action that the LEP Skills Board should take to facilitate this take up.
  
3. The detailed evidence based on analysis of MIS and statistics and interviews with a wide range of stakeholders are included in the Annex. The following sets out the key drivers for the proposed actions and the actions themselves.

## Key considerations

4. In presenting the action plan, a number of considerations merit attention, such as:
  - There is no single data source which will allow a comprehensive overview of the take-up of Level 4+ vocational qualifications. This limits our understanding of the scale and trends in higher level vocational training in Lancashire.

- Using national research that links SFA to HESA data we estimate that some 7.5% (or 244 learners) of Advanced Apprenticeships (based on the Lancashire age profile of Advanced Apprentices in the county) progress to higher education. However, Lancashire has a much larger proportion of Advanced Apprenticeship completers in those frameworks which have higher progression rates to HE. Using these, some 22% or 722 learners in Engineering, health and social care, accountancy, IT services etc are estimated to progress to higher level training.
- SFA data suggests that just under 300 Higher Apprenticeship starts were made in 2013/14, mostly in Care Leadership & Management (42%), Management (17%) and Accounting (13%). Some 470 learners achieved a SFA funded FE Level 4+ qualification in Lancashire Colleges in 2013/14. We estimate starts on Level 4+ FE courses in 2013/14 at around 870. This suggests that a total of around 1,000-1,100 learners started a Level 4 or above vocational qualification in 2013/14.
- Awareness of new trailblazer apprenticeship standards among employers is currently limited. Providers have commented that trailblazers are often not yet sufficiently developed to enable a discussion with local employers to take place. In the current environment, it is very difficult to provide a definitive list of standards and the possible scale of demand.
- Very variable levels of engagement by providers in current and future higher and degree apprenticeships was observed. Compounding this is the knowledge that many larger employers – aided by the trailblazer process and levy developments – look set to take a role in delivering trailblazer apprenticeships.
- Since the project launched, the announcement of plans for an apprenticeship levy on larger employers has the potential to have a transformative effect on employer engagement in higher level vocational training. The levy will be ‘use it or lose it’ – it could grow demand for apprenticeships, particularly at higher and degree levels, but employer awareness of opportunities (and provider capacity to respond) is key<sup>1</sup>.
- There is much that the LEP’s skills board and its partners can do to foster growth in higher level vocational skills in Lancashire, especially in light of recent levy announcements. This is largely in a responsive capacity – ensuring that Lancashire’s learners, employers and providers can adapt effectively to decisions at a national level. Lancashire’s influence over the key policy and funding levers is limited, unless there is a significant acceleration towards greater devolution to the county.
- Above all, there is a clear need – evidenced in all the key sector action plans – that Lancashire employers are facing an acute problem in addressing the scale of replacement demand in their skilled workforce. Lancashire businesses, in all key sectors, report that they do possess highly skilled and experienced workers, but in some cases there are too few and in all sectors a large proportion are nearing retirement. Estimates of the number of skilled and experienced employees leaving

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The announcement in the Comprehensive Spending Review that an Apprenticeship Levy of 0.5% of payroll will be applied with an allowance of £15,000. This means that the Levy will impact on all businesses with a payroll larger than £3m per annum. Published data on company payrolls is limited but the Government estimates that around 2% of all firms will have to pay the Levy. It is worth considering that around 0.4% of businesses employ more than 250 employees. Around 2.5% of employers are above the 100 employee mark. This suggests that the Levy will affect all employers above 250 employees and many with more than 100. Using average gross weekly pay for the UK it would require around 110 employees to have a pay bill of £3m.

the workforce over the next 5-10 years are 8 or more times the size of expected net growth in jobs. At present more employers suggest that they will respond to the loss of such human capital by recruiting skilled and experienced workers than develop the skills of their younger employees.

- This presents an opportunity to develop an employer-led skills service focused on alleviating the fundamental challenge to Lancashire employers presented by replacement demand. Higher level vocational skills including Higher and Degree apprenticeships have a key role to play in delivering this support. However, businesses are already wary of another skills 'initiative', and so it is vital that the Lancashire Skills Hub takes this opportunity to:
  - Raise awareness of the scale of the replacement demand problem with employers – individual firms may believe they can simply recruit skilled labour but collectively this will lead to significant increases in wages and a loss of competitiveness
  - Highlight the increasing range of opportunities to up-skill employees through Higher and degree Apprenticeships and other vocational learning routes
  - Develop good practice with providers across key sectors using the most appropriate learning routes for each occupational area.
  - Learner recruitment has not yet been an issue but has been highlighted in some discussions with stakeholders outside of Lancashire. There is still a need to engage with young people and their parents on the career value of apprenticeship routes to ensure candidates with sufficient quality are applying for higher and degree apprenticeships.
- A question throughout this exercise is whether Lancashire will have more people progressing on to higher education (including higher level vocational skills) as a result of the development of Higher and Degree apprenticeships etc. Without Skills Hub intervention, we think it is very likely that the take up of Higher and Degree apprenticeships will increase as more employers follow their adoption in key sectors – Professional business services, IT and Digital etc. For the most part though, the increase in recruits who then undertake higher or Degree apprenticeships will be at the expense of recruits through other routes (e.g. some FE course provision and in other cases HE first degree graduates).
- The fundamental rationale for the actions set out below is that by implementing these actions partners in Lancashire will help support *additional* training at higher level skills and grow the number of learners achieving vocational qualifications at Level 4+. Developing skills-based solutions to the replacement demand issue over the next 5 years will bring an employer-led skills agenda to the fore, increase employer demand for higher level vocational skills and re-inforce effective relationships with the Lancashire provider base.

**Priority 1: Building Employer leadership into the process**

<b>Ref</b>	<b>Action</b>	<b>Rationale</b>	<b>Lead</b>	<b>Timescale</b>
1.1	Create an Employer Skills Group infrastructure in Lancashire (Sector Skills Development Partnerships)	A route via which all employer, particularly SMEs, can be engaged on the best (occupational/sectoral) routes to addressing replacement demand. Advise the LEP on models that support knowledge transfer from older skills employees to new generations. This will need to consider the best delivery mechanisms available to achieve this. E.g. HAs to Level 4, 5 or 6, additional support activity, for example, mentoring.	LEP Skills Board	Autumn 2015
1.2	Brigade employers of 100+ staff around the levy in Lancashire – use it as a route for briefings, collaboration and enhancing employer leadership of the skills system	Inform employers, understand their response, likely scale of levy, develop a ‘voice’ for levy employers. A key issue will be how can large employers train their supply-chain to ensure that they recoup their full levy. Ensure employers are fully sighted on the potential of L4, L5 and L6+ trailblazers as a route to resolving skills challenges and making good use of levy – employer awareness of trailblazers and levy are weak Provide scope for employer collaboration in response to levy both locally and at a national level	LEP Skills Board	Autumn 2015
1.3	Via the LEP, develop a relationship with BIS on trailblazers, enhancing participation of Lancashire employers and providers	Ensure Lancashire (via its Skills Hub) understands the latest trailblazer developments and that employers/providers participate more – be seen as supportive but also gaining insight that can help Lancashire to adapt its local activities in response	Lancs Skills Hub	Winter 2015

## Priority 2: Targeting growth in higher/degree apprenticeships

Ref	Action	Rationale	Lead	Timescale
2.1	Undertake an occupational review of the 'best' route to market for jobs, highlighting the critical pathway from classroom-based FE to higher apprenticeship and degree apprenticeship	Take a demand side approach to help the LEP re-engineer FE delivery, responding to growth sectors, reducing costs, and prioritising ESF funds working with sub-contractors and partners e.g. Huntington College Trailblazer delivery example. Engaging with new blood employers may need a shift from providing Apprenticeships to meeting business needs (specifically how HAs can support employers need to address replacement demand). Data now being collected via the ILR in relation to the progression of classroom-based learners (e.g. 16-18 study programmes) in to apprenticeships, especially at level 3, 4 and above will help inform this analysis in future.	Sector Skills Development Partnerships	Development of new delivery in 2016-17, in advance of withdrawal of Frameworks (and funding model) in 2017.
2.2	<p>Confirm a number of higher/degree apprenticeships where targets for growth in Lancashire will be set, in collaboration with ESGs (see 1.3). We suggest these include:</p> <ul style="list-style-type: none"> <li>- Financial and Accountancy</li> <li>- legal including Conveyancing</li> <li>- Surveying/site management</li> <li>- Digital/ IT (degree apprenticeships)</li> <li>- Management (retail &amp; hospitality)</li> <li>- Engineering</li> </ul> <p>Targets should include progression of classroom-based or apprenticeship learners at level 3 into L4+ apprenticeships</p>	<p>List of frameworks reflects those which are already available (trailblazer), meet identified local employer need and have providers who have the capacity to deliver. To what extent (if at all) should added value and new blood be a criteria?</p> <p>Support this via resources and infrastructure of Skills Hub - ESGs, ESF for capacity building, skills capital, as required</p>	Lancs Skills Hub	Target starts from 2016-17

### Priority 3: Provider capacity and delivery

Ref	Action	Rationale	Lead	Timescale
3.1	Request from all universities, colleges and training providers details of plans to respond to market opportunities created by apprenticeship opportunities especially at higher/degree level. Providing a career pathway for key sector skills.	<p>Understand how comprehensive provider plans are for responding to degree/higher apprenticeship opportunities to help shape capacity building work. This will be a key consideration for Lancashire FE Colleges as part of the area review and there may be advantages in bringing this forward.</p> <p>Bring together with the intelligence gained from employers who may want to deliver (action 1.1) to build full picture of Lancashire higher/degree Apps activity</p> <p>Address gaps in provision that might be identified under action 2.1 to ensure employers have access to a high quality mix of provision.</p>	Lancs Skills Hub	Spring 2016
3.2	Create an ESF capacity building programme for colleges, universities and training providers. This should include target delivery volumes for participating providers to grow higher/degree apprenticeships	<p>This should cover employer engagement, recruiting and retaining assessors, tutor upskilling. Partnership approaches and pooled approaches to 'independent assessment'</p> <p>To strengthen the supply side response to higher level vocational skills Colleges delivering large volumes of level 4 classroom delivery should be a focus – conversion to higher Apps</p> <p>Specific actions here should include:</p> <ul style="list-style-type: none"> <li>the development of sub-contracting arrangements to 'market test' higher apprenticeships. Models where IT technical training is delivered by specialist training providers but the college managers ILR/SFA admin have proved successful routes into delivery that do not undermine current provision</li> <li>Target development at level 6+ with HEIs, working with employers who have previously recruiting graduates which is a large potential market that could reduce costs and improve quality for employers (and learners).</li> </ul>	LEP Skills Board	Spring 2016



**Priority 4: Stimulate learner demand for higher and degree apprenticeships**

<b>Ref</b>	<b>Action</b>	<b>Rationale</b>	<b>Lead</b>	<b>Timescale</b>
4.1	Ensure that IAG mechanisms at sixth forms, sixth form colleges and FE providers incorporate clear messaging about higher and degree apprenticeship opportunities. This should be promoted via NCS but also any apprenticeship-focused IAG activity supported by the LEP via ESIF or Growth Deal funding	Providers felt that learner demand would be strong but communication of opportunities, funding etc to learners (and, for young people, their parents) – especially in degree apprenticeships, which are unknown – would be required. Awareness of Level 4 opportunities for A-level students and the associated career pathways to professional employment is low. An issue reported by some TB providers is that the titles of some TB Standards can appear very specific and have put off learners and their parents who may be concerned that young people are specialising too early in their careers.	LEP Skills Board	Jan 2016
4.2	Promote loans to those interested in undertaking a higher or degree apprenticeship with HE qualifications	The funding rule relating to study of an Apprenticeship where the individual already has a qualification at level 4 or above will remain; these individuals are only eligible for adult skills funding for a Higher Apprenticeship at Level 5 or above. However, where you have an existing Loans-funded Apprentice. who has a qualification at level 4 or above following an Advanced-level Apprenticeship, SFA have agreed that Adult Skills Budget can be claimed through the ILR to fund that Apprenticeship. This will only be allowed for Apprentices transferring from Loans funding, and all new starts will need to be assessed to ensure they meet all existing eligibility rules for adult skills funding	Lancs Skills Hub	Spring 2016

**Priority 5: Sector-specific actions, to be taken forward via ESGs (see Annex B and action 1.3)**

Ref	Action	Rationale	Lead	Timescale
5.1	<p><b>Engineering and advanced manufacturing</b></p> <ul style="list-style-type: none"> <li>- Check relevance of trailblazers with SMEs – are different standards needed? Support trailblazer participation/ development if required, working with BIS</li> <li>- Confirm capacity and desire of provider base to deliver to this market – likewise for large employers</li> </ul>	<p>Concerns about the specificity of trailblazers were especially prevalent in engineering and manufacturing</p> <p>Increasingly competitive provider market with extensive recent capital investment – are these facilities relevant and useful for L4+?</p> <p>A number of engineering TBs coming on stream that better reflect employer needs and so Lancashire needs to ensure employers are aware of these and</p>	Relevant Sector Skills Development Partnership	Spring 2016
5.2	<p><b>Financial and professional services</b></p> <ul style="list-style-type: none"> <li>- Set targets for HEIs and colleges to convert large volumes of classroom-based postgraduate professional qualifications to degree apprenticeships</li> <li>- Encourage subcontracting of provision if FE inspection regime and systems is discouraging HEI involvement</li> </ul>	<p>Significant scope to provide more cost effective routes to professional qualifications benefitting learners and employers</p> <p>Opportunities to tap into national online provision e.g. BPP apprenticeships</p> <p>Split between trailblazer standards in this sector which are replacing existing frameworks (e.g. accountancy Level 4) and wholly new standards. New to raise awareness of these new pathways e.g. very low awareness of Conveyancing standard</p>		
5.3	<p><b>Digital and creative</b></p> <ul style="list-style-type: none"> <li>- Understand scope for Lancashire-based HEIs and providers to deliver degree level IT apprenticeships in light of support of large number of blue chip employers</li> <li>- Use ESG to develop new approaches to</li> </ul>	<p>This is one of the few degree apprenticeships that is ready to deliver and has blue chip support across the sector.</p> <p>Other universities have shown the way – scope for Lancashire HEIs to follow on IT apprenticeships. Understand plans and support capacity where required.</p> <p>There are also quite a few opportunities at Level 4 and examples of progression from Level 3. Awareness raising with schools to improve understanding of this route and sharing case studies with employers.</p>		
5.4	<p><b>Health and Social Care</b></p> <ul style="list-style-type: none"> <li>- Prioritise mapping of professional standards to vocational pathways, in collaboration with employers, HEE and universities / providers</li> <li>- Seek a dialogue with HEE about influencing spend in Lancashire to promote higher/degree</li> </ul>	<p>Slow pace of trailblazer development risks hampering skills response to health and social care transformation. However, NHS vocational routeways strong and post-Francis emphasis on developing the skills of caring staff support development of apprenticeship models</p> <p>Bulk of investment is made by HEE via HEIs.</p>		

Ref	Action	Rationale	Lead	Timescale
	apprenticeship routes to addressing critical skills shortages	Strong learner demand, skills shortages - need to widen access to professional roles to address current and future skills shortages in HSC in Lancashire		
5.5	<b>Construction</b> <ul style="list-style-type: none"> <li>- Subject to feedback from providers, set targets for the delivery of L4+ apprenticeships in construction</li> <li>- Consider capacity of provider base to deliver at level 4+. Our sense is that colleges have not prioritised construction of late – focus has been on engineering and manufacturing</li> </ul>	This is the sector that presents some of the most obvious opportunities to grow higher and degree level apprenticeships. Labour demand is growing, professional qualifications are valued, employers are used to working with apprentices and contributing to costs, and trailblazers are (nearly) ready		
5.6	<b>Visitor economy</b> <ul style="list-style-type: none"> <li>- Check plans by Blackpool and Blackburn colleges to convert classroom-based L4 delivery to apprenticeships; trailblazers may be at level 3 (Blackpool working on Tourist Practitioner trailblazer)</li> <li>- Ensure employers in Lancashire are abreast of other trailblazer developments and have chance to contribute/shape</li> </ul>	An important sector for Lancashire but not one that employs large numbers of L4+ staff. However new standards could provide good career pathways for local people into management and higher level food and drink		
5.7	<b>Energy and environment</b> <ul style="list-style-type: none"> <li>- Work with employers to consider whether trailblazer in response to Lancashire energy developments (e.g. Onshore Shale and Gas) is required</li> <li>- Focus on SME engagement – Sellafield driving forward nuclear trailblazers, SME participation understood to have been patchy</li> </ul>	Local policy uncertainty for onshore oil and gas an issue, however nuclear sector continues to offer opportunities in the county		

## ANNEX A: ASSESSING THE DEMAND FOR HIGHER LEVEL VOCATIONAL SKILLS

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### Developing an Evidence base

A1 In order to inform this action plan Cambridge Policy Consultants was commissioned by Lancashire County Council (LCC), on behalf of the Lancashire Skills Board, to undertake a detailed assessment of the existing and latent demand for higher level vocational skills in Lancashire; the opportunities afforded by higher level and degree level apprenticeships in this context; and the extent to which this demand and these opportunities can be addressed by skills providers in the county.

#### *Overview of Higher and Degree Apprenticeships*

A2 The term 'Higher Apprenticeship' refers to all apprenticeships which include the achievement of academic and vocational qualifications and learning from Level 4 up to bachelor's and master's degrees at levels 6 and 7 respectively. All levels can include vocational qualifications and academic qualifications.

A3 Degree apprenticeships are the latest model to be developed as part of higher apprenticeship standards, seeing apprentices achieving a full bachelor's or master's degree as a core component of the apprenticeship. Degree apprenticeships combine both higher and vocational education and fully test both the wider occupational competence and academic learning, either using a fully-integrated degree co-designed by employers and HEIs, or using a degree plus separate end-test of professional competence.

A4 There are two kinds of higher apprenticeship currently available for delivery – apprenticeship frameworks and apprenticeship standards. Over time, all apprenticeship frameworks will be replaced by the new apprenticeship standards, and all of the new degree apprenticeships will be developed using the apprenticeships standards model.

A5 The main differences between the new Apprenticeship Standards and the current Apprenticeships have been outlined by Pearson<sup>2</sup> as follows:

- Grading – the guidance on developing new standards encourages grading an Apprentice's overall achievement
- Continuous on and off the job training – it is suggested there will continue to be a mix of both on-the-job and off-the-job training. The minimum time for off-the-job is 20% of the time on the programme, the actual time may vary by standard
- Behaviours will be formally delivered and measured in the new standards
- Synoptic end assessment will be introduced
- Certification will be by Federation for Industry Sector Skills and Standards (FISSS)

A6 Implementation of the new standards through the trailblazer model has been in four phases:

- Phase 1- 8 sectors (beginning October 2013)

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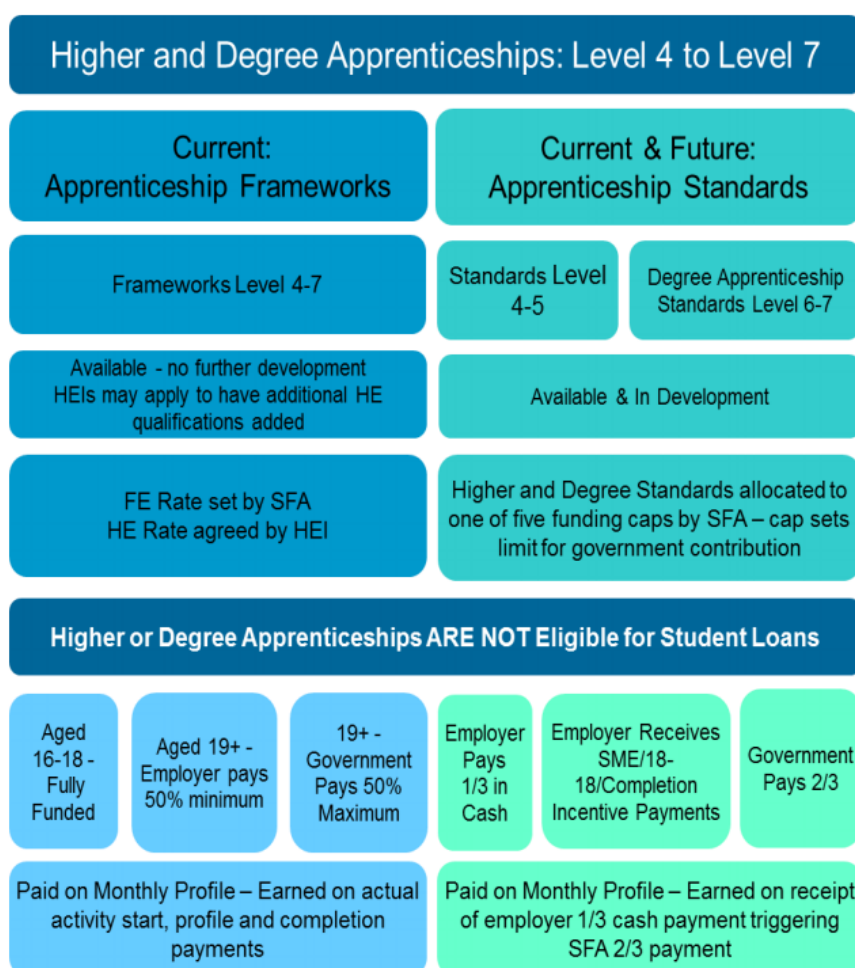
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- Phase 2 – 29 sectors (beginning March 2014)
- Phase 3 – 37 sectors (beginning October 2014)
- Phase 4 – 26 sectors (beginning March 2015)

A7 Future new degree apprenticeship programmes will be structured either as:

- a fully-integrated apprenticeship degree course which delivers and tests both academic learning and the vocational skills needed by the job role
- a degree programme to deliver the academic knowledge requirements, plus additional training to meet the full apprenticeship and a separate test of full occupational competence at the end of the apprenticeship (for example, delivered by a relevant professional body)

A8 The following diagram<sup>3</sup> details how higher and degree apprenticeships are structured and funded:



A9 Funding for the higher and degree apprenticeships is under the same regime for Trailblazers. There will be no student loans for degree apprenticeships. The cost of the further and higher education learning programmes and any additional external training and assessment will depend on the price(s)

<sup>3</sup> Diagram reproduced from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/412019/Higher\\_Apprenticeship\\_and\\_Degree\\_Apprenticeship\\_Delivery\\_from\\_April\\_2015\\_to\\_April\\_2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412019/Higher_Apprenticeship_and_Degree_Apprenticeship_Delivery_from_April_2015_to_April_2016.pdf)

agreed between employers and universities/ training and assessment providers. In the funding model under trial for apprenticeship standards during 2014 to 2015 and 2015 to 2016, the government contributes two-thirds of the total agreed price, up to a cap, with employers contributing the other third in cash, all paid to the lead provider in a payment schedule agreed with the employer. These will be allocated to one of the five funding caps under the Trailblazer Apprenticeship Funding Rules up to a maximum contribution of £18,000 with an employer cash contribution of £9,000.

#### *Research overview*

A10 The assessment consisted of the following phases which are detailed in the following Annexes A2-A4:

- Phase 1 (Annex A2) - Using labour market data, and from a review of current/recent national apprenticeship development activity, identification of higher level/degree level apprenticeship frameworks that are in development or have been recently developed where there is likely to be a significant annual demand from employers in Lancashire.
- Phase 2 (Annex A3) - For a shortlist of higher level/degree frameworks with the highest levels of likely demand from employers in the county, undertake consultations with the employer bodies that have led the framework development process to identify for each framework the key delivery requirements (mode of delivery, staff capacity and capability, assessment mechanisms etc) that skills providers will be expected to meet.
- Phase 3 (Annex A4) - For the shortlist of frameworks identified in Phase 2, work with employers and providers in Lancashire to understand the extent to which possible demand might translate into actual demand from employers, the action that providers need to take to address this and the action that the LEP Skills Board should take to facilitate this take up.

A11 Face-to-face and telephone interviews were undertaken with:

- 15 employers from across the UK who had been involvement in the development of one or more of the trailblazer standards
- 9 providers from across the UK who had been involvement in the development of one or more of the trailblazer standards
- 8 providers/networks operating in Lancashire.
- 3 delegates (Lancashire providers) attending a roundtable session in July 2015

#### **Assessment of latent demand for higher level vocational skills**

A12 This Annex reports on the review of data on Higher Apprenticeship take up in Lancashire. Although this provides some insight into current demand, the availability of Higher Apprentices is still very recent and does not yet reflect the development of new Trailblazer frameworks. So while these data reflect current demand, they provide no insight into the potential step-change in demand that might arise from the promotion of new frameworks at Level 4 and in particular, those at Level 6.

*Propensity to train*

- A13 Nationally, just over a third of employers report that they undertook some form of internal or external training in the past 12 months. In the North West more slightly more employers (35%) undertook some form of training while a smaller proportion of Lancashire employers reported such training (31%). A wide range of training may be included here so it is perhaps better to focus on those employers who undertook external training, which might be considered to require a greater level of investment on their part. On this basis, employers in Lancashire have a higher propensity to undertake external training (14%) than their counterparts in the North West (10%) and England (11%).

**Proportion of employers undertaking external training**

	<b>Lancashire</b>	<b>NW</b>	<b>England</b>
Primary sector and utilities	20%	11%	16%
Manufacturing	9%	16%	9%
Construction	24%	17%	19%
Wholesale and retail trade	3%	6%	7%
Hotels and restaurants	1%	2%	6%
Transport, storage and communications	22%	7%	12%
Financial services	52%	23%	10%
Real estate, renting and business activities	29%	12%	12%
Public admin. and defence; compulsory social security	9%	3%	10%
Education		13%	12%
Health and social work	11%	10%	11%
Community, social and personal service activities		11%	12%
All sectors	14%	10%	11%

N.B. Survey numbers are low for Lancashire and so care should be taken when interpreting these proportions against those of the region and England.

Source: UKCES Employer Perspectives Survey 2014.

- A14 There is significant variation at sector level (but we think that the EPS 2014 results at the Lancashire level by sector are not robust and should be seen as indicative only). Some two to three times as many employers report that they did not undertake any training and so these give a more reliable picture of sectoral patterns. These are generally much more consistent with the regional and national positions. That said, both construction and manufacturing have relatively high rates of no training – both sectors have a strong tradition of vocational training but many (often smaller) firms are find the costs of training too high and opting to outsource or recruit fully-qualified workers. Financial services also has a relatively high rate of non-training but we think this is a result of the very high proportion of very small firms (86% in the 2-4 employee group).

**Proportion of employers who do not train by sector**

	<b>Lancashire</b>	<b>NW</b>	<b>England</b>
Primary sector and utilities	63%	68%	46%
Manufacturing	41%	38%	34%
Construction	52%	40%	39%
Wholesale and retail trade	38%	36%	37%
Hotels and restaurants	34%	35%	32%
Transport, storage and communications	22%	25%	33%
Financial services	34%	28%	20%
Real estate, renting and business activities	24%	27%	30%
Public admin. and defence; compulsory social	-	14%	10%

	Lancashire	NW	England
security			
Education	-	4%	10%
Health and social work	15%	8%	13%
Community, social and personal service activities	35%	27%	29%
All	36%	32%	31%

N.B. Survey numbers are low for Lancashire and so care should be taken when interpreting these proportions against those of the region and England.

Source: UKCES Employer Perspectives Survey 2014.

- A15 Just over half of employers report using vocational qualifications at some level. A third of Lancashire employers offer vocational qualifications at Level 4 and above – just under the English average of 34% but above that of the North West Region (31%).

#### Take up of VQs by Level

	Lancashire LEP	NW	England
Level 1	25%	19%	18%
Level 2	51%	50%	46%
Level 3	48%	53%	49%
Level 4	16%	19%	20%
Level 5-8	22%	20%	21%

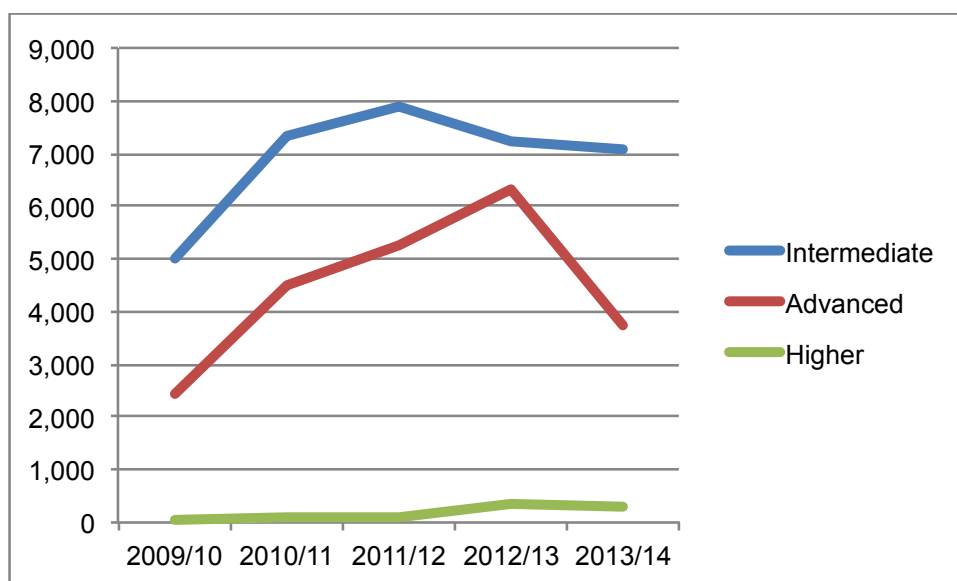
N.B. Survey numbers are low for Lancashire and so care should be taken when interpreting these proportions against those of the region and England.

Source: UKCES Employer Perspectives Survey 2014.

#### Take-up of Apprenticeships in Lancashire

- A16 Total Apprenticeship starts in Lancashire over the past five years reflect the national pattern – from just under 7,500 starts in 2009/10 to just under 14,000 in 2012/13 before falling back in 2013/14 to just over 11,000 in 2013/14.

#### Apprenticeship starts in Lancashire by Level



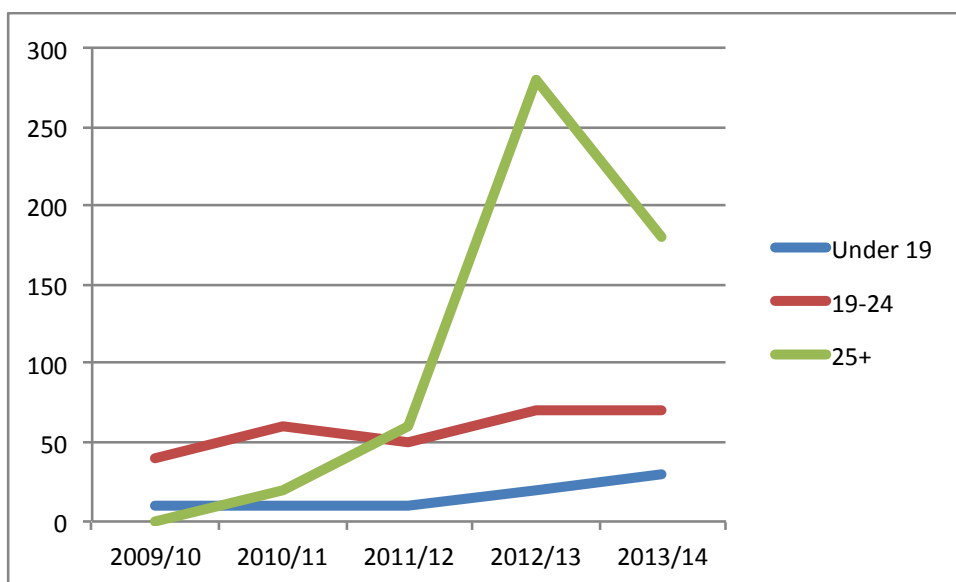
Source: SFA First Release

- A17 These changes have been driven by:



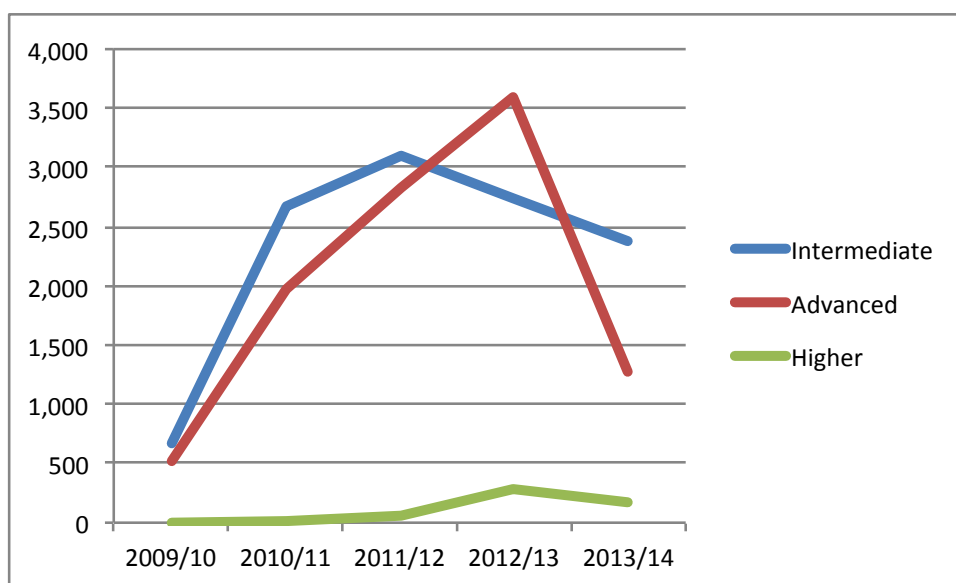
- strong growth in starts in Intermediate and Advanced Apprenticeships up to 2011/12 and 2012/13 respectively
- significant growth but from a very low base for Higher Apprenticeships
- a sharp decline in the number of starts in the over 25 age group due to changes in the funding criteria, significantly increasing the costs to employers and individuals in this age group.
- Although this shift has impacted on Intermediate and Higher Apprenticeship starts, it has made most difference to Advanced Apprenticeship starts as much of the previous growth were Over 25s starting apprenticeships at this level.

#### Apprenticeship starts in Lancashire by age group



Source: SFA First Release

#### Apprenticeship starts by Level for over 25s



Source: SFA First Release

A18 Higher Apprenticeships represent just under 3% of all starts in Lancashire or around 280 starts in 2013/14. Data cube data for the same period provides

the following breakdown across frameworks<sup>4</sup>. Three frameworks account for almost three-quarters of the starts (72%): Care Leadership and Management (42%), Management (17%) and Accounting (13%). These are also among the largest frameworks at Advanced level: Health & Social Care (14% is the largest); Management (8%, 4<sup>th</sup> largest) and Accounting (2% 16<sup>th</sup> largest).

#### Higher Apprenticeship starts by Framework 2013/14

Frameworks	Lancashire	% of Total	England %
Management	49	17%	20%
Accounting	38	13%	14%
Care Leadership and Management	123	42%	38%
IT, Software, Web and Telecoms			
Professionals	11	4%	7%
Facilities Management	1	0%	1%
Employment Related Services	1	0%	1%
Health (Assistant Practitioner)	16	5%	0%
Business and Professional Administration	12	4%	6%
Project Management	10	4%	2%
Social Media and Digital Marketing	1	0%	0%
Manufacturing Engineering	8	3%	3%
Human Resource Management	4	1%	2%
Professional Services	3	1%	3%
Supply Chain Management	0	0%	0%
Hospitality Management	2	1%	2%
Public Relations	1	0%	0%
<b>Total</b>	<b>280</b>	<b>100%</b>	<b>100%</b>

Source SFA Datacube, SFA data library

- A19 This pattern of take-up is very similar to national demand. Higher Apprenticeship starts in 2013-14 accounted for just over 2% of the total. The pattern of starts across frameworks is also very similar, with only very marginal differences around management, IT and professional services. Take-up of Care leadership and management is above the national rate.

#### FE Level 4 Provision

- A20 Looking at College-based Level 4 qualification achievements (SFA funded courses only) for 2013/14 provides a similar pattern of take-up. Business administration & Law, Health, public services and care together account for 43% of learning aims. Education and Training and Arts, media and publishing and health public services and care account for a further 40%.

#### QCF level 4+ Achievements in Lancashire Colleges, 2013/14

	Level 4	% of Total
01 - Health, Public Services and Care	103	10%
02 - Science and Mathematics	9	0%
03 - Agriculture, Horticulture and Animal Care	5	0%
04 - Engineering and Manufacturing Technologies	38	5%
05 - Construction, Planning and the Built Environment	14	4%
06 - Information and Communication Technology	19	3%
07 - Retail and Commercial Enterprise	9	2%
08 - Leisure, Travel and Tourism	28	1%
09 - Arts, Media and Publishing	52	12%
10 - History, Philosophy and Theology	5	0%

<sup>4</sup>

Data Cube data is based on learning aims. Learning Aims at the framework level have been converted to starts using SFA data which shows there were 1.25 learning aims per start.

	Level 4	% of Total
11 - Social Sciences	14	0%
12 - Languages, Literature and Culture	9	1%
13 - Education and Training	52	18%
14 - Preparation for Life and Work	0	0%
15 - Business, Administration and Law	113	43%
<b>Total</b>	<b>469</b>	<b>100%</b>

Source Breakdown by qualification from SFA Datacube learning aims. Lancashire achievements from FE Data Library Table 11: Achievement of All QCFs by Region and Local Authority by Gender, Academic Age and Level of Achievement

A21 A major issue is the extent to which learner progression occurs from L3 to higher Levels (4/5/6). This is somewhat obscured by the different systems in place for monitoring HE outcomes depending on funding routes. A recent BIS report<sup>5</sup> has addressed this gap in data by matching ILR records covering individuals' apprenticeship and SFA funded learning with HESA data. This allows for a more robust analysis of the progression of individuals and provides some benchmarks on the rate of progression by framework into different HE qualifications. Unfortunately, the dataset is between the years 2005-06 and 2011-12 and so is somewhat old and the research can make no distinction between employer-sponsored progression (next stage learning post-apprenticeship) or individual learner progression (for example, individuals quitting their employment and entering HE full time).

A22 Nevertheless, the results point to some key patterns in progression:

- Over the full seven year period, almost 19% progressed to higher education. This is an increase on rates of progression found in previous studies in 2009 (6%), 2011 (13%) and 2013 (15%).
- Not all learners progress immediately with 12% progressing to HE within three years from the 2005-06 cohort. Progression within three years is much higher to FE institutions (83%) compared to Universities (57%). Progression in the NW region has fallen from 14% in 2005-06 to 10% in 2009-10. Only London has experienced an increase over this period.
- While the overall rate of progression to HE has increased, this short-term progression rate has fallen over subsequent cohorts to 9.5% in 2009-10. This is related to the increasing proportion of over 25s who progress to HE at a much lower rate (5.3%) compared to 17-19s (12.1%). Over 25s are also more likely to take longer to progress to HE – 40% do so within 3 years compared to 70% of 17-19 year-olds.
- More than half the progression was to study HE in FE colleges than university between 2005-06 and 2008-09 but this proportion has been declining and in 2009-10 a majority progressed to University. In 2009-10 UCLAN was the third largest provider with 155 Advanced Apprentices (3% of English market). Edge Hill University was the only other significant Lancashire provider with 45 entrants.
- Within this, there has been a significant shift in qualifications. Other Undergraduate (incl HNC) entrants were half the cohort in 2005-06 but only 24% of the 2009-10 cohort. At the same time there has been a 203% increase in entrants on to first degrees (12% of 2005-06 cohort to 28% of 2009-10 cohort). Foundation degrees have also increased but at

<sup>5</sup>

BIS (2014) Progression of Apprentices to Higher Education- Cohort update, BIS Research Paper N° 176, May 2014.

a slower rate (104%). Entrants on to NVQs have also increased and were the primary route in 2009-10 (30% of the cohort).

- The majority study part-time (79% of the 2005-06 cohort) but this is proportion has fallen steadily to 66% in 2009-10. Sandwich courses have increased but represent only 3% in 2009-10.
- This varies by type of HE course. Some 58% of first degrees are full time – suggesting that this group take a career break to secure higher qualifications. A further 10% are sandwich courses, implying employer sponsorship and 33% are part-time. In contrast, only a third of Foundation Degrees are full-time. Some 95% of HNC/HND and 96% of NVQs are part-time.
- There are significant differences in progression rates across different framework areas. Accountancy has the highest progression rate at over 76% followed by Engineering at 22%. The progression rate for Advanced Apprentices in Engineering has fallen by almost a half, that of Health and Social Care had fallen to a third. Accountancy is one major framework demonstrating significant growth over the period. These rates appear to suggest that overall progression may have fallen but refer back to earlier years in the analysis (including the period immediately post the onset of recession). The step change in progression occurred between 2009 and 2011 and so an analysis of progression three years on from 2011 when this data is available, should reflect this.

#### Cohort HE progression rates by framework

Framework	2005-06	2009-10	Change
Engineering	37.2%	22.2%	-15.1%
Electrotechnical	1.0%	1.1%	0.1%
Construction	5.1%	6.6%	1.4%
Children's Care Learning & Development	6.1%	6.3%	0.2%
Vehicle maintenance & repair	2.0%	3.1%	1.1%
Business Administration	10.8%	7.6%	-3.3%
Customer Service	6.5%	4.2%	-2.3%
Accountancy	66.6%	76.2%	9.6%
Health & Social Care	25.1%	8.4%	-16.7%
Hairdressing	1.3%	2.4%	1.1%

Source: BIS (2014) Progression of Apprentices to Higher Education – Cohort Update, BIS Research Paper N° 176, May 2014, Table 15, p37.

- The research also highlighted that these framework progression rates varied considerably by location. There was no evidence on whether demand or supply-side factors are driving this variation. Given the wide variation between regions, the connection between employers and HE providers must be playing a role here.
- On the whole, NW region is average or above average, suggesting that for the region progression rates are good. The majority of apprentices continue with part time study, the presumption is that this is combined with employment. However, full time study where the learner is mostly likely taking a career break is growing in importance from just under 20% in 2005-06 to 32% in 2009-10. This varies significantly by framework, so health and social care apprentices are more likely to undertake full time study to progress into Nursing but Engineering, Accountancy and Construction are part-time.

**HE progression rates by region**

Framework	Full-time	Part-time	Sandwich
Electrotechnical	24%	72%	4%
Engineering	9%	90%	1%
Children's Care Learning and Development	34%	66%	0%
Construction	24%	75%	2%
Business Administration	26%	72%	2%
Customer Service	38%	58%	5%
Hospitality and Catering	41%	55%	4%
Accountancy	3%	97%	0%
Health and Social Care	79%	20%	1%
Sporting Excellence	67%	26%	7%
Communication Technologies	26%	74%	0%
Dental Nursing	51%	47%	2%
Rail Transport engineering	8%	92%	0%
Active Leisure & learning	66%	30%	4%
Hairdressing	37%	63%	0%
IT Services & Development	69%	30%	2%

Source: BIS (2014) Progression of Apprentices to Higher Education – Cohort Update, BIS Research Paper N° 176, May 2014, Table 29, p53.

**HE progression rates by region**

Framework	Average NW	High	Low	
Electrotechnical	4%	4%	8%	1%
Engineering	47%	54%	54%	35%
Children's Care Learning and Development	22%	24%	44%	18%
Automotive Industry	4%	3%	7%	2%
Construction	9%	10%	26%	5%
Business Administration	23%	24%	28%	14%
Customer Service	12%	12%	14%	6%
Hospitality and Catering	9%	9%	11%	2%
Accountancy	69%	85%	85%	32%
Health and Social Care	36%	43%	60%	12%
MES Plumbing	2%	2%	4%	0%
Sporting Excellence	22%	25%	40%	11%
Vehicle maintenance & repair	4%	5%	10%	0%
Dental Nursing	19%	24%	24%	0%
Travel Services	6%	10%	10%	4%
Active Leisure & learning	18%	14%	43%	8%
Hairdressing	7%	8%	12%	3%
Communications Technologies (Telecoms)	41%	44%	64%	13%

Source: BIS (2014) Progression of Apprentices to Higher Education – Cohort Update, BIS Research Paper N° 176, May 2014, Table 27, p50.

A23 The implications of this research for demand for Higher Apprenticeships in Lancashire are that:

- Overall, around 10% of Advanced Apprenticeship completers might be expected to progress to Higher Education. However, this is conditioned by the age groups of apprentices and the frameworks they achieve.

- In 2013-14 some 3,250 Advanced Apprenticeships were achieved which might be expected to lead to 7.5% or 244 progressions to HE (based on the age breakdown of this group).
- Estimating progression according to the NW progression rates by framework suggests a much larger proportion of Advanced Apprentices would progress to HE (22% or 722 learners). This is driven by Lancashire having more learners in frameworks that have high progression rates (Engineering, health and social care, accountancy, IT services etc).
- Not all of these will be following an employer-led progression route, however. We estimate some 450 (14%) would undertake their HE studies part-time based on the national benchmarks.

### Employer rationale for using Higher Apprenticeships

A24 Our initial discussions with employers and providers involved with the trailblazer process have highlighted a set of core rationales for employer engagement in Higher Apprenticeships each of which are discussed in turn below.

- to diversify the workforce and introduce more (lower-cost) technician skills
- to address specific technical roles that require Level 4 skills
- to provide a better quality or lower-cost training
- to provide a more coherent and transferable qualification for skills that might previously been an in-house course

#### a) *Diversifying the workforce*

A25 At the UK level the professional services sector is growing and there is a need for an alternative recruitment model to meet demand – PwC's recent Global CEO survey indicated that 47% of CEOs are very confident about growing over the next 3 years, but only 30% think they will be able to access the talent needed. Recruiting in new ways, from a broader talent pool, is essential to meet demand for business growth. This is driven by two factors:

- the need to diversify training – some sectors such as management consultancy have received feedback from clients that their thinking is not sufficiently diverse, that recruiting employees with the same training background means they provide very similar advice and so a more diverse experience is required
- the need to be able to offer lower cost alternatives – since the great recession the marketplace for the full range of professional services has become more challenging and the sector needs lower cost paraprofessionals to operate more cost-effectively.

A26 In the past, a progression route from school through to fully chartered status has not been possible through an Apprenticeship route. Though 'Big Four' professional services firms have school-leaver entry routes, these have been developed only by firms large enough to invest the time. The new level 7 Apprenticeship standards for Accountancy, Audit and Tax allow small and medium-sized employers to benefit from a ready-made framework with the key alignment with chartered status, including a progression route from the Professional Services Higher Apprenticeship and the Accountancy Higher Apprenticeship at level 4.

A27 In the legal sector the Legal Education and Training Review (LETR) has been published. The LETR recommends the further development of higher-level apprenticeships as part of a potential move towards a regulatory environment where qualification is equally possible via academic and vocational routes. In the meantime, increasing demand for talented and qualified paralegals has prompted law firms to push ahead with their own apprenticeship schemes where the framework is already in place.

A28 The sector skills body Skills for Justice flagged up key points to the LETR. These included: growing the numbers of firms employing young people in technical roles; losing solicitors but retaining paralegals; and employing a greater proportion of paralegals than solicitors as new staff. In a recent survey, 83% of law firms told Skills for Justice they would be interested in taking on apprentices.

*b) Filling the need for technical skills*

A29 The Professional Services Higher Apprenticeship at Level 4 is viewed by employers as filling a skill gap for technician level skills. In accountancy, this apprenticeship provides for registration with the Association of Accounting Technicians and it can be a stepping stone towards further professional qualifications including Chartered Status through the level 7 Apprenticeship.

A30 Digital sector employers have identified that many of the technical aspects of their business require Level 3 support to the graduate leads. In some cases the Level 4 provides greater responsibility and autonomy, so that good Level 3 employees can take on more of the technical tasks but also understand the broader context and use their initiative when possible.

A31 There is a clear sense in these businesses that while the occasional candidate might be capable of higher level qualifications, the job role requires technician skills. In the smaller employers at least, there is no desire to see this route stretch to Level 6 as they are (i) are sometimes concerned about the general competence of apprenticeship candidates to fulfil this role and (ii) have not yet experienced difficulties in recruiting graduate staff. One small employer noted that in the digital marketing sector noted that it was typical that employees changed employer relatively frequently and the duration of Degree apprentices might be too long in one place.

*c) Providing a lower cost way of training*

A32 The advanced manufacturing sector has a strong history of providing apprenticeships. In the past non-graduates typically entered the field in an Operator (for level 2 education), Craftsperson (for level 3 education) or Technician (for level 4 education) role. The Level 4 Higher Apprenticeship was introduced in 2009 in this sector, employer feedback has been limited, however, from the small number of employers who have been consulted the consensus is that it provides a more cost effective way of providing employees with an HNC/HND qualification.

A33 Level 4 Accountancy Apprenticeship includes the AAT accreditation which is a key reason for employer participation. In many cases, employers are finding the L4 Apprenticeship route a more cost-effective route to achieving this. That said, there have been reports that some modules in the L4 Apprenticeship do not add value in some employers' opinion. *“Many felt that the business skills components comprised learning which would be part of the apprentices' job in any case and, consequently did not merit formal*

*teaching or assessment.*<sup>6</sup> There are some reports of employers finding the additional costs of supervision and assessment in combination with the time spent by apprentices on what they may consider unproductive learning to be such that they returned to offering the standalone ATT.

A34 The attractiveness of lower cost routes to achieving key qualifications is also the case in other sectors. For example, the Level 6 Chartered Management Degree Apprenticeship incorporates Chartered Manager status as an integral component of the assessment of the apprenticeship. Apprentices are required to undertake exactly the same assessments as any other Chartered Manager candidate and demonstrate the same levels of competency. One of the providers of this Apprenticeship informed us that the degree alone costs employers between £15,000 and £25,000 however when delivered as part of an apprenticeship the cost reduces to just £5,000<sup>7</sup>. The provider does not see a rationale for companies choosing to fund the stand alone degree route in the future.

A35 The Level 4 Apprenticeship in HR now offers a structured vocational pathway for HR professionals and includes the CIPD qualification. Achieving the CIPD qualification is less costly to the employer (around £800 cf £2,000) depending on the age of the learner. Employers point to significant added value from the vocational learning process – noting the benefits of learners being able to apply their off-the-job learning immediately and thereby being a more effective learning route and improving their effectiveness within the business. However, it is the lower costs that initially attract them to this vocational route.

*d) Fulfilling the requirement for occupational specific training*

A36 Level 4 apprenticeships for management have been created for specific sectors (for example hospitality and retail) to meet the trailblazer requirement for occupationally specific qualifications. An existing higher apprenticeship framework in Management at Levels 4 and 5 is still in existence.

A37 Employers are still uncertain as to the future use of these apprenticeships. Many of the larger employers are considering using the new Level 4 standards as a replacement for internal provision. Amongst the employers consulted there are no plans to use the level 4 as a pathway to degree level apprenticeship provision although some employees may progress further using internal programmes.

A38 Sector skill councils inform us that there is no market rationale for these apprenticeships to be occupationally specific. At degree level guidelines are more flexible and these sectors will use the generic Chartered Manager Level 6 Apprenticeship.

## Sectoral analysis

A39 Sector Skills Action Plans for the following key sectors have been identified in Lancashire:

- Advanced Manufacturing
- Professional and business services

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<sup>6</sup> Gambin & Hogarth (2014) Employer investment in Higher Apprenticeships in Accounting, BIS Research Report 788, May 2014, p11.

<sup>7</sup> See paras A8 to A9 for an outline of current degree apprenticeship funding arrangements. Under these rules, an employer contribution of £5,000 would be matched by £10,000 from public funds making a total of £15,000.



- Visitor economy
- Digital and creative
- Health and social care
- Construction
- Energy and environmental technologies

A40 The following sections provide an overview of the range of provision and potential delivery issues across these sectors.

*Advanced manufacturing*

A41 The Advanced Manufacturing sector provides a 13% contribution to Lancashire's total GVA and employs over 60,000 people (9% of the LEP total) in 2,100 businesses<sup>8</sup>. The sector has been shown to have particularly high representations of manufacture of leather and related products and manufacture of other transport equipment, predominantly aerospace. With regards to skills:

- Apprenticeship qualifications are highly represented, reflecting the strength of the manufacturing industry and the traditional routes into this. The sector has an above average proportion of the workforce with no qualifications (15% compared to 11% across Lancashire) and the level of graduates (Level 4+ qualifications) is below that of the whole economy.
- The sector has one of the highest rates of skills shortage vacancies in Lancashire (23%) and despite falling employment in the sector 4,000 vacancies were posted in the 12 months to June 2015.
- Whilst these vacancies were in a wide range of roles, the most commonly posted were for engineering technicians, welding trade roles and production managers.
- The main skills required by employers were industry experience, knowledge of machinery, experience in sales, repair and CAD.
- The ageing effect occurring within the sector presents skills issues for employers, with a large level of replacement demand anticipated. The North West Aerospace Alliance has forecast that the sector will lose a large proportion of its workforce over the next 20 years over a range of positions.

A42 In the advanced engineering sectors there are a wide range of existing frameworks and new standards. The majority of existing provision is at level four. This provision is however relatively specialised and amongst some stakeholders there are concerns that it may be too specific to appeal to those leaving sixth form provision. All bar one of the new apprenticeship standards are at degree level (level 6) and all focus on the automotive and aerospace industries.

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<sup>8</sup> Skills in Lancashire: Evidence Base Commission

**Higher level Apprenticeships in Advanced Manufacturing**

<b>New Standards (Ready for delivery)</b>	<b>Level</b>
Automotive control/technical support engineer	6
Automotive electrical/electronic technical support engineer	6
Automotive manufacturing engineer	6
Automotive product design and development engineer	6
<b>New Standards (Ready for delivery)</b>	<b>Level</b>
Aerospace engineer	6
Aerospace software development engineer	6
Aircraft maintenance certifying engineer (fixed & rotary wing)	4
<b>Existing Frameworks</b>	<b>Level</b>
Professional Aviation Pilot Practice	6
Furniture Manufacturing Technician	5
Automotive Management and Leadership	5
Life Sciences & Chemical Science Professionals	4 & 5
Mineral Products Technology	4 & 5
Advanced Manufacturing Engineering	4
Engineering Environmental Technologies	4
Power Engineering	4
Advanced Diagnostics and Management Principles	4
Jewellery Manufacturing, Silversmithing and Allied Trades	4

A43 Nationally there are estimated to be around 20 HE providers of degree level apprenticeships in engineering<sup>9</sup>. The majority of this provision is existing degree level provision which has been incorporated into an Apprenticeship. For example, The University of Warwick delivers its Applied Engineering Programme (BEng) as part of a Higher Apprenticeship. This has been used at Jaguar Landrover and is a six year Apprenticeship designed for A-Level students who have acquired A-Level Maths and Science/Technology/Engineering in addition to five GCSE's at grades A-C incl. English, Maths, Science / Technology / Engineering subjects, or a BTEC level 3 (180 credits) or equivalent in an Engineering/Technology related subject. The programme focuses on roles in product development, finance, purchasing and manufacturing.

A44 Higher Apprentices spend the majority of their first year at college learning the fundamentals of engineering. Outside term time Apprentices will work at the company. During the second year Apprentices will work while studying at college 2 days a week. In years 3-6 apprentices attend the University of Warwick on a block release basis while studying for a BEng degree in Advanced Engineering.

**Professional and business services**

A45 The sector plays an important role in Lancashire's economy, employing 82,000 people (13% of total employment) and contributing £5.6bn GVA (22% of the total economy)<sup>10</sup>. Particularly large sub-sectors in Lancashire are legal and accounting activities (15,500 jobs), employment activities (13,200 jobs) and real estate (9,100 jobs). Legal and accounting is the only sub-sector to

<sup>9</sup> <http://eandt.theiet.org/news/2015/mar/apprenticeship-degree.cfm>

<sup>10</sup> Skills in Lancashire: Evidence Base Commission

have an above average representation in Lancashire when compared to the national average.

- A46 Over a third (36%) of the financial and professional services workforce in Lancashire hold a Level 4 qualification or above (higher than the national economy average of 30%). The sector has a below average representation of workers holding apprenticeships (6% of the workforce compared to 9% across Lancashire).
- A47 In 2014, there were over 2,000 FPS vacancies posted in Lancashire, an increase on the previous two years. Almost half of these were in computer programming activities (48%), with 1,060 vacancies in 2014. Non-life insurance and life insurance followed this, with 290 and 100 vacancies posted respectively.
- A48 Technical Skills are crucial for the development of the sector and, in particular, skills in areas such as risk, legal, analytical, IT and leadership and change management are areas which need improvement. Generic skills such as communication, interpersonal and problem solving skills are also highlighted by employers as key areas for improvement.
- A49 A shortage of specialists in the sector, in particular in the banking and building societies subsector and wealth, investments and pensions subsector, leads to employers developing their existing staff. This makes retention of staff key to employers and means that the high levels of replacement demand forecast for the sector will have significant implications.
- A50 In this sector there are a wide range of existing frameworks and new standards across the accountancy, financial services, management, actuarial, legal and public sectors.

#### Higher Apprenticeships frameworks in Financial and Business Services

Existing framework	Level
Accounting	4
Professional Services	7
Professional Services	4
Public Relations	4
Contact Centre Operations Management	4
Advertising & Marketing Communications	4
Retail Management	4
Banking	4
Supply Chain Management	5
Project Management	4
Insurance	4
Recruitment	4
Criminal Investigation	5
Business Innovation and Growth	5

- A51 The majority of the new Apprenticeship standards (with the exception of relationship manager and actuarial technician) are not yet ready for delivery.

### Higher Apprenticeships standards in Financial and Business Services

Sector	New standards	Level	Status
Accountancy	Professional accountant	7	Not ready
	Professional accounting taxation technician	4	Not ready
Financial services	Investment operations specialist	4	Not ready
	Paraplanner	4	Not ready
	Relationship manager (banking)	6	Ready for delivery
Management consultancy	Junior management consultant	4	Not ready
Actuary	Actuarial technician	4	Ready for delivery
Legal	Chartered legal executive	6	Not ready
	Solicitor	7	Not ready
	Licensed conveyancer	6	Not ready
Public sector	Public sector commercial professional	4	Not ready

A52 The level 7 Accountancy standard is wholly new and a number of key employers in the sector are very keen on promoting a clear career path for Apprentices. This new standard is still under development and delivery methods have not yet been mapped out but the expectation is that this will be very flexible and offer employers the option of day release, block release and work based learning. The new level 4 accountancy standard replaces the existing level 4 framework and is more flexible and can be adapted to be more in line with workplace requirements.

A53 In the legal sector the introduction of the Conveyancing level 6 standard was initiated by the Council for Licensed Conveyancing. A key rationale for its introduction was the low level of awareness of the industry by young people. Employers typically tend to recruit legal assistants and then put them through in house training or employ law graduates and provide them with the specialist skills required to become a trainee property lawyer. Employers consider that the new standard will help to ensure consistency in delivery across the industry as well as allowing transferability of skills across different parts of the sector e.g. freehold, leasehold and commercial property.

#### *Digital and creative sector*

A54 In Lancashire, the digital and creative sector has an annual GVA contribution of £700m. Although this is relatively low compared to other sectors, over recent years the industry has seen expansion at twice the rate of the broader economy<sup>11</sup>.

A55 This sector was amongst the first to develop higher level Apprenticeships. At Level 4 there are currently two new Apprenticeship standards available:

- Network engineers
- Software developers

A56 A range of standards are under development:

- Data analyst & cyber intrusion analyst
- Unified Communications Trouble-shooters

<sup>11</sup> Data from Lancashire LEP. Online at <http://www.lancashirelep.co.uk/invest-in-lancashire/key-business-sectors/digital-and-creative.aspx>

- Software testers
  - Digital media technology practitioners
- A57 Providers of Higher Apprenticeships in this sector typically report that the main barrier to expansion is delivery constraints and the skills required tend to be very company specific. Providers often tend to subcontract the more specialist training and also work with employers to delivery provision internally. The recruitment of assessors can also be a challenge as most of the people who have the required knowledge are able to achieve higher salaries from working within the industry. Although providers may try to re-skill existing staff this too can be a challenge due to the fast changing nature of the industry.
- A58 That said, the digital media Apprenticeship at Level 4 is increasingly popular in online-marketing and companies operating either web-enabled business process or increasingly employers keen to support their online presence (webpages, social media monitoring etc) internally. These roles are a mix of Level 3 and Level 4. The profile of learners in this sector is typically 18-21 with many starting on Level 3. A digital learning provider highlighted that the often very specific occupational titles given to newer frameworks could put off young people and especially their parents as these were not seen as career training and were specialising too early.
- A59 Employers in this sector, moreover suggest that the young people need a year or more in employment simply to get used to what is expected of them and the usual world of work issues. Starting the Level 4 after a Level 3 provided a number of advantages:
- Firstly, they had time to assess the potential of the individual – not all candidates are suited to progress and some job roles require no more than Level 3 skills
  - Secondly, a key advantage in the Level 4 for smaller firms was the ability of the employee to work autonomously and take on greater responsibility to organise their work and prioritise tasks. Technical content was also a step up but it is in these work-practice soft skills that the employers saw real added value.
- A60 At this stage the smaller employers in this sector could not see a role for Degree apprentices in their business. They were concerned that the quality of apprentice applications would have to increase to be able to reliably secure a Graduate level qualification. One employer had recruited five young people to Apprenticeships over the past two years but felt none of them would have either the capability or application to complete a 5-6 year apprenticeship process. The duration itself was also considered to be a barrier with smaller businesses less able to cope with such long lead-times. The industry was relatively fast-paced with individuals tending to move firm to firm every 2-3 years – the idea of an individual seeing out the 5-6 years with one organisation and then remaining there for a further 2-3 years did not seem credible.
- A61 The first degree apprenticeships will launch September 2015 and will suit people embarking on careers ranging from business analysis to software development and technology consultancy. The way degree apprenticeships are delivered will vary at universities throughout the UK, although all of them will include blocks of practical on-the-job training and academic study.

- A62 All programmes are a minimum of three years but the time degree apprenticeships take to complete vary depending on the course. Each programme will include a core focus on technology skills with additional study options relevant to different occupational areas.
- A63 The programmes are developed to meet individual employer needs and are delivered to the style of the individual university's teaching model. These courses support IT professional roles including: Software Engineer, IT Consultant, IT Business Analyst, Cyber Security Analyst, and Network Engineer.
- A64 The following universities will offer degree apprenticeships in Technology Solutions from September/October 2015: Aston University, Manchester Metropolitan University, Northumbria University, University College London, University of Greenwich University of Sunderland, University of Winchester. The following universities will offer degree apprenticeships in Technology Solutions from September/October 2016: Loughborough University, University of Exeter, University of the West of England.
- A65 A number of employers have already committed to offering Degree Apprenticeships. These include Accenture, BT, Capgemini, CGI, Ford, Fujitsu, GlaxoSmithKline, HM Revenue and Customs (HMRC), Hewlett Packard, IBM, John Lewis, Lloyds Banking Group, Network Rail and Tata Consulting Services.
- A66 Aston University's involvement in the Degree Apprenticeship scheme builds upon the University's existing partnership with Capgemini which has seen the development of two degrees for Higher Apprenticeships - Software Engineering and Information Systems. Capgemini announced it will recruit 65 students to join the company on Aston's Degree Apprenticeship Programme in the 2015-2016 academic year. They will spend the entirety of a 4.5-year course in client facing roles spread across Capgemini's UK offices, developing core technical skills while working towards a full BSc (Hons) degree with Aston University.
- A67 These are the first sponsored degrees in the UK ICT sector to be taught and delivered almost entirely in the workplace rather than attending day release at University and are thus particularly well suited to a highly mobile workforce. They include a range of bespoke modules designed specifically to help produce the software engineers and information system specialists of the future that Capgemini needs.
- A68 The Higher Apprenticeship programme lasts 5 years in total. The first 2 years will be spent completing a Level 4 Higher Apprenticeship. After this, the apprentice will complete a fully sponsored degree with Aston University. The University will accredit the Higher Apprenticeship as the equivalent of the first year of the course. The apprentice will be given a further 3 years to complete this degree (18 months for the 2nd year and 18 months for the 3rd year) as they will also be working full time for Capgemini.
- A69 Apprentices undertake 12- week block of face-to-face study at the start of the programme, designed to prepare students for productive employment. This is followed by work-based learning tailored to the individual role in the employer's business, and distance learning modules providing a foundation for further university study (Evening online seminars and tutorials and Four on-campus teaching days in each six-month block plus up to two days for examinations).

*Health and social care*

- A70 There are 98,000 people employed in the sector in Lancashire, making it the largest employment sector and accounting for 16% of the LEP areas total employment<sup>12</sup>. The health and social care sector is facing skills issues nationally, due to the ageing population leading to increasing reliance on health and care services.
- A71 The sector's reliance on an older workforce and the push factors affecting these workers, such as reduced job satisfaction, dissatisfaction with career opportunities and the sectors inflexible approach to retirement, is likely to increase the level of new recruits required as a result of replacement demand future years.
- A72 High skills requirements in parts of the sector mean that there are skills gaps within the existing workforce, with employers reporting gaps in practical skills such as problem solving skills, oral communication, customer handling, teamwork, management and leadership.
- A73 New Apprenticeship standards have or are in the process of being developed for:
- Assistant Practitioners – Level 5
  - Dental practice manager – Level 4
  - Dental technician – Level 5
- A74 Frameworks are already in existence for the following Apprenticeships:
- Care leadership and management – Level 5
  - Life sciences and chemical science professionals – Levels 4 & 5
- A75 In the past, there has been significant variation in peoples' perspectives of what assistant practitioners in health / care are and what they do, because the role can be very broad and they can be asked to do so much. The Higher Apprenticeship is helping to define this role. This has been a challenge for a wide range of healthcare professionals, e.g. the Nursing Council, who have had to consider how to register this new segment of the workforce. A number of providers have already introduced the assistant practitioners apprenticeship through mapping it across to existing Foundation Degrees.
- A76 Barriers to delivery include a lack of IT infrastructure and skills. Employers may need to find new budgets for IT equipment, which is not easy at a time when budgets are being squeezed. Firewalls within the NHS and use of PCs for multiple purposes is highly problematic. Employers also need to ensure that they give staff enough time to complete on-line learning and do not simply add this to an existing full workload. Finding sufficient mentors, who are willing, able, prepared and rewarded for supporting Assistant Practitioners / Higher Apprentices is potentially a major barrier. It may be difficult for small employers to release staff for periods of block learning, in which event they may seek alternative routes.
- A77 There is a need for high quality APEL (Accreditation of Prior Experience & Learning) and a consistency of approach, both within the NHS and HEIs. Practical skills and life experience are not always adequately recognised. This can be a barrier some people, particularly those who may have difficulty acquiring 'academic' skills.

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<sup>12</sup> Skills in Lancashire: Evidence Base Commission

A78 Some Foundation Degrees require periods of block learning, when people need to leave home. This can be a barrier, particularly in some more rural areas, where access to higher education is limited. Progressing to a full degree involves spending even more time out of the workplace, which can be problematic for both individuals and employers. HEIs can have established standards and codes, which can be difficult to penetrate for some people. It is essential that HEIs recognise QCF Units / the QCF pathway. If Level 5 apprenticeships achieved via QCF are not accepted by HEIs, this could be a major barrier.

### *Construction*

A79 The construction sector is a key employer in Lancashire. There are over 35,000 people employed in the construction sector in Lancashire, accounting for 6% of Lancashire's total employment<sup>13</sup>. The largest employment sub-sectors in Lancashire include the construction of utility projects for electricity and telecommunications (6,700 jobs), electrical installation (4,700), construction of domestic buildings (4,600) and construction of other civil engineering (4,600). The construction sector has experienced significant growth in Lancashire since 2010, with a 10% employment increase, whilst nationally sectoral employment has declined by 4%.

A80 There is a high representation of apprenticeship qualifications held by the construction sector workforce, with 19% of employees holding an apprenticeship compared to just 9% across Lancashire, reflecting the traditional routes into the sector.

A81 It is recognised that there is a deficit in training in the construction sector and it is anticipated that in 2015-18 training needs will be 45% higher than the average across 2011-14. The top five professions in demand in 2015 have been non-construction professional, technical, IT and other office-based staff, wood trades and interior fit out, construction managers, plumbing heating, ventilation and air conditioning trades and electrical trades and installation roles. Technological advances and the low carbon agenda have also affected the skills needs of the sector, increasing demand for specific skills, such as skills in using green materials and methods in construction. This has also heightened the need for management skills, with the management of sites key to the reduction of carbon footprints.

A82 The construction sector has been represented in phase 3 of the Apprenticeship Trailblazers and a range of standards have been approved. Assessment plans are still in development and the plan is to launch the standards by September 2015:

- Construction technician – Level 4
- Building services engineering site management – Level 6
- Construction quantity surveyor – Level 6
- Civil engineering site management – Level 6
- Construction site management – Level 6
- Construction design management – Level 6

A83 In addition the following existing frameworks are still in operation:

- Construction management – Levels 4,5,6

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<sup>13</sup> Skills in Lancashire: Evidence Base Commission



A84 New entrants will gain an HNC and Associate or Technician professional status in three years, followed by a full honours degree and Incorporated or Chartered status in a further three years (providing they pass their professional examinations). It takes seven years to achieve chartered status via a traditional university degree plus work experience route.

*Energy and environmental technologies*

A85 The energy and environmental technologies (EET) sector, broadly defined to include energy and sub-sectors relating to environmental technologies, is a major employer across Lancashire, with over 40,000 employees and accounting for 7% of Lancashire's workforce. Key sub-sectors in Lancashire include nuclear, offshore gas, oil and wind, onshore wind, waste recovery and environmental technology and manufacture.

A86 Although a range of Apprenticeship standards are in development in this sector, all but one are Level 3 and below. The only standard at Level 4 is the 'Nuclear Welding Inspection Technician'. The development of this framework is being led by Sellafield and has not yet been approved. There are currently no degree level standards for this sector.

A87 There are however three existing Apprenticeship frameworks at Level 4 and above:

- Sustainable resource operations – level 4
- Power engineering – level 4
- Water industry – level 4

*Visitor economy*

A88 In Lancashire the visitor economy sector plays a key role in the LEP's economy and employs over 50,000 people, accounting for 8% of the LEP's employment<sup>14</sup>. The qualification profile for the visitor economy in Lancashire is below that of the LEP area as a whole. An above average proportion of employees in the visitor economy sector have no formal qualifications (one and half times the proportion for the LEP area), and nearly 60% hold qualifications at Level 2 or below. In contrast, the proportion of employees in the visitor economy qualified to Level 4 and above is less than half the LEP-wide average.

A89 Skills gaps are common in the sector, with hotels and restaurants accounting for 12% of all employers in the LEP reporting skills gaps. In particular employers were looking for staff with soft skills, such as customer service skills and effective communication with colleagues.

A90 The core apprenticeship provision for this sector is in the areas of hospitality and retail. In these two sectors Apprenticeship trailblazers have led to the development of Level 4 Apprenticeship Standards for Retail and Hospitality Managers and a Level 4 standard for Senior Chefs.

A91 The Retail and Hospitality Manager standards were developed in response to the trailblazer requirement to have sector specific frameworks at level 4. Previously both sectors had utilised the generic management framework. In both sectors employers are debating whether there is any need for a sector specific management framework. Some employers currently prefer general management qualifications, and may continue to do so. At Level 6

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<sup>14</sup> Skills in Lancashire: Evidence Base Commission

requirements are said to be looser and both sectors plan to use the new Chartered Manager Standard.

- A92 The content of the Retail Manager Level 4 trailblazer is still under consultation. A draft standard was published in December 2014. The Trailblazer group is working on the assessment plan that goes alongside these standards. They aim to have this completed in 2015. The standards will be implemented on or before September 2017, but in the meantime the current SASE frameworks stand as valid apprenticeships in the retail sector.
- A93 Employers involved in the trailblazer considered that the practical content of the Retail Manager standard did not differ substantially from the content of the previous framework. However the greater flexibility of the standard with regards to the inclusion of a qualification was seen to help strengthen the provision. The development of this standard is still at a relatively early stage and the assessment plan is yet to be completed.
- A94 With regards to the Hospitality Level 4 standard the content was considered to provide skills that were more transferable than the previous framework. Existing frameworks were viewed as piecemeal, with competencies on specific tasks and apprentices might not learn about topics that are absent from their workplace. The new standards and the end assessment were felt to help overcome this. Employers will need to find ways for apprentices to cover all content e.g. by visiting other establishments/attending master classes, etc however the sector was considered to benefit as a whole by providing employees with more transferable skills.
- A95 The Senior Chef Level 4 framework is still under development. In this occupational area Apprenticeships at Levels two and three are well established however there is a demand for a technical career path. The Sector Skills Council anticipates low numbers (around 200) as the number of employers requiring this high level of technical 'cooking' is a small proportion of the sector. There is currently no timescale for solid implementation. The hope is to have initial pilot starts from January to April 2016, for both the level four Hospitality and Senior Chef frameworks.

#### *Cross sectoral issues*

- A96 Apprenticeship providers continue to raise practical issues relating to the delivery of the trailblazers:
- Timescale for implementation - The aim remains for all starts to be on the new apprenticeship standards by 2017/18, but there are no milestones in the process prior to that date and some debate that the deadline may slip to 2019/20.
  - The requirement for independent assessment - The Future of Apprenticeships in England, HM Government, March 15 ruled that 'An assessor from the employer or the training provider's workforce would not count as being independent'. This ruling is considered to have considerable implications for many businesses.
  - The register is open for those organisations that want to be recognised by the SFA to carry out end point assessments against the 24 standards that have been approved for delivery. Feedback from some is that the system is repetitive, as it requires organisations to complete the process for each standard and could potentially operate more effectively if it was integrated with sectors' assessment arrangements.

## Lancashire stakeholder views

A97 In common with all parts of the country, Lancashire residents and employers are supported by a wide range of FE and HE providers. Summarised below are the latest full-year data for delivery of Apprenticeships at level 3 and level 4+, as well as classroom-based level 4+ activity by FE providers.

A98 A total of 311 organisations delivered at total of 4,746 Level 3 Apprenticeships (31.5% of all starts in the county) to Lancashire residents in 2013-14 across a total of 102 different frameworks. The table below lists the most common Level 3 frameworks in 2013-14:

### Lancashire Level 3 Apprenticeship frameworks

Framework	No of starts	% of L3 App starts
Health and Social Care	655	13.8%
Business Administration	539	11.3%
Children and Young People's Workforce	414	8.7%
Management	376	7.9%
Engineering	353	7.4%
Customer Service	288	6.1%
Hairdressing	151	3.2%
Sales and Telesales	128	2.7%
Electrotechnical	123	2.6%
Hospitality	120	2.5%

A99 A total of 365 Apprenticeship starts were made by Lancashire residents in 2013-14 at level 4 and above. Common frameworks were:

### Lancashire Level 4+ Apprenticeship frameworks

Framework	No of starts	% of L4+ App starts
Care Leadership and Management	154	42.2%
Management	61	16.7%
Accounting	48	13.2%
Health (Assistant Practitioner)	20	5.5%
Business and Professional Administration	15	4.1%

A100 Lancashire-based organisations feature heavily among the largest providers of level 3 and level 4+ apprenticeships, alongside well-known national training providers.

**Lancashire Level 3 Apprenticeship providers**

Provider	Title	Learning Aims
Training 2000	Engineering, Dental Nursing, Business Admin	347
Burnley College	Engineering, Business Admin	265
N Lancs Training	Business Admin, Customer Service, Hospitality	237
GP Strategies	Childcare, Health and Social Care, Management	233
Blackpool & Fylde	Vehicle Body & Paint, Childcare, Engineering, Hairdressing	201
Learndirect	Health and Social Care, Childcare, Management	166
Blackburn College	Business, Childcare, Electrotechnical, Hairdressing	161
NCG	Health and Social Care, Childcare, Management	154
Preston's College	Dental Nursing, Business Admin	152
BT Sales	Telesales	124
Joint Learning Partnership	Management, Business Admin	113
Runshaw College	Business Admin, Childcare, Accounting	100

Source: SFA DataCube 2013/14, Providers with more than 100 learning aims

**Lancashire Level 4 Apprenticeship providers and frameworks**

Provider	Title	Learning Aims
Age UK	Care Leadership and Management, Management	30
GP Strategies	Care Leadership and Management, Management	29
Training 2000	Accounting	23
Skills for Health (LTHFT)	Assistant Practitioner	20
Chesterfield College	Care Leadership and Management	20

Source: SFA DataCube 2013/14, Providers with more than 20 learning aims

A101 The delivery of significant amounts of classroom-based level 4+ provision has long been a feature of the FE landscape within Lancashire. A total of 5163 L4 starts were delivered in 2013-14 (with an additional 14 starts at level 5), led by the following providers:

### Lancashire Level 4 classroom-based delivery

Provider	Key Frameworks	Learning Aims
Blackburn College	Business, Admin and Law; Engineering, Retail, Leisure, Health, Public Services & Care, Arts, Media and Publishing, Social Sciences, Business;	1774
Blackpool and the Fylde College	Health, Public Services & Care, Engineering and Manufacturing, ICT, Leisure, Arts, Media & Publishing, Languages, Education, Business Admin and Law	1294
Preston's College	Arts, Media and Publishing; Business Admin and Law; Health, Care and Public Services	299
Accrington and Rossendale College	Health, Public Services & Care, Engineering; Construction, ICT, Travel and Tourism, Education, Business;	248
Runshaw College	Business Admin and Law; Health, Care and Public Services	240
Burnley College	Health, Public Services & Care, Leisure, Travel & Tourism, Arts, Media & Publishing;	153
Lancaster & Morecambe College	Health, Public Services & Care, Education, Business Admin and Law	144
Lancashire CC	Health, Public Services & Care, Education	123

Source: SFA DataCube 2013/14, Providers with more than 100 learning aims

A102 Discussions with FE and HE providers have identified a good level of appetite and enthusiasm for further expanding the scale and scope of level 4+ higher and degree apprenticeship delivery within Lancashire. Provider motivation for engaging with this agenda stemmed from a number of sources – the desire to protect market position if delivering classroom-based level 4+ activity; a wish to offer employers a ‘what next’ option for experiential learning; an opportunity to reverse declines in part-time learning – were commonly cited. However with very limited level 4+ apprenticeship delivery to date, finding organisations with a track record of work-based higher level skills delivery has been difficult. Through the consultation, a number of common themes emerged which have a pivotal role to play in enabling Lancashire providers to respond to the opportunities presented by higher and degree level apprenticeships. These were:

#### *Trailblazer developments*

A103 The Lancashire providers we spoke to demonstrated a variable degree of engagement with the development of trailblazers. There was good awareness of the importance of trailblazers however knowledge of the development process and timing of key announcements was more limited. This was felt to be a consequence of the iterative nature of trailblazer developments and the apparently haphazard scheduling of updates and new releases. Some respondents commented that trailblazers often aren’t yet at the stage where employers and providers can tell whether they will meet employers’ needs. One interviewee, whose organization is involved in several trailblazers, commented:

*“Trailblazers are very mixed. SME engagement hasn’t always been good and overall, there are few trailblazers ready that have enough clarity for us to go and talk to employers”*

A104 There was also concern expressed about the potential viability of many trailblazers now being published. It is usual to expect that vocational

qualifications become more occupation-specific at higher levels. However several providers highlighted the risk that trailblazers are becoming too specific to one or two major national employers, with limited capacity to make the frameworks more generic and therefore acceptable to a wider audience of employers.

A105 This therefore means that, from a training provider perspective, trailblazers could be best suited to organisations who can work with a large, sponsoring employer that brings sufficient demand to enable cost-effective delivery to take place. This may work best for providers operating on a national scale (to aggregate demand) rather than those focused in particular regional or sub-regional geographies.

A106 Linked to this, concerns were expressed by a couple of providers that the shape of emerging trailblazers leans towards training delivery by the employer itself (many large employers have SFA contracts), instead of via a training providers, college or HEI. The Budget announcement of an Apprenticeship levy could further reinforce this, positioning large blue chip employers as the provider of trailblazer apprenticeships to their own staff as well as to customers and supply chain organisations.

#### *Employer demand*

A107 Providers were positive about the opportunities that higher and degree apprenticeships offer, in that they create a route via which learners and employers can continue experiential learning above level 3. However providers universally felt that employer awareness of higher and degree apprenticeships was weak to non-existent.

A108 Providers reported a mixed response from employers once engaged on the topic of higher apprenticeships. Employers in some sectors (such as engineering and construction) have well established higher level learning routes such as via HND/HNCs, Foundation Degrees and Bachelor's Degrees - which raises questions of displacement. Some employers would be happy to switch to higher or degree apprenticeships if it meant significant reductions in cost for the same/similar outcome; others are reported as being wary of remodeling their approach to recruitment and training on the whim of a Whitehall funding policy development which could easily change again over the medium term. All providers report that the Levy has the potential to make a significant change to employer attitudes to Apprenticeships and training in general – and that higher and degree apprenticeships offer a vocational route that employers may be willing to invest levy funds in.

A109 All providers reported that the discussion with employers at level 4 and above put apprenticeships in the bracket of graduate programmes and succession planning. This is much less commonly the case at level 2 and 3. In short, employers appear to be much more engaged when discussing higher level skills compared to those at intermediate and advanced level. This requires providers whose approach does not prioritise volume (or price, possibly), but instead those who can tailor high quality skills delivery that understands an employer's overall strategy and the central role that people development plays within that. As one college stated:

*“A higher apprenticeship is a big investment from an employer, maybe as much as £36-42,000 per learner over a four year period. You can't just sell that off the shelf. It needs a tailored approach built on a long term relationship with the employer.”*

A110 A couple of providers stated concerns that the introduction of new brands – higher apprenticeships and degree apprenticeships – could further confuse employers and muddy the waters when it comes to engaging employers and promoting higher level vocational learning. One suggested that rather than badging according to level or type of apprenticeship, government and providers should simply distinguish between ‘craft’ apprenticeships (e.g. at level 2 and 3) and ‘technician’ apprenticeships; with the common denominator between all apprenticeships being their focus on work experience, knowledge development and recognized qualifications.

*Learners – age and demand*

A111 Feedback from providers commonly centred on the question of which learners higher and degree apprenticeships should be targeted at. There was a consensus from several interviewees that while the rhetoric and promotion of higher and degree apprenticeships appears to focus on young people, current delivery and future activity is more likely to be primarily about older workers.

A112 Reasons for this included the desire of employers to continue using apprenticeships as a route for the on-going development of existing workers, rather than new recruits. More significantly, some providers pointed to more fundamental issues that make higher level vocational learning more challenging for young people compared to those with experience. While young people are able to undertake the much-increased requirement for independent learning that is a by-product of higher level vocational provision, their ability to apply that learning in the workplace is more limited. As one respondent put it:

*“Many young people tend to struggle more with assessments at level 4 and above because it requires learners apply learning in the workplace. Often, much of the ability to do that comes with workplace experience that young people lack when compared to older workers”.*

A113 Generating learner demand for higher and degree apprenticeships was not felt to be a major concern for providers, especially where the framework incorporates a recognised professional qualification and/or provides a clear pathway to a well-respected occupation. Degree apprenticeships – offering opportunities to obtain a degree, avoid debt and earn income – were felt to be an especially attractive proposition.

A114 One respondent recommended that providers of advanced apprenticeships begin inserting elements of level 4 frameworks within their level 3 delivery. This has had the twin effect of helping to identify which learners have the potential to progress to a level 4+ framework, as well as starting to familiarise staff with the requirements of higher level skills delivery.

*Provider capacity*

A115 Mixed feedback was received from providers when the issue of capacity to deliver at Level 4 and above was discussed. Some felt that employer engagement represented a major challenge – in summary, the duration and quality of dialogue with an employer to secure buy-in for level 4+ apprenticeships was reported to be very different to that required for vocational learning at lower levels. This could present major challenges to the capacity of provider sales staff, given the intensity of interest and scrutiny

that employers give to higher level learning, when compared to intermediate and advanced skills provision.

A116 Another area of focus for capacity is the ability of existing provider staff to deliver at higher levels. Staffing challenges were flagged – particularly around finding and retaining good quality tutors and assessors – which could hamper efforts by providers to expand higher and degree level provision. Examples were highlighted of providers outside Lancashire creating joint ventures whereby employers would agree that their staff would be trained as assessors. So while the employers’ staff would still spend most of their time ‘on the job’, they are available also to carry out independent assessments with a high degree of industry knowledge and credibility. This was felt to be a more effective route to securing the required staff, as opposed to the training provider recruiting its own assessors who are difficult to retain as they can earn far more ‘doing the job’ than assessing it.

A117 Another area of focus was the content of higher level vocational provision. Advice included the suggestion that providers should incorporate recognised professional qualifications within frameworks. This was felt to be important both in attracting learners but also securing employers buy-in, as one respondent noted:

*“Employers value professional qualifications more than degrees, so higher and degree apprenticeships should make good use of these qualifications.”*

A118 Given that the ‘professions’ account for around 20% of the UK workforce, there is significant potential to develop vocational routes to professional occupations that incorporate respected professional qualifications which usually are only undertaken post-degree.

#### *HEI challenges*

A119 Specific issues were highlighted in respect of HEI engagement with higher and degree apprenticeships. While HEIs themselves are positive about the potential to grow their offer to employers and learners, there are a number of barriers specific to the HE sector that could limit participation. The scale and relevance of these issues will vary considerable between institution – some HEIs already have a well-established track record of delivering work-based learning, while others have none of that experience.

A120 Many of the issues relate to the requirement for HEIs to adopt FE systems in order to delivery higher and degree apprenticeships. In addition to SFA MI requirements, some HEIs have expressed concerns that key questions such as the involvement of Ofsted and requirement for independent assessment of apprentices (HEIs currently have their own awarding powers) are yet to be resolved. This taps into a wider view from both FE and HE providers - that while the strategic intent of BIS to grow level 4+ apprenticeships is clear, much of the detail required before implementation can proceed is lacking – such as around the issues identified above, as well as funding, targets, volumes etc.

A121 Contributors to this work from both HE and FE have identified a risk that staff in HEIs will be uneasy about the prospect of delivering apprenticeships, which are essentially an FE ‘brand’. It was noted that many university staff would prefer to focus on research, rather than be perceived to be ‘reaching down’ in to territory that could be seen as an FE domain. Some universities could also struggle with the concept that apprenticeships are principally



about meeting employer demand, given their modus operandi currently is focused on responding largely to learner demand.

- A122 A further risk is that many universities regard apprenticeships as an expensive route to deliver the curriculum at a time when demand for low-contact hours HE provision remains strong. However the risk for HEIs that do not engage is that strong growth in degree apprenticeships driven by new frameworks and a favourable funding system could undermine demand for their core activity. Certainly the announcement in the 2015 budget that degree awarding powers will be opened up to new providers creates a big incentive for large, international FE and HE providers to begin competing with UK-based HEIs including potentially via the provision of higher and degree level vocational provision.

### Summary of key issues

- A123 It is clear that the development of Trailblazer standards is in a state of flux. A key issue is that there are no milestones in place for the publication of completed and approved standards. As a result many standards are “coming soon” and the only limited information on what timescales may apply. That said there are many developing areas that will be of clear interest to Lancashire employers and providers and so an on-going requirement for monitoring progress.

- A124 There are a number of issues arising from the stakeholder discussions:
- More cost-effective provision is attracting employer interest across a number of para-professional pathways this is also the case in other areas e.g. engineering where the apprenticeship is cheaper than an HNC:
  - Some employers welcome the lower-cost approach but have also begun to recognise the added value of undertaking a vocational route on embedding the learning and getting a more rapid return in improved work practice.
  - A minority are moving back to the standalone qualification where there is a feeling that the frameworks (not yet standards) are introducing unnecessary modules or require greater admin/ bureaucracy.
  - There are some genuinely new technician roles being identified where more autonomous, self-directed working is required but that this does not need a graduate or similar (e.g. digital marketing, conveyancing)
  - Degree Apprenticeships are less well-known. To date, those employers involved are large and have established bi-lateral relationships with individual HEIs and either:
  - Are not happy with the quality/relevance of first degree graduates (software developers)
  - Seeking to stiffen traditional internal training with more learning content, e.g. Hospitality management
  - Unclear on whether such standards would carry relevance across to other businesses in the same sector
  - Significant unknowns on SFA/Hefce boundaries on monitoring, audit and assessment have to be resolved
  - Who are these Higher Apprenticeships for?
    - Level 4s are for better Level 3 candidates but evidence suggests this is around 10% of current Level 3. Employers

prefer to have had some time to see who will benefit from progression to Level 4 and can handle the step up

- In a number of occupations, the Higher Apprenticeship offers a route to a professional qualification for existing employees.
- A number of smaller employers suggested that they found recruitment easier into the more general Level 3 qualifications as they had had some feedback from young people and their parents that Level 4s were very job specific and may close off future career choices
- Level 6s are a mix of new entrants for young people 18-21 starting out with prior qualifications at L3/L4 or existing employees who have been identified for internal progression
- Overall, the Trailblazer process appears to engage mostly with employers who are already involved in Apprenticeships at some level (around 15% of English businesses). Higher Apprenticeships are engaging professional business service employers who had previously not been involved in Apprenticeships. This is something that new standards will need to offer in order to achieve a substantial take up of Higher Apprenticeships.

A125

A common theme in all Trailblazer standards has been the central role played by employers – as was the policy intent. Providers are clearly involved in developing and advising employers at some level but many of the lead organisations are very large and have internal training functions. A key question at this stage is the extent to which standards are relevant to those who are not directly involved in Trailblazers at present. Providers need to ensure that they are ready to support the wider adoption of standards through:

- Building on established employer relationships
- Identifying the potential areas for collaboration and the scale of demand
- Securing economies of scale – often through mix-methods delivery with increasing on-line elements
- Exploring how independent assessment will work within this approach
- Consider how these new market areas might better engage with employers who have not previously been interested in Apprenticeship delivery.

## ANNEX B: SECTOR ANALYSIS – POTENTIAL DEMAND FOR HIGHER LEVEL VOCATIONAL SKILLS IN LANCASHIRE

Sector	Future labour demand, L4+	Current delivery (SFA funded 2013-14 Learning Aims)	Key providers	Key findings	Conclusion – prospects for growing higher level vocational skills demand
<b>Engineering &amp; Advanced Manufacturing</b>	<p>Good. High location quotients. Major focus from LEP in supporting sector to grow</p> <p>Forecasts suggest:</p> <ul style="list-style-type: none"> <li>• strong replacement demand at all levels</li> <li>• negative expansion demand in skilled trades and below</li> <li>• positive expansion demand at assoc professional/technical and above</li> </ul>	<ul style="list-style-type: none"> <li>• 480 L3 Apps</li> <li>• 10 L4+ Apps</li> <li>• 340 L4 classroom</li> </ul>	<p>Apps: Training 2000, Burnley College, BAe Systems, Rolls Royce, Runshaw College</p> <p>Classroom: Blackpool &amp; Fylde College, Blackburn College</p>	<p>Good levels of progression to L4+ from those undertaking L3 Apprenticeships (54%) Trailblazers perhaps too occupation &amp; employer specific with some evidence SMEs finding the new funding arrangements too expensive HNC/HND route well established, many employers happy to pay Recent FE capital investments = busy provider market (although sectoral report highlights some employer concern over ability to keep up with latest equipment and coherence of provider offer) Levy means large employers (e.g. BAe &amp; RR) likely to deliver, including to supply chain</p>	<p>GOOD.</p> <p>However, unclear whether this is additional demand or switch from previous HNC/HND route</p> <p>Potential for growth is there in terms of employer demand – but this is mostly in replacement demand not net growth. Some employers in the sector are engaged on skills but others are reporting that they will 'invest' in higher wages to recruit skilled staff.</p> <p>Lancashire is not short of providers who are keen to deliver to the engineering and advanced manufacturing employers.</p> <p>However scope to generate new demand and switch provision from HNC/HND and bachelors degrees depends on the adequacy /adaptability of trailblazers. This merits further review and testing with employers in Lancashire However, some evidence that increased costs of delivery impacting on SME demand for TBs. Reports that while TB standards may be seen as more fit for purpose, smaller firms sticking with Frameworks as they are lower cost.</p>

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<b>Financial and professional services</b>	<p>Mixed. FPS in Lancashire is lower GVA-adding than FPS in major cities.</p> <p>However employment is expected to grow and gap in skills requirement in Lancashire vs. major cities likely to narrow</p> <p>Moreover, accountancy, marketing, management, HR and digital skills are required in businesses across key sectors</p> <p>Location quotient is low however significant volumes of demand for new and replacement demand remain</p>	<ul style="list-style-type: none"> <li>• 1008 L3 Apps (Business, Management and Accounting)</li> <li>• 128 L4+ Apps (Business Admin, Accountancy, Management)</li> <li>• 1033 L4 classroom</li> </ul>	<p>Apps: North Lancs Training, GP Strategies, JLP, Training 2000, Runshaw College</p> <p>Classroom: Blackburn College, Blackpool College, Runshaw College, Preston's College</p>	<p>Significant potential to convert existing professional qualifications to degree and higher apprenticeship delivery</p> <p>Professional qualifications are critically important to generating employer demand.</p> <p>Some employers happy just to pay for AAT and avoid additional requirements of an apprenticeship</p> <p>Excellent progression rates for L3 Apprentices in some sub-sectors</p> <p>Only 2 trailblazers ready – but standards for accountancy, actuary, legal, management consultancy in pipeline</p>	<p><b>EXCELLENT.</b></p> <p>While labour demand may not match other areas, potential learner volumes remain large. Opportunity for employers to draw on wider talent pool than traditional graduate entry.</p> <p>Strong potential to convert existing professional qualifications to higher/degree apprenticeships. Some evidence to suggest that this will deliver productive employees more efficiently as vocational route more effective in embedding skills in day to day work.</p> <p>Good flow of new standards in the pipeline or already in place.</p> <p>Employer expectations and bureaucracy would need to be managed.</p>
<b>Construction</b>	<p>Good. Sector has strong history of apprenticeship and vocational routes.</p> <p>Growth in Lancashire construction labour demand seen (up 10% in 5 years), contrast to falling demand nationally. Strong growth forecast</p> <p>Impact of technology and low carbon methods will require re-skilling and up-skilling</p>	<ul style="list-style-type: none"> <li>• 135 L3 Apps</li> <li>• No L4+ Apps</li> <li>• 130 L4 classroom</li> </ul>	<p>Apps: CITB, Accrington &amp; Rossendale College, NLTG,</p> <p>Classroom: Blackburn College, Blackpool &amp; Fylde College, Accrington &amp; Rossendale College</p>	<p>Low volumes at L3+ but strong growth potential. Good range of trailblazers about to be launched, with further frameworks in the pipeline</p> <p>Viable alternative to traditional HE route for roles such as surveying, site management and design management</p> <p>Modest foundation of existing activity but excellent potential to grow higher vocational skills – especially at Colleges which (CITB aside) dominate the market</p>	<p><b>EXCELLENT</b></p> <p>Construction should be a priority sector for higher level vocational study. However, industry fragmentation remains a challenge and so collective action required.</p> <p>Increasing % of construction firms do not train.</p> <p>Trailblazer standards are in place (or will be soon). The sector is in good shape in Lancashire and will grow further.</p> <p>Supply side isn't as strong as expected but colleges are well placed to deliver.</p> <p>Strong potential to convert existing professional qualifications to degree/higher apprenticeships.</p>

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<b>Health and Social Care</b>	Good. Largest sector in Lancashire by employment. Significant skills shortages in key roles, good potential to develop higher level vocational career pathways to broaden access.	<ul style="list-style-type: none"> <li>655 L3 Apps</li> <li>174 L4+ Apps (mainly care leadership)</li> <li>1070 L4 classroom</li> </ul>	<p>Apps: AgeUK, GP Strategies, NCG, Learndirect</p> <p>Classroom: Blackburn College, Blackpool and Fylde College, Accrington &amp; Rossendale College</p>	<p>Major changes in delivery are coming via HSC transformation, which will have implications for the structure and content of existing training systems – opening up opportunities for new pathways</p> <p>Trailblazer development sluggish compared to other sectors – limited Lancashire involvement in process. Dental and Assistant Practitioners in pipeline, nursing delayed.</p> <p>Bulk of skills funding tied up with HEE</p>	<p>GOOD</p> <p>There is good demand already for higher level vocational learning and scope to grow this further; HSC transformation could create significant change in employer demands and curriculum delivery</p> <p>However work needs to be done to develop more the vocational pathways to higher levels. Rationale post-Francis to 'grow your own skills among those who care' remains strong.</p> <p>Need to secure greater Lancashire influence over HEE spend (c£150-200m) to widen access and grow higher and degree apprenticeship volumes</p>
<b>Digital and Creative</b>	AWAITING LANCS SECTOR SKILLS ACTION PLAN & DATA	<ul style="list-style-type: none"> <li>164 L3 Apps (mainly IT, only 10 creative)</li> <li>15 L4+ Apps (14 software, 1 social media)</li> <li>195 L4 classroom (ICT)</li> </ul>	<p>Apps: BT, Burnley College, NLTG, Blackpool &amp; Fylde College</p> <p>Classroom: Blackpool &amp; Fylde College, Burnley College, Accrington &amp; Rossendale College, Blackburn College</p>	<p>Fast changing industry requirements</p> <p>Length of apprenticeships a barrier – low job duration</p> <p>However good commitment from national employers to new degree apprenticeships – blue chips are signed up.</p> <p>Seven universities will offer technology degree apprenticeships from Sept 2015, three more in Sept 2016 – none in Lancs</p>	<p>AVERAGE.</p> <p>Unclear whether local provider base has the capacity required to deliver digital and creative in large volumes.</p> <p>Employer leadership is critical given fast changes in technology</p> <p>Good scope for universities to get involved on IT, given that other HEIs are gearing up to deliver</p>
<b>Visitor economy</b>	Employs large volumes but mainly at lower skill and salary levels. Overall employer demand is edging lower.	<ul style="list-style-type: none"> <li>370 L3 Apps (retail, hospitality)</li> <li>No L4+ Apps</li> <li>220 L4 classroom (leisure, travel &amp; tourism)</li> </ul>	<p>Apps: Babcock, NLTG, Lifetime Training</p> <p>Classroom: Blackburn College, Blackpool &amp; Fylde</p>	<p>Limited demand for L4+ skills in the sector and a handful of new and emerging trailblazers, e.g. senior chef, hospitality manager, retail manager (level 4). Expect pilots to commence in Jan 2016.</p>	<p>AVERAGE.</p> <p>Employer demand split between those who want a specific Hospitality management standard and those who prefer a more general management qualification. Standard</p>

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			College	<p>Current demand for L4 framework around 100 nationally but expect standard to increase to 2-3,000 over time.</p> <p>Timescales for implementation are 2016-17</p> <p>Low levels of progression into higher learning for L3 apprentices</p>	<p>in development is expected to be a more multi-functional qualification than previous framework.</p> <p>National chains are key drivers here and may also pick up their supply chains in order to retain their levy. Extent to which this will impact on local SMEs unclear but very cost-conscious sector.</p> <p>TB process requires occupational specific so some standards are given occupational relevant titles but are in effect general management qualifications.</p> <p>Some interest in L6 but limited to national employers who have regional managers overseeing multiple local sites</p>
<b>Energy and environment</b>	<p>Total employment likely to remain steady. Labour demand will be concentrated in associate professional/technical roles upwards.</p> <p>Skills shortages focused on technical skills and multi-disciplinary 'softer' skills</p>	<ul style="list-style-type: none"> <li>Unable to tell – delivery will be across Engineering and Manufacturing/ Construction and Civils sector subject areas (see above)</li> </ul>	<p>University of Cumbria (Gen2) developing L6 Nuclear Scientist</p> <p>L4 Nuclear Welding with 15 starts in Sept '15.</p>	<p>Most trailblazers are at level 3. Nuclear welding technician apprenticeship at level 4 (led by Sellafield) is approved and provider interested in rolling out to employers across NW.</p>	<p>AVERAGE.</p> <p>Lack of frameworks, little local provider delivery except potentially via University of Cumbria on nuclear</p>