

# The Chartered Institute of Building

Written evidence to the

## The Commission on Apprenticeships

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# **CIOB response to The Commission on Apprenticeships**

## **About the CIOB**

The Chartered Institute of Building is at the heart of a management career in construction.

We are the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, which we have been doing since 1834. Our members work worldwide in the development, conservation and improvement of the built environment.

We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

The achievement of professionalism at all levels within the construction industry is at the core of our work and we play a leading role in the development and continual improvement of educational standards at a national and international level. We recognise the challenges facing the industry, such as the unprecedented skills shortage, the ageing workforce, and the difficulties in attracting both school leavers and graduates into the industry.

We have published and supported research into issues relating to the skills agenda including the Parliamentary report entitled [No more lost generations: creating construction jobs for young people](#) and our regular [Skills in the construction industry](#) audits. Additionally, our recent work on highlighting skills issues at a regional level can be found in our [Real Face of Construction](#) report.

## **Background**

Ensuring the construction industry has a steady supply of labour with the necessary skills is one of the greatest threats to the future prosperity of the sector.

The cyclical boom and bust nature of construction means workloads and staffing requirements are often heavily-dictated by the general condition of the economy. The recent recession hit the construction industry hard, with some 400,000 job losses.

But even as the industry returns to growth, concerns remain with impending skills shortages as 19% of the construction workforce, equivalent to 406,000 people, is set to retire in the next decade.

As the recovery takes hold and output levels increase it is clear that the workers that left the industry, as well as those set to retire, must be replaced. However, in recent years the numbers taking on construction-based apprenticeships and higher-level courses have fallen to an all-time low. This is unacceptable if we want to build a sustainable workforce and more must be done to engage with young people and showcase the diverse career opportunities available in the sector.

Apprenticeships are one such answer, however, industry and government must work together to make these an attractive and rewarding career choice for our young people today.

## **Full Response**

### **1. In light of the Government's implementation of the Richard Review proposals, what will be the outstanding challenges for Apprenticeships policy in the future?**

Although we support in principle the recommendations of a more employer-focused approach to apprenticeships by the Richard Review, we believe that there will be a number of outstanding challenges for apprenticeship policy in the future. Not least is that all current apprenticeships, of which there are many<sup>1</sup>, must be either transferred to trailblazer status or removed outright as a recognised apprenticeship. Although this will be beneficial in raising standards, this could also mean that a number of valuable apprenticeships in niche fields are scrapped. Employers in these fields are likely to stem from small and medium sized companies and are unlikely to have the resources or ability to form employer consortia groups to develop apprenticeship standards.

We fear that SMEs will not engage with the Richard Review as it requires employers to write standards, submit them for approval, apply directly for funding as well as procure delivery. The process will require employers to understand requirements of the job role as well as the training and skills development required. This is acceptable for larger companies as they have training managers and in-house academies capable of delivering this, but for smaller companies the whole process is likely to be overly burdensome. There is also the fact that colleges will not be able to service the needs of these smaller businesses via a combination of reduced student numbers and the requirement for funding to come from the employer.

Assuming that these regulatory changes are made and the implementation of the Richard Review proposals are made then it is likely that demand for apprenticeships will fall in the short to medium term. Indeed, the Federation for Industry Sector Skills & Standards estimates a moderate fall in apprenticeship starts of up to 110,000 between now and 2017 and then potentially a steep fall of around 190,000 in 2017 as regulatory changes work through the system<sup>2</sup>.

Additionally, there will be challenges in provision. Higher Education and Further Education colleges plan their provision in advance and their business models are based on critical numbers of students entering and accessing funding for courses directly. Further Education establishments are likely to find it difficult to deliver programmes designed by employers within the time frames required because course validation processes can take up to five years.

### **2. To what extent is there a problem with the social status of Apprenticeships? How can this be overcome?**

As highlighted in the Richard Review of Apprenticeships:

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<sup>1</sup> The National Apprenticeship Service lists over 200 different types of Apprenticeship [www.apprenticeships.org.uk/types-of-apprenticeships.aspx](http://www.apprenticeships.org.uk/types-of-apprenticeships.aspx)

<sup>2</sup> Federation for Industry Sector Skills, [21<sup>st</sup> Century Apprenticeships](#), 2013

*“Currently, too few young people, and too few of their parents, friends, teachers and those they look to for advice, see apprenticeships as a credible, valuable option. An Apprenticeship needs to be seen as a career path, not just a job, and as a positive choice rather than an option of last resort.”<sup>3</sup>*

There has long been a social stigma attached to apprenticeships which have been seen as second-best to university degree programmes. There are perceptions that apprenticeships are for those who did not achieve the grades required to get into university and, as the above statement suggests, this is a view that is shared amongst young people, friendship groups, parents and teachers.

University is often seen as the natural progression step for many. Figures from the Higher Education Funding Council for England (HEFCE) chart the rise in the number of undergraduates students from 916,296 in 2001-02 to 1,133,214 in 2011-12; a rise of 24%<sup>4</sup>.

The rise in tuition fees in England and Wales in September 2012, where universities can charge students between £6,000 and £9,000 per year to study, does not also appear to have put off applicants. For example, there were 452,340 applications from England and Wales in 2012, 464,450 in 2013 and 480,370 in 2014<sup>5</sup>.

But there is an increasing body of evidence that points to university education being overvalued and the benefits are not as clear cut as they once were. In the past, university education was seen as the gold standard leading to a successful career and well paid job. Today, there is no longer such a strong guarantee. For example, the recruitment website Totaljobs found in a survey of 676 graduates that nearly 40% were still looking for work six months after graduation and a quarter were still unemployed after a year. In the same survey, almost half of the graduates wished they had steered clear of academic courses, opting for ‘something more vocational’ instead<sup>6</sup>.

Questions must be asked as to why we are disproportionately directing young people down the path of Higher Education, purely because social stigma dictates that it is the key to success and other options are inferior. Surveys such as that by Totaljobs point towards a sense of regret and the need for other alternatives to Higher Education being presented much earlier.

The work of the coalition Government in raising the profile and social status of apprenticeships has been positive. In 2011, £1.2 billion was invested into apprenticeship schemes, describing them as the ‘new norm’ for school leavers opting to not go to university. In the same year, 457,200 people started training (more than double the average number starting in the last decade). However, we believe the term ‘apprenticeship’ was used far too generously and many employers badged any retraining or work-experience under the name. These standards fall short of those proposed in the Richard Review. Furthermore, despite the positive number of apprenticeship starts, the National Audit Office (NAO) suggested that many of these apprenticeships were created in ‘fast growing’ sectors such as IT and telecoms and over a fifth of apprenticeships lasted fewer than six months.

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<sup>3</sup> Doug Richard, [The Richard Review of Apprenticeships](#), November 2012

<sup>4</sup> Higher Education Funding Council for England (HEFCE), [Data about demand and supply in higher education subjects – undergraduates in Higher Education disciplines, table 2.2.5](#), July 2013

<sup>5</sup> UCAS, [Deadline Applicant Statistics: June](#), July 2014 (Applicants at the 30 June deadline (2014 cycle))

<sup>6</sup> Totaljobs, [Graduate survey: 40% of graduates still out of work six months on](#), February 2014

Although the figures seem positive and it is clearly important to get young people into work, there must be rigorous and high standards to ensure they lead to fully fledged careers. With short term training in jobs that do not require any extra learning badged as apprenticeships, it is no surprise that they are not an attractive option for young people. Furthermore, as the National Minimum Wage for an apprentice is £2.68 per hour apprenticeships may be perceived as a way of recruiting cheap labour. This is not right, particularly if they are not being offered additional training or the opportunity to work towards a qualification. When these issues are tied in with the fact that apprentices may have to travel long distances to work or even move house, it only serves to further make apprenticeships unattractive.

The erroneous perception that construction is a low skilled and low paid career choice makes recruiting apprentices even more challenging. This is disappointing since apprenticeships in Construction, Planning and the Built Environment tend to be considered among the most beneficial in any sector in terms of training quality. They often last two to four years and are designed by the sector skills councils that work with business representatives from relevant industry sectors to develop course content. Most courses are also recognised at Level 2 and Level 3 under National Apprenticeship Frameworks. Indeed, official statistics from BIS rate apprentices in Construction, Planning and Built Environment frameworks as being particularly effective in improving apprentices ability to carry out their job, with almost all (98%) reporting an improvement in this case. This compares to the lowest ranked subject in Business Administration and Law frameworks, where just over two thirds (69%) reported an improvement in ability to carry out their job<sup>7</sup>.

### **3. Do young people have access to the right information, advice, and routes into Apprenticeships? How can this be improved?**

As highlighted in our response to question two, careers advice and guidance for young people is often skewed towards university education.

With the abolishment of the national Connexions service back in 2012, many young people lost centres of expertise where they could obtain face to face guidance and support on careers choices. The National Careers Service that replaced Connexions centres in many towns and cities meant that the local interface was lost. This resulted in the onus being placed on schools and teaching staff to deliver independent careers guidance with little or no extra funding or training.

Many teaching staff, despite their best intentions, often lack the necessary expertise and resources to help young people make informed career choices. This can lead to partial advice and bias towards 'tried and tested routes' as opposed to impartial.

In 2013, in a survey of 2000 young people, a staggering 93% of young people said they were not getting the vital careers advice they need to find a job or make life-changing decisions about their future. Only a quarter of these had received information about apprenticeships, while a mere 17% were told what vocational qualifications might be available to them. In contrast, 62% were given information on A-levels and 65% on going to university<sup>8</sup>.

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<sup>7</sup> BIS, [Evaluation of Apprenticeships: Learners](#), May 2012

<sup>8</sup> Barclays' Life Skills, [93% of young people are not getting the careers information they need – CBI](#), November 2013

With this oversaturation of advice on purely academic routes, it is clear that young people are not being offered information on alternative career choices, including the role of professional bodies. For example construction, which is traditionally an apprentice-reliant industry, offers options for those who struggle with academic life or purely prefer a more manual job. It enables those who start in trade roles in apprenticeships to progress through to professional status, taking on careers as Construction Management, Surveying, Engineering, Facilities Management and countless more. In a world where career paths are often determined from a young age and by one's background, it offers a real chance of upward social mobility<sup>9</sup>. This is in part why the CIOB and many other professions support initiatives such as the *Fair Access to the Professions* in order to promote equal opportunities for all.

Young people should not have to rely solely on websites and call centres for advice. But it is also true that schools should not be blamed for offering poor levels of careers advice, particularly when they are underfunded and under-resourced to do so effectively. We believe that employers, both large and small, need to have a greater role in providing information and guidance to schools and learning centres. This also entails employers putting forward their own apprentices to talk about their experience and ensure that young people are aware that there are alternatives to university and just going into the world of work. This could be conducted through Local Enterprise Partnerships (LEPs) across the piece.

Careers advice must also go beyond schools. In a survey of over 2,000 young people by the Association of Colleges (AoC), some 70% said that they trust their parents for job advice<sup>10</sup>. This again requires much greater joined-up thinking between educational bodies, local employers and LEPs to ensure parents can find out more information about different careers in order to help their children make informed decisions.

We believe that a careers portal resembling the model of UCAS can help grow interest in apprenticeships. UCAS is a well-known portal for anything University related where students can register for degree-level courses by simply filling in an application and sending it off. Currently, the National Apprenticeship Service does not offer this flexibility. Furthermore, we are in support of bringing back careers advisors into schools and colleges, ensuring that impartial advice is offered at all levels of education.

#### **4. What are the key barriers to greater take-up of Apprenticeships amongst small businesses? How best can this be improved?**

The construction industry value chain consists of 300,000 firms, including many small and medium sized businesses. They are also the most risk-averse when it comes to recruiting and training new staff, particularly during austerity and economic uncertainty. Financing an apprenticeship is expensive; the Warwick Institute for Employment Research found that the average net cost to a construction employer of a three year apprenticeship was £22,000, compared to £2,300 for a similar scheme within retail<sup>11</sup>.

In May 2012, a review by Jason Holt into apprenticeships from the perspective of smaller businesses found that existing apprenticeship programmes are

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<sup>9</sup> CIOB, [The Real Face of Construction](#), September 2014

<sup>10</sup> AoC, [Careers Guidance: Guaranteed](#), May 2014

<sup>11</sup> UKCG, [Maintain 'gold standard' apprenticeships, UKCG says](#), September 2012

misunderstood and inaccessible and not always helped by a plethora of organisations willing to give - sometimes conflicting - advice, and one or more weaknesses in the employer-provider-apprentice triangle<sup>12</sup>. A lack of consistency and over-complication in messaging can damage apprenticeship take-up by employers. As we highlighted in our response to question 1, small businesses, which make up over 90% of all businesses in the construction industry and whom employ the majority of apprentices currently, are likely to find the writing and development of standards too burdensome under the Richard Review. And they will be unlikely to understand or have the time, budget or resources to write standards or employ training managers to do so on their behalf.

## **5. How can the self-employed be better supported to become Apprentices?**

Similar to the above, the construction industry has 167,000 people in self-employment<sup>13</sup> and they are likely to find the writing and development of standards too burdensome under the Richard Review. And they will be unlikely to understand or have the time, budget or resources to write standards or employ training managers to do so on their behalf. Support for the self-employment is therefore absolutely needed, but further research into the appetite for apprenticeships and potential incentives is required.

## **6. How might more employers be encouraged to commit more funding and resources to Apprenticeships?**

The benefits to employers of recruiting and retaining apprentices are proven. They can lead to increased productivity, organisational growth, diversity in the workplace and commitment and loyalty from staff. Simply put, apprenticeships can enable employers to build a workforce with the skills needed for the future.

Employers could be encouraged to commit for funding and resources to apprenticeships if they had assurance and accreditation from respected professional bodies, including CIOB. Professional bodies are well placed to accredit apprenticeship courses, making frameworks available at management and professional levels to ensure that vocational routes into the industry are attractive to young people while supporting industry needs.

Employers often view apprenticeships as a cost rather than an asset. Taking a chance on a young person is risky, particularly for smaller businesses. Within the construction industry there has been the temptation and indeed preference for employers to recruit labour from abroad, which tend to be cheaper and easier to employ, particularly with freedom of movement for workers within the EU. Although workers from abroad help fill a void in our skills system, relying too heavily on overseas workers risks economic growth in the UK as well as adds to our unemployment pool. We believe that companies should embed apprenticeship programmes as part of their long-term workforce planning. However, the benefits of recruiting apprentices must be proven and Government (through the ONS for example) should collect data on the return of investment on apprentices.

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<sup>12</sup> Jason Holt, [Making apprenticeships more accessible to small and medium-sized enterprises](#), May 2012

<sup>13</sup> The Guardian, [Why is UK self-employment at a record high?](#), August 2014

## **7. How might public money be used more efficiently when funding Apprenticeships?**

As noted in the parliamentary report *No More Lost Generations*, construction employers are concerned that the Government, through the Skills Funding Agency, provides reduced funding for apprentices over 19 years of age. Very often a young person will not be accepted onto a construction site below the age of 18, because of the fear it might contravene health and safety requirements – even though with proper supervision that is not the case. By the time a construction apprentice has completed an 18-month level-two apprenticeship, he or she will often be over 19 years of age. Those in level three apprenticeship training are very likely to be aged 19 or over and thus subject to a reduced rate of Government funding, which deters both businesses and individuals from level-three apprenticeships.

Employers feel the existing funding arrangements to be unduly penalising the sector at a time when it is supposed to be receiving additional skills support by the Government as an enabling sector for growth. They also want Government to accept some of the unique challenges faced by construction, reviewing apprenticeship funding to take account of the later start of apprentices compared with other sectors<sup>14</sup>.

This continues to provide a significant barrier to upskilling people across the construction sector, which works against the Government's aim to encourage the acquisition of higher-level qualifications across the workforce.

While the CIOB welcomes the Richard Review, which gives employers greater powers to develop apprenticeships, we do hold some concerns that the actual learner/apprentice lacks any power or choice and will become a commodity in the negotiation between the employer and the provider. This system is open to abuse as some large retailers already use the apprenticeship funding system to subsidise training that they have always offered that lead to no qualification or formal training for the learner. There is merit in a funding system that allocates part or all of the funding to the learner/apprentice as this ensures that the individual holds a stake in the training and education that they receive.

Predominantly, training in the construction industry is funded through the Construction Industry Training Board (CITB) which is given statutory powers to collect annual levy payments that is reinvested to provide access to training grants for employers. Grants are offered to registered employers to support a wide range of training and qualifications.

Although by definition, levy funding collects more than it gives out (mainly due to administration costs), there has been a gap in the money the CITB makes and spends on training. For example, in 2012, figures for the CITB training levy showed income was £143.8m (slightly down from £144.4m in 2011) whilst grant expenditure was £78.2m (up from £65.7m in 2011). This indicates that there is a gap of £65.6m in funding which we feel could be better used to support training. Greater transparency in the system would help explore whether the CITB is truly adding value or whether the money could be used to explore other activities<sup>15</sup>.

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<sup>14</sup> CIOB, CITB, [No more lost generations: Creating construction jobs for young people](#), February 2014

<sup>15</sup> CITB, [Annual Report and Accounts 2012](#), June 2013



## **8. How might the education and training system be better able to deliver more high quality Apprenticeships? And adapt to changing skills needs in future?**

We believe that apprenticeships should be linked to valued qualifications that recognised across the world. This is especially important in the construction industry which is a global market. Only those with recognised qualifications or belong to recognised professional bodies can unlock the multitude of career opportunities that may exist across the world. For example in the Middle East, workers must hold a construction or civil engineering degree or a comparable professional qualification to gain a work permit. Of course, and as highlighted earlier, apprenticeships do enable upward social mobility, enabling those to go on to join the professions. We are concerned that some apprenticeships are often based on very local needs and training that will not give the learner the professional mobility they need.

We also believe that apprenticeships in construction need to be aligned with the skills requirements as proposed in the [Construction 2025: Industrial Strategy](#). These put greater emphasis on innovation, low-carbon and digital skills in construction moving towards the year 2025.

Indeed, if the Richard Review is implemented in full, employers will have the ability to alter apprenticeship training as skills needs dictate. Although we believe that the benefits in preparing the workforce for future skills needs should be of clear benefit to employers, there could also be additional incentives offered to those employers that entrench future skills training in their apprenticeship programme.

## **9. How can a greater number of higher level Apprenticeships be encouraged? What is the role of the Higher Education sector in this?**

One of the greatest challenges for apprenticeship policy is engaging with the Higher Education sector. If this does not happen, apprenticeships will never gain the same level of respect and standing as degree level education. In order to make this happen, there needs to be formal engagement with the Higher Education sector to understand what the particular barriers are.

We have long called for degree and post-graduate level apprenticeships in Construction Management as these will be absolutely vital to realising the long-term infrastructure and construction projects that the country and wider economy needs.

Further Education colleges are closely linked to small local businesses and they do not have the necessary capacity in terms of knowledge and resources to deliver the skills identified in question 8. On the other hand, Higher Education has the knowledge and resources to offer these skills but its business model is very much based on planned provision with funding directly accessed by universities. There will need to be a creative and innovative solution to enable higher apprenticeships to flourish in the Higher Education sector which will require close collaboration between employer and Higher Education bodies.

## **10. How can we ensure that the quality and quantity of Apprenticeships does not fall during future recessions?**

Training and apprenticeships tend to fall sharply in sectors such as construction during recessions. The cyclical 'boom and bust' nature of construction means workloads and staffing requirements are heavily-dictated by the general condition of

the economy. This is why, during upturns, the construction industry suffers from major skills shortages and skills gaps.

The uncertainty of the sector during the most recent recession highlights the effects on apprenticeships. For example, the number of people completing construction-related apprenticeships plunged by almost 75% since the financial crisis, from 14,250 four years ago to just 3,760 in 2012-13. This is clearly unacceptable.

In order to ensure that the quality and quantity of apprenticeships does not fall during future recessions, industries reliant on public sector investment, such as construction, require much longer term planning and investment. One possible solution recommended by Sir John Armitt is the formation of an independent infrastructure commission that sets a vision for what infrastructure will be needed and when. This will have an impact on skills, ensuring apprenticeships can be granted on the basis of what projects are in the pipeline, providing firms with the certainty they need to invest in training and apprenticeships.