

<b>Meeting:</b>	Apprenticeships, Apprenticeship Levy and T levels – Construction Sector with Richard Harrington, Parliamentary Under Secretary of State at BEIS and Minister for Construction
<b>Date:</b>	Monday, 14 May 2018
<b>Time:</b>	13.30 - 15.00pm
<b>Location:</b>	BEIS, 1 Victoria St, Westminster, London SW1H 0ET
<b>Attendees:</b>	<b>Industry bodies</b> Build UK            Suzannah Nichol CECA                Alasdair Reisner FMB                 Julian Weightman HBF                 John Slaughter  <b>Employers</b> Balfour Beatty Tony Ellender Bam Nuttall      Steve Fox Chas Smith      Scott Johnson Keltbray         Holly Price Mace               Mark Reynolds Melius Homes Robert Lambe  <b>Others</b> Cast Consultancy    Mark Farmer CITB                Steve Radley World Skills UK     Dr Neil Bentley  <b>Government</b> BEIS                Fergus Harradence BEIS                Simon Rowley DfE                 Scott Ruby

<b>1.</b>	<b>Objective</b>  For Richard Harrington MP, Minister for Construction to hear from industry representatives and employers on ‘skills in the construction industry’ particularly: <ul style="list-style-type: none"><li>• Apprenticeships and the operation of the Apprenticeship Levy in the construction sector</li><li>• Introduction of T-Levels and the need for more and better construction work placements</li></ul> To present a clear and collective view from the industry that whilst we may have views on the Apprenticeship Levy it is Government Policy and we want to find ways that the industry can deliver better outcomes.  To set out clearly how the Minister can help us to achieve those better outcomes.
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<p>2.</p>	<p><b>Ideal outcome</b></p> <p>For the industry to present clear evidenced views that:</p> <ul style="list-style-type: none"> <li>• The industry is taking responsibility for addressing its skills challenges</li> <li>• Employers are committed to delivering good quality apprenticeships</li> <li>• Employers are keen to increase work experience opportunities in the industry</li> <li>• The Apprenticeship Levy is presenting some challenges for the industry and the Minister could help to address these</li> <li>• Whilst construction welcomed the principle of T levels it will struggle to deliver any under the current proposals and has a viable alternative to offer in Bridge into Construction</li> </ul>
<p>3.</p>	<p><b>Apprenticeships – Background</b></p> <p>The Government has a target of 3 million new apprenticeship starts by 2020 and seems confident it will achieve this (many will be in the public sector)</p> <p>CITB estimates that Construction needs around 31,000 new workers each year</p> <p>The CLC is proposing the industry recruits 25,000 apprentices a year by 2020</p> <p>Whilst the number of apprenticeship starts is falling Government data suggests that the quality of those delivered is improving and the fall in starts is in sectors offering poor quality apprenticeships.</p> <p>In Construction the majority of employers are NOT Apprenticeship Levy payers</p> <p>Employers of all sizes deliver apprenticeships but it is SME’s that employ the majority of trade apprentices</p> <p>Key points for construction</p> <p>Commitment and delivery of apprenticeships is a challenge for the sector as:</p> <ul style="list-style-type: none"> <li>• Future workload is uncertain.</li> <li>• Many employers are very small</li> <li>• The workforce &amp; workplace is mobile</li> <li>• Many occupations are specialist, required in small numbers and spread out across the nations</li> </ul> <p>However employers are very supportive of apprenticeships and are very proud of their apprentices and the Levy has focussed minds on delivering more of them.</p> <p>Where we could really do with support from the Minister</p>
<p>4.</p>	<p><b>STANDARDS</b></p> <p><b>Without the standards in place the industry and employers cannot deliver apprenticeships and claim apprenticeship levy or other funding</b></p> <p>We cannot seem to get Construction standards through the current approval process. The barriers are:</p> <p>a) The requirement for the process to be employer led. Employers are great at setting out their expectations but not best placed to write standards and need help. Assistance from CITB, employer bodies and others better placed to write standards has been discouraged by the IFA and Government leading to standards stalling at development stage.</p>

	<p>b) Where employers have specified the need for sector specific standards &amp; apprenticeships the 'rules' have led to diverse trades being grouped together leading to inappropriate standards that do not deliver the right skills</p> <p>c) Content deemed appropriate by employers is not understood or recognised by the IFA and activities deemed essential to construction are excluded leaving a qualification that does not deliver the right skills</p> <p>d) There is a conflict between NOS, NVQ's and standard requirements with sectors wishing to retain standards as delivering the appropriate level of skill being refused despite them being supported by employers</p> <p>e) The role of professional bodies, well respected and recognised in construction, is not understood by the IFA and they are excluded from the process despite them being well placed to deliver end point assessments and ensure effective standards and an efficient process.</p> <p>f) There is a bottleneck in the approval process so even when a standard does meet all the criteria it takes a long time to be approved.</p> <p><b>Can the Minister raise each of the points with the IFA – we are asking for them to listen to employers concerns regarding content.</b></p> <p><b>How can he help to accelerate the approval process?</b></p>
<p>5.</p>	<p><b>FUNDING</b></p> <p><b>There is substantial concern that construction will not be able to use the full amount of its Apprenticeship Levy funds in a sector that is recognised as having major skills issues</b></p> <p>a) The funding allocated to apprenticeship standards in the banding system is inconsistent and bears little relation to the technical content, or cost, of the apprenticeship or their economic or industry value</p> <p>b) As a result some essential occupations are or will be undeliverable (construction and site engineering, groundwork)</p> <p>c) The incentive payments (£1,000 for under 19's) do not happen automatically and employers have to continually chase for payment</p> <p>d) The ability to transfer 10% of Apprenticeship Levy funds is welcomed but the process will not allow construction to use it effectively</p> <p>The ratio of SME's to large employers means the ability to transfer funds to just one employer is insufficient</p> <p>Transferred funds can only be used to support apprenticeship standards and not existing frameworks and with the limited standards approved in construction this severely restricts the number of apprenticeships that can be supported in this way</p> <p><i>The transfer rules require the apprenticeship to be fully funded from the 10% meaning employers and the sector will lose out on the 90% government funding available to employers that do not receive transferred funds</i></p> <p>e) The promised forecasting tool that helps employers plan the use of their Apprenticeship Levy has not yet been provided</p> <p><b>Can the Minister request a review of the banding and call for consistency in approach and recognition of the cost and value of apprenticeships to be applied.</b></p>

	<p><b>Due to the potential of using the 10% transfer much more effectively in construction could the Minister request or support a pilot where employers can transfer their 10% to more than 1 supplier. The industry would be happy to propose a system to trial this.</b></p>
<p><b>6.</b></p>	<p><b>DELIVERY</b></p> <p><b>Without an efficient and cost effective system employers, particularly SME's will struggle to deliver apprenticeships at scale</b></p> <ol style="list-style-type: none"> <li>a) The system has become extremely complicated with employers having to employ an individual to manage the levy and training providers – this has added extra cost which is multiplied across the industry.</li> <li>b) Every training provider has an individual and different contract requiring repeated due diligence and creating another hurdle for SME's.</li> <li>c) Due to the lack of construction standards providers are falling away and will not be replaced resulting in some apprenticeships having no training or delivery capacity.</li> <li>d) Training providers costs are now directly aligned to the top of each funding band and there is no ability to negotiate even where there is a sizeable volume of candidates.</li> <li>e) There are concerns that Ofsted ratings and performance have not been considered when awarding contracts for delivery of apprenticeships to colleges or private training providers resulting in poor quality providers receiving funding</li> <li>f) Schools are still not promoting apprenticeships as a viable/equal option reducing the number of potential candidates – particularly for construction</li> </ol> <p><b>Could the Minister work with the industry to support some principles for providers in terms of contracts and pricing.</b></p> <p><b>Very specifically Ofsted ratings and performance MUST be used when awarding provider contracts to ensure quality provision.</b></p>
<p><b>7.</b></p>	<p><b>T levels</b></p> <p><b>Background</b></p> <p>T levels are a new level 3 qualification currently being developed with the intention of offering a route to skilled employment and training for young people</p> <p>It is intended that these 2 year courses which include a mandatory 3 month work placement will replace thousands of vocational qualifications currently on offer.</p> <p>Build UK welcomed the idea of T levels and in 2017 Build UK and Collab launched a <b>Bridge into Construction</b> in two colleges which delivers a 1 year college programme containing core construction skills, work experience and provides a direct link between employers and colleges with the objective of producing work ready students with the basic construction skills employers required.</p> <p>Just last week the Minister for Employment launched Build UK's Guide to Work Experience to support employers in offering more Work Experience.</p> <p>Students leave college after completing a Bridge into Construction with:</p> <ul style="list-style-type: none"> <li>• a good idea of what occupations they may enjoy and be good at,</li> <li>• having had some work experience,</li> <li>• a level 2 qualification,</li> <li>• a CCSCS card and</li> </ul>

	<ul style="list-style-type: none"> <li>• ready to begin an apprenticeship either in their preferred occupation OR in a similar occupation that a local employer required</li> </ul> <p>In September 2018 nine colleges will deliver Bridge into Construction and we are anticipating Build UK members across the country partnering with the colleges to offer support, work experience and ultimately an apprenticeship or job to students completing the programme.</p> <p>We seem to have created a smooth journey for young people from school through college to a job whilst providing employers with a ready-made pool of potential apprentices equipped with the right skills ready to start work on day one.</p>
<p>8.</p>	<p><b>Proposal</b></p> <p>Whilst we support the principle of T Levels we believe that construction will struggle to deliver T levels in any meaningful way</p> <p>In addition at the moment there seems to be a policy conflict between T levels and apprenticeships with the IFA rejecting the Construction T level panel proposal despite it being supported by employers on the panel.</p> <p>We feel that Construction has developed a solution and if this was supported by Government as an alternative to a T level it would meet everyone’s objective without having to spend any more time working on a solution that is unlikely to have a major impact within the industry.</p> <p>The benefits of supporting a Bridge into Construction include:</p> <ul style="list-style-type: none"> <li>• It has been piloted</li> <li>• Ownership by the industry of the programme</li> <li>• College funding is only required for 1 year</li> <li>• It provides the required work experience and links with employers</li> <li>• It provides the work ready skills employers have said they require</li> <li>• It moves young people from education to employment in a streamlined way</li> <li>• It provides local employers with a pipeline of apprentices which supports the Governments ambitions</li> <li>• It can accelerate the delivery of apprenticeships as Bridge into Construction contains many of the elements of a first year apprenticeship</li> <li>• Employers can recruit for the occupations they need</li> </ul> <p><b>The Minister could support Bridge into Construction as a the sectors response to ‘T Levels’. This would be a really good demonstration of Government and industry working together and a major sector resolving a problem without the need for intervention.</b></p>
<p>9.</p>	<p><b>Richard Harrington MP, Parliamentary Under Secretary of State (BEIS) and MP for Watford</b></p> <p>Richard Harrington entered the House of Commons on 6 May 2010 and in 2016 campaigned for the UK to remain in the EU.</p> <p>He has held the positions of Parliamentary Under-Secretary of State for Work and Pensions (17 Jul 2016 to 14 Jun 2017) and Parliamentary Under Secretary for Home Office (14 Sep 2015 to 17 Jul 2016)</p> <p>In 1983, he founded Harvington Properties, a property development company.</p> 