



Future-Proofing Apprenticeships

Peter Dickinson
November 2020



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WARWICK INSTITUTE *for*
EMPLOYMENT RESEARCH



Contents

Acknowledgements.....	4	3.2.2. Employment trends within the funeral sector and implications for skills	23
Acronyms	4	3.2.3. The role of apprenticeships within these employment and skills trends.....	24
Foreword	5	3.3. Apprenticeship delivery models in the food retail and funeral sectors.....	25
Executive Summary	6	3.3.1. Recruitment.....	25
Introduction	10	3.3.2. Training.....	27
1.1. Introduction.....	10	3.3.3. Workplace support.....	29
1.2. Apprenticeships in England.....	10	3.3.4. End Point Assessment.....	30
1.2.1. Apprenticeship policy	10	3.3.5. Progression.....	30
1.2.2. The impact of the 2017 apprenticeship reforms	11	3.3.6. Apprenticeship funding.....	31
1.2.3. The flexibility of apprenticeships.....	12	3.3.7. Relationship to other training	32
1.3. Research aims	13	3.3.8. The role of diversity, inclusion and sustainable development.....	32
1.4. Methodology	14	3.4. The impact of COVID-19	33
1.5. Structure of the report.....	14	3.5. Conclusion	34
Employment and skills profile and change	15	Conclusions	35
2.1. Introduction.....	15	4.1. Introduction.....	35
2.2. Employment in the food retail and funeral care sectors.....	15	4.2. Employment and apprenticeship trends..	35
2.3. Apprenticeships in the food retail and funeral sector frameworks/standards.....	16	4.3. The apprenticeship model	36
2.4. Changes in employment and skills in the retail and funeral sectors.....	18	4.4. Recommendations	38
2.4.1. Employment forecasts.....	18	References	40
2.4.2. Drivers of change.....	19		
2.5. Conclusions	20		
Sector employment, skills and apprenticeship trends	21		
3.1. Introduction.....	21		
3.2. Employment trends within the food retail and funeral sectors.....	21		
3.2.1. Employment trends within food retail and implications for skills.....	21		

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Acronyms

ALS	Additional Learner Support
BRC	British Retail Consortium
FDSC	Food and Drink Sector Council
ICT	Information and communications technology
IER	Institute for Employment Research
NAFD	National Association of Funeral Directors
NVQ	National Vocational Qualification
SIC	Standard Industrial Classification

Foreword

By Steve Murrells
Group Chief Executive
The Co-op

The Co-op has always been committed to education and training. In fact, it's central to who we are as a business founded on ideas of fairness, equality and personal responsibility. In recent years part of how we've expressed that commitment is through the growth of our apprenticeship programme. Currently, we offer 1,200 apprenticeship positions across our business from our support centre in Manchester through to the frontline in high streets up and down the UK in both our Food and Funeralcare businesses.

Giving people the opportunity to make their mark through an apprenticeship can drive social mobility and help tackle the persistent inequalities in our society. This is fundamental to our Vision of Co-operating for a fairer world. I want to make sure that everyone has an equal chance to fulfil their potential and that's why I champion apprenticeships. I've seen the energy, enthusiasm and new ways of thinking that apprentices bring to the Co-op and their contributions help us achieve a better way of doing business.

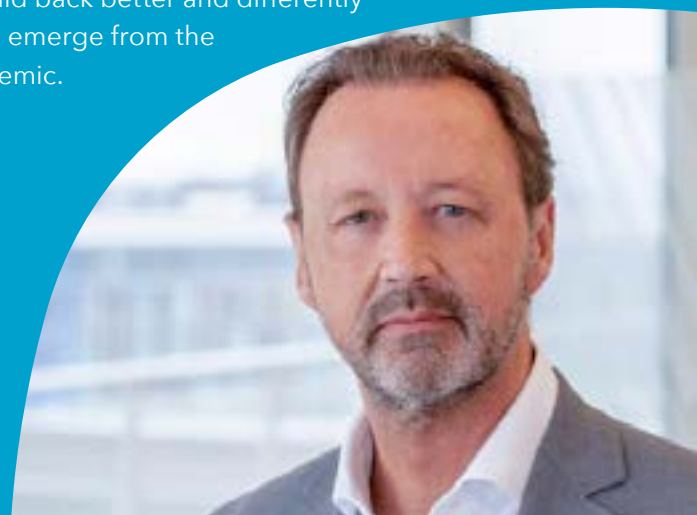
Every organisation is built on people and the talent and skills they bring. It's people that make things happen, that transform ideas into action and support the communities they serve. In 2020 the Co-op, like employers across the world, has relied like never before on our brilliant colleagues. How our colleagues have stepped up and pulled together locally and nationally to support communities has been nothing short of extraordinary.

This year of pandemic has seen the youngest hit the hardest when it comes to employment. But it's not only the young who will need help with training. As the nation recovers from the initial crisis, it's clear that some economic sectors will never be the same again. That makes creating the right training and upskilling opportunities more important than ever.

For decades, the UK has grappled with how to enable people, and young people in particular, to develop vocational skills. The Co-op, like many other UK employers, is convinced that apprenticeships are an important means to achieve this and so we have sought to employ more apprentices where we can. But for us, and many other employers who want to do more, the current system isn't fulfilling its potential. I am convinced that, by working in partnership with Government, all employers can do more to deliver the opportunities that are needed by individuals and communities.

That's why the Co-op asked the team at the University of Warwick to consider not only how the Co-op 'does' apprenticeships but also how apprenticeship policy works in our two main sectors of Food Retail and Funerals. We wanted to understand what needs to change both within the Co-op but also at a policy level so we, as a nation, can deliver on the potential of apprenticeships for future generations.

I hope this research will provide a useful contribution to 'future-proofing' our apprenticeship policy. I want to ensure that this engine of social mobility can better support people into work. In doing so, I believe apprenticeship can be a means by which employers can play their part in helping Britain to build back better and differently as we emerge from the pandemic.



Executive Summary

“ The food retail and funeral sectors provide quite different perspectives on how apprenticeships can be better developed to accommodate employment and skills trends. Despite the significant contrasts... there are important similarities in workforce development trends, and how apprenticeships can be used to help the economy ‘build back better’. ”

Employment in the food retail and funeral sectors

The two sectors differ markedly in a number of regards. Compared to the funeral sector, food retail employs far larger numbers of people, who are more likely to be female, older and work part-time, and work in smaller businesses. The characteristics of the workforce and employers can influence the dynamics of demand for apprentices, such as the age and job status of workers.

Employment forecasts (pre-COVID-19) are not available for the two specific sectors so the broader retail and other personal service sectors have been used. In the ten years to 2017, employment in retail fell slightly whilst it rose in other personal services. However, the number of jobs in both sectors is forecast to rise in the years leading up to 2027. There will be occupational shifts in both sectors in the coming decade but most of these changes will be driven by replacement demand (younger people replacing older people) rather than other drivers (such as technology).

Within occupations there is forecast to be an increase in skills levels. Currently, workers in the food retail and funeral sectors are likely to have lower or no skills compared to the workforce as a whole. Therefore, there will be increased demands across all occupations for training young people to replace predominantly older people as they leave the labour market. But there will also be the need for training existing employees across all occupation groups as demand for their skill levels rise.

Apprenticeships in the food retail and funeral sectors

There are far more apprentices in retail (10,885) than funerals (782). However, the number of retail apprentices has fallen by about a quarter since 2014/15 whereas funeral sector apprentices have doubled over the same period. Almost nine out of ten funeral sector apprenticeships were at Intermediate level compared to 59% in retail. Around one in five retail apprenticeships are higher level (Level 4+). Funeral sector apprentices tend to be older and more likely to be female than retail apprentices.

Drivers of employment and skills change

The broad drivers of employment and skills changes have been differentially affected by the COVID-19 pandemic. The main determinants of change in the retail sector are: domestic consumer demand (affecting overall job numbers); the impact of Brexit (especially on the retention and recruitment of overseas workers); the impact of technology (especially the rise of e-commerce and online shopping); and an ageing workforce. Using the broader other personal service sectors as a proxy for the funeral sector, the main drivers are: demographic changes (in particular the increasing age of the population); skills polarisation within jobs; and the impact of technology (for organisational processes and customer communication).

Sector employment and skills trends

Stakeholders were asked about key employment, skills and apprenticeship trends. They were asked to focus on Intermediate and Advanced level funeral and food retail apprenticeships and the jobs roles they support.

Employment trends within food retail and implications for skills

Food retail is the largest private sector for jobs. Employment has grown throughout the last decade, and stakeholders expect it to rise during the current decade. However, the nature of job roles is expected to change. There will continue to be a need for greater flexibility, not just in part-time work but also the breadth of those roles. The most significant driver of employment trends is changing consumer shopping patterns driven by technological change i.e. an increase in online shopping, the variety of ways people can shop and pay, and increasing consumer sophistication. Furthermore, organisations are digitising their business functions and processes. Stakeholders expect the knowledge, skills and behaviours of job roles to remain the same but with greater digital content.

An important dimension to future employment trends was the notion of 'good work'. Corporate social responsibility (CSR) is a priority for food retailers in particular, especially the importance of social mobility within their workforce. Good work also helps raise the profile of the sector and enhance recruitment and retention strategies.

Employment trends within the funeral sector and implications for skills

The funeral sector workforce is much smaller than food retail, and employees are likely to be older, male and work full-time. However, the trends in the funeral sector are similar to those in food retail: the job role is broadening, there is increased workforce flexibility, and digital technology is impacting. Part-time and temporary working is likely to continue to rise, staff are undertaking a wider range of job functions, and there will continue to be an increase in digitisation of organisational processes, customer communication and facilitating remote access to funerals (which increased due to lockdown). Whilst the skills, knowledge and behaviours required in the job roles are also likely to remain the same, they will increasingly require a digital dimension. An added issue for the funeral sector is the older average age of the workforce who are less likely to be ICT literate. The nature of recruitment of the funeral sector is also changing and this will require progression routes within the industry so people can develop in line with their career expectations.

Apprenticeship delivery models

Retail apprenticeships are long standing whereas funeral sector apprenticeships are relatively new and compete with a number of well-established and well-used training and development routes. Stakeholders were generally positive about the apprenticeship programmes, especially: their recruitment processes overall; the delivery of blended training; the speed with which apprenticeships have moved to online learning due to COVID-19; the support to apprentices provided by line managers; the move to End Point Assessment (EPA); and the progression of apprentices.

Stakeholders also raised a number of areas where apprenticeships could be better developed:

- The need for employers to monitor apprenticeship recruitment to develop a more diverse workforce
- Getting the commitment of business managers to promote and support apprenticeships when this impacts on the availability of their staff
- The ability of apprenticeships to be used for flexible workers
- The agility of the standards development, amendment and updating process to reflect expected changes in workforce development needs
- The need for the standards setting process to accommodate smaller employers
- The 20% off-the-job training requirement and how it can be better supported in certain job roles where it impacts on other staffing costs
- The cost of additional learner support, including providing training that does not currently count towards 20% off-the-job training
- The need to enhance progression into, within and beyond apprenticeships
- The need for greater flexibility in what levy funding can support to reflect the different costs of apprenticeships for employers, and to contribute to wider Government agendas.

The impact of COVID-19

The main short-term impact of the pandemic was a pause to apprenticeship training followed by a halt on new recruits. During the lockdown significant efforts were made to transfer apprentice training and the EPA online. Employers in both sectors recruited large numbers of staff on temporary contracts and provided induction training and other introductory courses. Since Autumn 2020 some employers' apprenticeship plans were almost back to normal. However, others were assessing the impact of the pandemic on their businesses and what this implied for their apprenticeship programmes.

There were mixed views on the longer term impacts of the pandemic. Some believed they would need to change their plans - for example, to have different levels of training and move to different frameworks. In the funeral sector, many employers were awaiting the outcome of the CMA investigation.

In both sectors, a corollary of COVID-19 was to accelerate longer term trends requiring an increase in digital and technology skills for all levels of staff. However, the precise nature and impact of these changes are currently being explored.

Recommendations

The food retail and funeral sectors provide quite different perspectives on how apprenticeships can be better developed to accommodate employment and skills trends. Despite the significant contrasts between the two sectors, there are important similarities in workforce development trends, and how apprenticeships can be used to help the economy 'build back better'.

The main requirement is for greater flexibility in key aspects of the apprenticeship programme:

- The COVID-19 pandemic has accelerated a number of existing employment and skills trends changing the requirements and demands of apprenticeships in the short- and medium-term. This requires a **standards** setting and updating process that is more agile and responsive to the quickening pace of technological change. Communication is a particular issue, translating employer needs into the language of the standards.
- Employment involvement in **Trailblazers** requires considerable resources which serves as a barrier to the involvement of smaller firms (who make up a considerable contribution to both sectors). Making the standards setting and updating processes more agile and responsive will make it easier for smaller employers to participate.
- **Flexibilities in funding.** There are considerable flexibilities within the apprenticeship model but less so in the ways funding can be used. Employers would like to see greater flexibility to:
 - **address specific cost barriers** to expanding provision in particular standards. Currently, the funding model accommodates and supports certain sectors and job roles more than others because of different patterns of working and the flexibility with which apprentices can train. This significantly adds to the cost of some apprenticeships which require the presence of certain staffing levels, and also employ large numbers of part-time workers. Flexibility to support these true costs of training would enable employers to expand their provision.

- **to better support apprentices** to overcome barriers to learning (e.g. through pre-apprenticeship support), support that is funded through other Government skills programmes but difficult or not possible to combine with apprenticeships. The two sectors employ above average proportions of people with no or lower level skills and qualifications. They can therefore be at the forefront of skills policies aimed at increasing workforce skill levels.

- Greater **flexibility in funding** and **off-the-job training** requirements will also help employers accommodate increasing numbers of part-time workers. The current apprenticeship model makes it difficult to train part-time workers as apprentices, yet part-time workers are likely to play an increasing role in the workforce in both sectors.
- Create **progression** momentum within apprenticeships by enabling them to be used for future job roles, by enabling pre-apprenticeship training and/or incorporating units from higher level or other apprenticeships. Apprenticeships can be better developed to create progression routes and career opportunities within both sectors and so contribute to employers' skills needs as well as enhancing social mobility.

By adopting these flexibilities, apprenticeships will not only be better able to meet the needs of employers and their developing workforce and skills needs, but also in meeting the main objectives for the programme set out in the Government's vision for apprenticeships, and other important policy agendas.

1. Introduction

1.1. Introduction

The Co-op Group commissioned the Institute for Employment Research at the University of Warwick (IER) to undertake an independent review of apprenticeships. Originally the study was to focus on the performance of the Co-op Group's two largest apprenticeship programmes in food retail and funerals. However, when COVID-19 struck the planned fieldwork – interviews with business managers in food retail and funerals – could not take place. Instead it was decided to reformulate the research to focus on how best apprenticeships can be developed to meet workforce and skills needs post-pandemic and how apprenticeships could be 'built back better'.

1.2. Apprenticeships in England

It was decided that the research should remain focused on the food retail and funeral sectors because they raised different issues and challenges for workforce development and apprenticeships. In addition, the food retail and funeral sectors have had tremendous pressures placed on them during COVID-19 (both have been designated as key sectors) and are likely to have experienced, and be emerging from, the pandemic in similar ways.

The food retail and funeral sectors are very different in a number of aspects. The nature and characteristics of: the workforce and employers; the requisite skills knowledge and behaviours required; the size, spread and history of their respective apprenticeship programmes; and training delivery models vary considerably and provide contrasting insights into the workforce and skills requirements of businesses from the apprenticeship programme in England.

1.2.1. Apprenticeship policy

Though the Co-op Group, and its food retail and funeral businesses, are a UK wide organisation this project focuses on apprenticeships in England. Skills is a devolved policy area and as such the apprenticeship programme differs within the four UK nations.

Apprenticeships are the central pillar of England's skills policy. The key rationale for apprenticeships is that they are seen as the main vehicle for driving employer investment in the workforce, and thereby, improving the UK's relatively poor productivity levels¹. Apprenticeships are the preferred skills programme for delivering productivity growth because Apprenticeships are highly valued as they combine on- and off-the-job training, along with work experience. The Government's vision for apprenticeships sees the programme as increasing the take-up of skills training by smaller employers, upskilling the workforce by providing progression routes into, through and beyond apprenticeships, providing opportunities for 'people from all backgrounds', giving employers 'full ownership' in their design and content, and meeting the evolving needs of businesses².

The apprenticeships programme has expanded and evolved over the past 20 years. Apprenticeships in England are fundamentally different from the original notion of an apprenticeship, and those that operate in other countries, especially those countries which are held up as exemplars of apprenticeship programmes, such as Germany³.

The traditional notion of an apprenticeship was as a job entry route into occupations for young

1. HM Government (November 2017). Industrial Strategy Building a Britain fit for the future. HMSO.

2. HM Government (2015), English Apprenticeships: Our 2020 Vision. Department for Business, Innovation and Skills.

3. Cedefop (2018), Apprenticeship schemes in European countries: A cross-nation overview.

people, at NVQ Level 3 equivalence, combining on-the-job work experience and skills/knowledge application with off-the-job training with an external training provider. Apprenticeships in England encompass some of these elements but not all. English apprenticeships operate at a variety of levels - from Intermediate apprenticeships (equivalent to NVQ Level 2) to Degree Apprenticeships (Level 6) - and apprentices are available to anyone with an employment contract aged 16 and over.

There is not a universal definition of an apprenticeship. Apprenticeship programmes demonstrate great variation across countries and with variation over time within countries. The only common elements are a combination of off- and on-the-job training and that apprentices are treated as employees.

Furthermore, apprenticeships in England cover a broader range of sectors and occupations than in many other countries, and are increasingly provided by larger rather than smaller employers compared to those in Europe (and historically in the UK). The development of apprenticeships in the UK has been increasingly driven by a combination of Government (wanting to increase vocational education and training and create an employer focused system), and by employers (in order to reflect their demand for training and skills).

Over the past 20 years there has been an intention to make apprenticeships more 'demand-led' and place employers "in the driving seat"⁴. To this end, employers have increasingly been given a central position in the development of the apprenticeship programme. With the introduction of the apprenticeship levy employers are now primarily responsible for funding, and through the advent of apprenticeship standards Trailblazer process⁵, businesses determine content. Employers are

also solely responsible for the demand for apprenticeships, as apprentices must have an employment contract.

1.2.2. The impact of the 2017 apprenticeship reforms

In Spring 2017 further apprenticeship reforms led to a fundamental change in how apprenticeships were funded with the introduction of the apprenticeship levy⁶. Previously, the Government contributed a significant amount to apprenticeship funding. However, the levy switched funding much more towards employers. Organisations with a wage bill of more than £3 million⁷ pay the levy and can utilise some or all of it through training apprentices. Any monies not utilised go into a central pot and provides support to non-levy paying employers (covering 95% of training costs).

These reforms marked the end point in current apprenticeship policy development which has seen an overall decrease in the number of apprentices, a fall of 21% between 2014/15 to 2018/19 (with the year running from August to July). This is after a period of exponential growth from 2006/07. There has also been a large shift in the nature of apprenticeships and apprentices.

Figure 1 shows that within the overall decline there were significant increases in the number of higher level apprentices (Level 4 and above). In 2014/15, 4% of apprentices were undertaking Higher level apprenticeships. This proportion had risen to 19% in 2018/19 and, in the six pre-pandemic months to January 2020 rose to one quarter of all apprenticeships (25%).

The number and proportion of Intermediate apprenticeships fell significantly over the five year period. In 2014/15 Intermediate apprenticeships accounted for 60% of all apprenticeships but this had fallen to 37% in 2018/19.

4. HM Government (2015) op. cit.

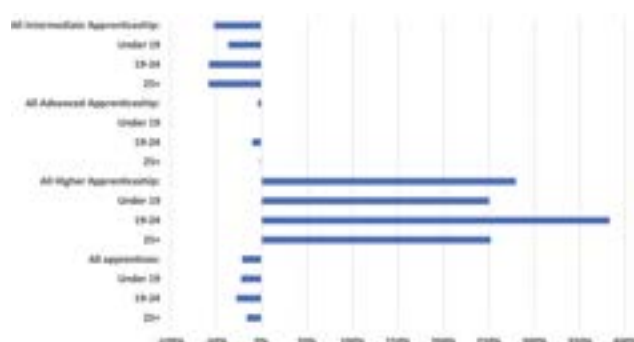
5. From 2013 apprenticeship frameworks were phased out and apprenticeship standards were introduced. Whereas the former were developed by a broad range of organisations, standards were designed and delivered by Trailblazers predominantly featuring employers (and in the main large employers).

6. The apprenticeship levy was introduced within the revamped apprenticeship programme in Spring 2017. It is a levy of 0.5% on the wage bill of employers for those with pay bills of more than £3 million. Using the mean wage, this means that on average employers with more than 100 employees will pay the apprenticeship levy.

7. Based on the average earnings of full-time employees in the UK, a wage bill of £3 million equates to 104 employees in 2017 and 99 in 2019. The levy threshold has not risen in line with average earnings.

In addition, apprentices are now recruited by larger organisations. In 2017/18 (the first year of the levy) levy and non-levy payers were split equally 50:50. However, in 2018/19 the proportion of apprentice starts by levy payers rose to 57% compared to 43% for non-levy payers. Furthermore, levy payers are increasingly recruiting older people on to higher level apprenticeships than non-levy payers.

Figure 1: Apprentice starts by level of programme and age 2014/15-2018/19



Source: Apprenticeship_Participation_1415_1819_final_v0.2.xlsx available at <https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships#apprenticeship-and-traineeships-current-data>

Whilst there have been significant changes in the number and characteristics of apprenticeships, apprentice employers generally report high levels of satisfaction. In the latest national apprenticeship employer survey⁸ 85% of employers were satisfied with apprenticeships, with 63% reporting they were 'very satisfied'. Employers also showed high levels of satisfaction with the Retail Framework (83%) with 61% 'very satisfied'. Employers were most satisfied with content and the provision of the apprenticeship training and less satisfied with their influence over training and the apprenticeship Standard. Nevertheless at least 60% of employers were 'very satisfied' with all aspects of the apprenticeship and at least 83% were satisfied.

However, this was a survey of employers who had apprentices complete in the seven months before September 2017 and therefore does not cover the impact of the 2017 apprenticeship reforms.

The recently published Employer Skills Survey⁹ provides the most up-to-date pre-pandemic profile of employer apprenticeship activity. The survey suggests that some of the recent dynamics of change will continue. The survey shows that in 2019, levy payers (equivalent to those employing 100 or more people) were much more likely than non-levy payers to take on apprentices, and were much more likely to do so in future. Furthermore, levy payers are more likely to recruit older people (aged 25+) and existing employees (the two are likely to be related) on to apprenticeships.

1.2.3. The flexibility of apprenticeships

Employer training and apprenticeship needs vary by occupation, sector, organisational structure (e.g. single or multi-site), business model (such as product/service and customer profile), and employment size, and can also vary between organisations within the same sector. The challenge of creating and delivering an employer-led apprenticeship programme is accommodating the requirements of such employer diversity, across different sectors and job roles. Currently standards are being delivered ranging from Asbestos removal operative (Intermediate/Level 2) to Church Minister (Degree/Level 6). Clearly one size does not fit all and the apprenticeship model needs to be flexible enough to accommodate this range of requirements.

There is a great deal of flexibility built into the apprenticeship programme. Employers have a central role in developing the standards (which defines the training content), they are free to choose a provider (from an approved list), and they can take on both new recruits or existing employees of any age as apprentices (as long as they are older than 16).

8. IFF Research (March 2020a), Apprenticeships Evaluation 2018-19 – Employers Research report. Department for Education.

9. IFF (October 2020), Employer Skills Survey 2019: Research report. Government Social Research.

There are few statutory stipulations. Apprentices must have an employment contract, normally work at least 30 hours per week (although part-time apprenticeships are available), be employed in the job role the apprenticeship relates to, be paid the minimum wage, undertake off-the-job training¹⁰ for 20% of their normal working hours, and last at least 12 months.

Despite the flexibility of the apprenticeship model, and the level of involvement by employers in key aspects of apprenticeships, recent surveys have highlighted employer concerns. For example, the CBI¹¹ found that whilst employers were broadly supportive of the reformed apprenticeship programme a large majority (71%) wanted to see greater flexibility in the use of levy funds¹². In addition, the 20% off-the-job training requirement has been criticised, employers are confused as to what constitutes off-the-job training, and view it as a 'blunt and inflexible' tool¹³ with some employers wanting to be able to spend their levy on other aspects of apprenticeship delivery (e.g. covering for staff when they are undertaking training) or other types of training. Recent research suggests that most apprentices do not receive 20% off-the-job training¹⁴. In part this is because some apprentices may not report some activities (e.g. mentoring) as off-the-job training¹⁵.

1.3. Research aims

Originally, the main aim of the research was to provide an independent review of the Co-op Group's apprenticeship programmes. The pandemic meant that this was not possible (as it involved case study interviews with business managers and apprentices in situ) and thus the focus of the study changed to the post-COVID world.

The main aim of the research became: how can apprenticeships be made future relevant? The focus of the study remained on the food retail and funeral sectors, and Intermediate and Advanced level apprenticeships and the job roles they supported. Within the overall aim there were four related research questions, to explore:

- How are job roles in the two sectors likely to change over the next 5-10 years, and what are the implications for occupational skills of these developments?
- What are the implications for apprenticeships of these changes?
- As presently constituted are apprenticeships able to deliver these changes?
- How have the 2017 reforms positioned apprenticeships to support skills changes?

10. Off-the-job training can involve one day a week at an external training centre (e.g. a college) or involve on-line learning, or less formal training such as mentoring.

11. CBI (November 2019), Education and learning for the modern world: CBI/Pearson Education and Skills Survey report 2019.

12. Currently, apprenticeship funds can be spent on apprenticeship training and the End Point Assessment (EPA) up to the level of the funding band maximum. Levy paying employers can also transfer 25% of their levy funds to another employer e.g. an organisation in their supply chain.

13. CBI (September 2019), Learning on the job: Improving the apprenticeship levy.

14. IFF Research (March 2020), Apprenticeships Evaluation 2018-19 – Learners Research report. Department for Education. Dickinson, P. (January 2020), The impact of Accountancy Apprenticeships. Kaplan and the Association of Accounting Technicians (AAT).

15. Dickinson, P. and Hogarth, T. (Forthcoming), How employers set the wage rates of apprentices. Low Pay Commission.

1.4. Methodology

Qualitative interviews via Microsoft Teams were undertaken with apprentice employers, sector representative organisations and providers across the two sectors:

- Food retail. Seven interviews were undertaken with: the main apprenticeship employers - Asda, the Co-op Group, Sainsbury's and Tesco; the British Retail Consortium (BRC); and a food retail training provider¹⁶.
- Funerals. Eight interviews were undertaken with: the main apprenticeship employers - the Co-op Group, Lincolnshire Co-op and Southern Co-op (as these were all co-operative businesses interviews were also held with a large non-apprenticeship employer); the National Association of Funeral Directors (NAFD), and a funeral sector training provider.

As there is less data available on employment and apprenticeships within the funeral sector, an e-survey was undertaken of Funeral Service Managers within the Co-op Group. Managers were asked about: their reasons for offering Intermediate apprenticeships; how training is delivered and satisfaction with and the impact of apprenticeships on their business. 28 managers responded.

1.5. Structure of the report

Section 2 provides an analysis of data on employment, skills and apprenticeship trends within the two sectors, as well as available job forecasts. Section 3 reports on the in-depth qualitative interviews with stakeholders in the food retail and funeral sectors. Section 4 provides the main conclusions and recommendations.

16. Where there is one organisation of a particular type (e.g. a training provider) the organisation has not been identified for confidentiality reasons.

2. Employment and skills profile and change

2.1. Introduction

This section provides a profile of employment and apprenticeship training in the food retail¹⁷ and funeral¹⁸ sectors. It also provides indicative employment and skills trends, and the main drivers of these changes.

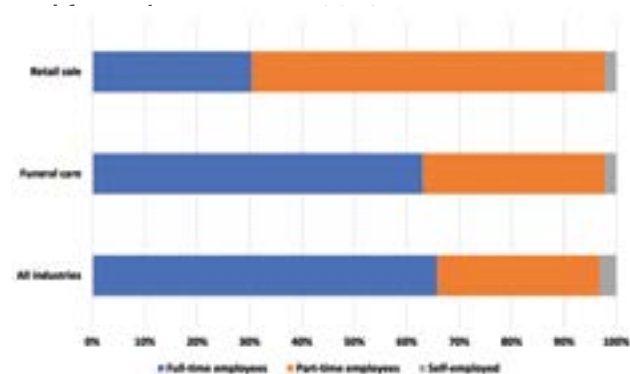
2.2. Employment in the food retail and funeral sectors

The nature of the workforce and the characteristics of employers is important for apprenticeships because they influence the drivers of demand for apprentices. For example, larger employers (levy payers) are increasingly more likely to recruit apprentices; apprenticeship take-up is much higher in certain sectors than in others; and employees are more likely to be apprentices if they are on full-time, rather than part-time or temporary, contracts.

In 2018, the food retail sector (SIC 47110) employed almost one million people (853,500¹⁹ or 3% of all jobs in England) whilst the funeral sector (SIC 96030) employed a fraction of this total (23,000 people or 0.1% of all jobs in England).

The two sectors differ in other aspects, as Figure 2 shows. The funeral sector is much closer to the national average in terms of hours of work with around two thirds of people working full-time (63%). The proportion of part-time workers in the food retail sector (67%) is more than twice that of the national average (31%). This could potentially affect the take up of apprenticeships (especially amongst existing employees) as apprenticeships tend to have full-time job status. Levels of self-employment are just below the national average (2%) in both sectors.

Figure 2: Nature of employment in the food retail



Source: Business Register and Employment survey 2018 - accessed via NOMIS

Data on employment by gender is not currently available from Government data for the detailed SIC level used to define the two sectors. The latest data on the gender split for England is from the 2011 population census which shows that the funeral sector was split 50:50 between men and women, and 45% and 55% respectively in the food retail sector. Women were more likely to be working part-time in both sectors. In the funeral sector, 30% of men worked part-time compared to 47% of women, in food retail the split was 55% and 58% respectively. Stakeholder interviews undertaken during this research project suggest that the funeral sector is perceived as having a predominantly male workforce.

The gender composition of the workforce in a particular sector is likely to influence apprenticeship take-up. For example, in all but three of the top 20 apprenticeship frameworks/standards, the percentage point difference between male and female starts is greater than 20. In 13 of the top 20 frameworks/standards, the difference is greater than 50 percentage points²⁰.

17. The Standard Industrial Classification (SIC) of the sector the Co-op food retail organisation operates in is 47110: Retail sale in non-specialised stores, with food, beverages or tobacco predominating. This approximates to the types of operations which are run by the main organisations which recruit retail apprentices e.g. Asda, the Co-op, Morrison's, Sainsbury's and Tesco.

18. The SIC of the funeral sector is 96030: Funeral and related activities.

19. Employment figures from Government data sources are rounded.

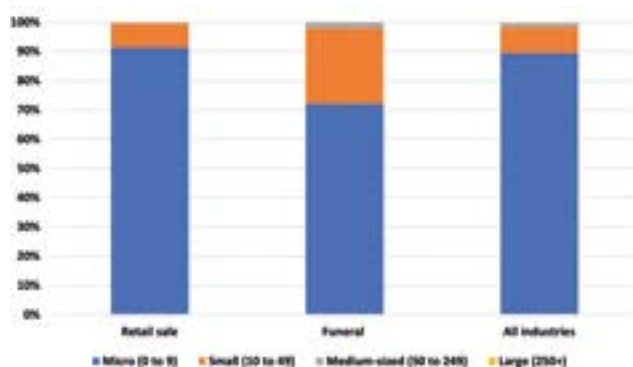
20. Dickinson, P. (2019) Choices students make between different post-18 education routes. London: Department for Education.

In the food retail and funeral sectors most apprentices are female (see below).

The age structure of the two sectors is also unavailable. This data is only usually collected at the Census of Population (the last one being in 2011). As we have seen, the age structure of apprenticeships has changed with an increase in older apprentices (aged 25+). In the absence of sector-wide data, information on the age of the Co-op Group's workforce is provided. In 2020, 73% of the workforce in Retail Operations (Stores) was aged 25+, 24% aged 19-24 and 4% aged 16-18. By contrast, 98% of workers in Funerals were aged 25+, and most of the remainder aged 19-24. Interviews with funeral sector stakeholders (see Section 3 below) suggests that this is typical across the sector.

Figure 3 shows number of workers by employment size in both sectors in 2018. Businesses in the food retail sector tend to be very small, 92% of the workforce works in businesses with fewer than 10 people which is in line with the national average (90%). This compares to 72% in the funeral sector. Around one quarter of funeral workers are employed in businesses with between 10 and 49 people compared to 8% of food retail employers. Very few businesses in each sector employ 50 or more people.

Figure 3: Employment in food retail and funeral care businesses by employment size 2018



Source: UK Business Counts 2018 accessed via NOMIS

In terms of turnover, funeral businesses tend to be bigger also. Almost four fifths of food retail business (78%) have sales of less than £500k compared to 62% of funeral care businesses.

As we have seen employment size is important because larger businesses are increasingly more likely to take on apprentices, in part because they pay the apprenticeship levy.

2.3. Apprenticeships in the retail and funeral frameworks/standards²¹

In 2018/19 there were 10,885 apprentices participating in retail apprenticeships. This represents a fall of about one quarter in retail apprenticeships²² since 2014/15. Apprenticeship recruitment in food retail is likely to have been affected by the introduction of the apprenticeship reforms as the numbers fell, but apprenticeship starts increased by 17% (or almost 1,600 apprenticeships) to 2018/19.

In contrast, there were 782 funeral sector apprentices²³ in 2018/19, and this number has been more than doubled since 2014/15 from 300 apprentices (an increase of 161%)²⁴. This trend was not affected by the introduction of the levy.

In 2018/19, almost nine out of ten (88%) apprentices participating in funeral apprenticeships were at Intermediate level and 12% at Advanced level, with no Higher level apprenticeships. In the retail sector most apprenticeships are at Intermediate level (59%) but around one quarter (24%) are at Advanced level, and 17% at Higher level.

Figure 4 shows the trend in apprenticeships in the two sectors by level. In Retail, Intermediate apprenticeships declined sharply over the four years to 2017/18 (when the levy was introduced) but has risen sharply since then. Advanced apprenticeships have been on a downward trend since 2014/15, but Higher apprenticeships have

21. The process for replacing frameworks with standards was announced in 2013. Over this time apprenticeship frameworks have been phased out and replaced with standards developed through employer led Trailblazers. Participation on frameworks overlaps with those on the standards and so where the data refers to both we use frameworks/standards.

22. The retail apprenticeship frameworks included in this section are: Retail (Intermediate and Advanced) and Retail Management (Higher). The standards included are: Retailer (Intermediate); Retail Team Leader (Advanced); and Retail Manager (Higher).

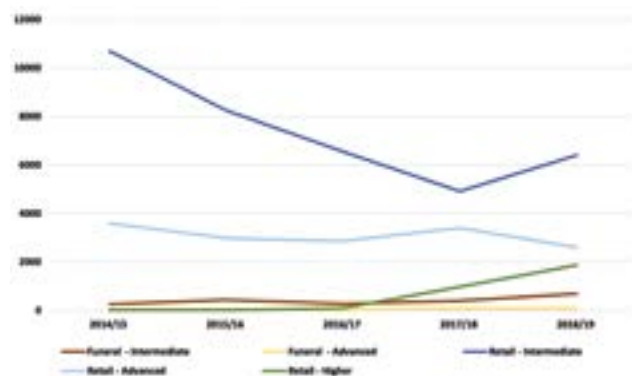
23. The funeral sector apprenticeship frameworks included in this section are: Funeral Operations and Services (Intermediate and Advanced). The standards included are: Funeral Team Member (Intermediate); and Funeral Director (Advanced).

24. The large majority of funeral apprentices are employed by the Co-op Group or regional co-operative societies.

risen almost equalling the number of Advanced starts in 2018/19.

In the funeral sector, both Intermediate (a 163% increase in the four years to 2018/19) and Advanced apprenticeships (145%) have increased significantly, although numbers have fluctuated from year to year.

Figure 4: Retail and funeral sector apprenticeship participation by level 2014/15 to 2018/19



Source: Apprenticeship_Participation_1415_1819_final_v0.2.xlsx available here.

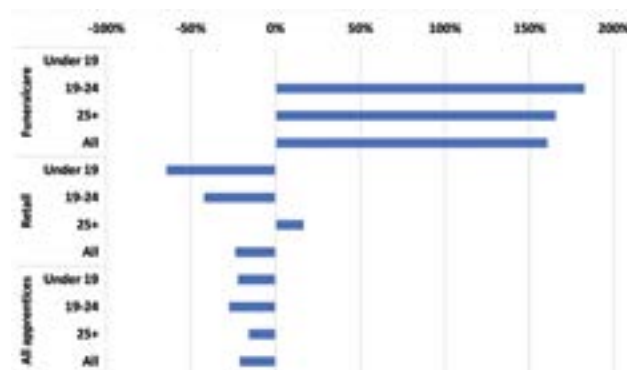
Like the workforce, funeral sector apprentices tend to be older. Over nine out of ten (93%) funeral care apprentices were aged 25 and over in 2018/19, this compares with 59% of retail apprentices. Around one third (30%) of retail apprentices are aged 19-24 and one in ten (11%) aged 16-18. There were no funeral sector apprentice starts aged under 19 in 2017/18 and 2018/19.

The age composition of retail apprentices has changed over the five year period as Figure 5 shows. Whilst there have been large falls in the number of 16-18 (-65%) and 19-24 (-42%) year old apprentices, those aged 25+ have increased (16%). The increase in those aged 25+ is entirely due to the increase in Higher apprentices. The number of 25+ Intermediate and Advanced apprentices fell.

In the funeral sector, there have been large increases in apprentices aged 19-24 (183%) and 25+ (166%). This is across both Intermediate and Advanced apprenticeship levels.

Across all apprenticeships, the number of apprentices in all age groups fell. The number of 25+ apprenticeship starts declined by the smallest amount (-16%) whilst those aged 19-24 fell by the greatest amount (-28%).

Figure 5: Retail and funeral sector apprenticeship participation by age - percentage change 2014/15 to 2018/19



Source: Apprenticeship_Participation_1415_1819_final_v0.2.xlsx available at <https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships#apprenticeship-and-traineeships-current-data>

Surprisingly, given the workforce composition of the sector, funeral sector apprentices are predominantly female. In 2018/19, three quarters of funeral sector apprentices were female (76%) compared to 57% in Retail. However, in the funeral sector Advanced apprentices are slightly more likely to be male. In Retail the proportion of women falls with level, for example, 60% of Intermediate apprentices are female compared to 50% of Higher level apprentices.

Both funeral and retail sector apprentices are most likely to be recruited by large organisations (i.e. levy payers). In 2018/19, 86% of funeral sector apprentices were recruited by levy paying employers as were 91% in food retail. This compares to 57% across all apprenticeships.

In addition, and in keeping with wider trends, there has been a large shift to levy funded apprenticeships. For retail apprenticeships the proportion of apprentices recruited to levy paying organisations increased from 79% to 91% between 2017/18 and 2108/19, and from 83% to 86% for funeral sector apprenticeships.

2.4. Changes in employment and skills in the retail and funeral sectors

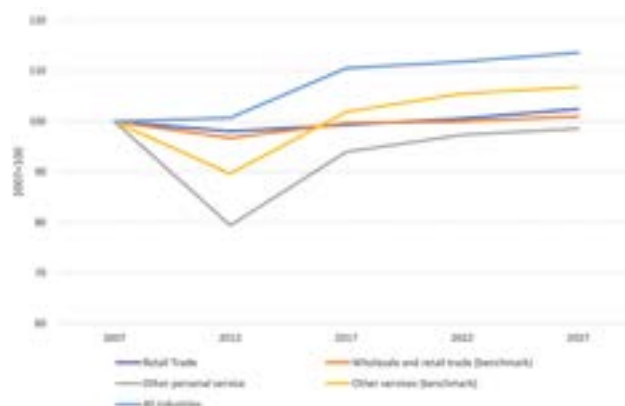
2.4.1. Employment forecasts

Even before the COVID-19 pandemic struck, there were profound changes expected in the employment and skills profile of the economy. There were, and still are, uncertainties around Brexit (especially in terms of markets and migrant worker flows) as well as the medium- and longer term effects of climate change and technology (especially artificial intelligence). In addition, there are more specific and predictable changes such as replacement demand (e.g. the need to replace older people as they leave the labour market), the population and skills profile of the current workforce and new entrants from the education system, as well as concerns over persistent low productivity rates.

Working Futures provides forecasts of employment change at a sectoral and occupation level. Figure 6 shows the employment trends since 2007 and forecasts to 2027 for selected sectors²⁵. Between 2007 and 2017, employment in England rose by 11%, and is forecast to rise by a further 3% between 2017-2027. In contrast, the number of jobs in the Retail sector fell by 1% 2007-2017, but is also forecast to rise by 3% to 2027 which is similar to the broader Wholesale and retail sector (used here as a benchmark sector).

As it is small in jobs terms, there is no data available specifically for the funeral sector, instead data is presented for Other personal services (of which the funeral sector is a part), and the wider (benchmark) Other services sector. Whilst Other services grew by 2% during 2007-2017, Other personal services fell by 6%, but employment in both is forecast to increase by 2027 by 3% and 5% respectively.

Figure 6: Retail and personal service employment in England 2007-2027 (2007=100)

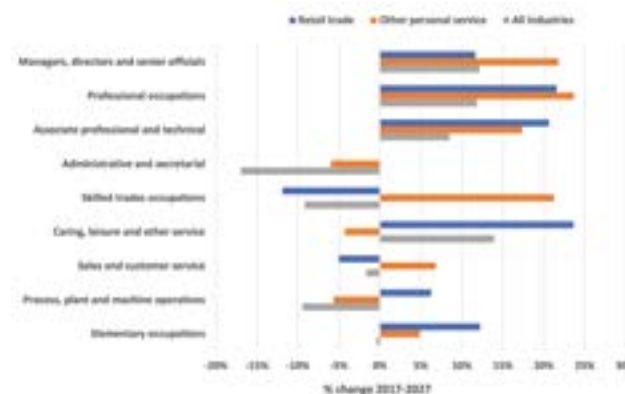


Source: Warwick IER and Cambridge Econometrics Working Futures 2020 <https://warwick.ac.uk/fac/soc/ier/wf7downloads/>

Between 2007 and 2017 across all industries there were overall falls in Administrative and secretarial occupations, Skilled trades, Process, plant and machine operatives, and Elementary occupations. These occupations declined in the Retail and Other personal service sectors. But in Retail there was also a fall in Sales and customer service workers.

Figure 7 shows that between 2017-2027 overall growth is forecast in all occupations except for the four mentioned above. Retail is predicted to see job increases in most occupations except for Skilled trades, and Sales and customer service occupations. Similarly, in other services, most occupations will grow, but falls are expected in administrative and secretarial occupations, Process, plant and machine operatives, and Caring, leisure and other service occupations.

Figure 7: Forecast occupation change in England 2017-2027



Source: Warwick IER and Cambridge Econometrics Working Futures 2020 <https://warwick.ac.uk/fac/soc/ier/wf7downloads/>

25. For retail, data is presented for the Retail sector (SIC 47) and a comparison is made with the broader Wholesale and retail sector (SIC 46 and 47). For funeral care data is presented for Other personal service activities (SIC 96) and the broader Other services sector (SIC 5).

Most of these changes will be driven by replacement demand rather than by structural changes in the economy and patterns of working. For example, the numbers working in administrative and secretarial occupations is forecast to decline by 520,000 between 2017 and 2027. However, there will be replacement demand of 970,000 workers in these occupations as older people leave the labour market. Therefore, whilst there will be structural changes affecting these occupations, people (and young people in particular) will still need to be trained in order to fill the roles of people who leave.

In both the retail and funeral sectors, analysis of the Annual Population Census shows that employees are more likely to have no and lower level (at or below Level 2) qualifications, and less likely to have higher level qualifications (Level 3+).

Within occupations there is forecast to be an increase in the skills levels for these jobs. Working Future estimates that there will be an increase in the number of higher level workers (qualified to NVQ Level 5 and above) in every occupation except for secretarial and related occupations. Most occupations will see a growth in intermediate level skills (NVQ Levels 3 and 4), but a significant proportion (11 out of 25 occupations) will see a fall in people with these skills. This is especially the case for secretarial and skilled manual occupations, however, falls are expected in some associate professional occupations as people are expected to have higher level qualifications in these roles.

The number of people with lower level skills (NVQ Level 2 and below) is predicted to fall in every occupation.

Therefore, there will be increased demands across all occupations for training young people to replace predominantly older people as they leave the labour market. But there will also be the need for training existing employees across all occupation groups as demand for their skill levels rise.

2.4.2. Drivers of change

The broad drivers of these changes are well known and have been differentially affected by the COVID-19 pandemic. Job and skills changes in the retail sector are likely to be affected by²⁶:

- Domestic consumer demand which will affect overall job numbers;
- The impact of Brexit, especially on the retention and recruitment of European and other overseas workers; and
- The impact of technology, especially the continuing rise of e-commerce and the shift to online shopping. This will affect the IT skills of people who work in the sector, but also affect consumer choice and sophistication, how products are delivered (including the use of drones) as well as changes to warehouse and 'back of supermarket' systems.

A recent report by the Food and Drink Sector Council (FDSC) reported similar conclusions but also identified an ageing workforce (affecting replacement demand) and talent retention as additional issues²⁷.

As it is a small sector there is no information on the drivers of jobs and skills in the funeral sector. Within the broader other personal service sector, the main drivers of jobs and skills will be²⁸:

- Demographic changes, in particular the increasing average age of the population and the number of older people;
- Job polarisation. The hollowing out of skill requirements with an increase in demand for people with either higher or lower level skills, and falling demand for medium level skills; and
- The impact of technology with machines and robots taking over certain personal care roles.

26. IER and Cambridge Econometrics (February 2020) op. cit.; and Cedefop (various dates) European Skills Panorama at <https://skillspanorama.cedefop.europa.eu/en/analytical-highlights>

27. FDSC (2019), Preparing for a changing workforce: A food and drink supply chain approach to skills.

28. Ibid.

These various factors may offset each other whilst others may combine to produce a greater effect. For example, the impact of Brexit on the labour supply may speed up the deployment of technology to offset any labour and skills shortages.

Importantly, all of the analysis in this section took place before the impact of COVID-19 which is having an immediate impact on jobs and skills within the two sectors (see Section 3.4).

2.5. Conclusions

This section has shown that the food retail and funeral sectors have both seen jobs growth since the 2008 financial crash and are likely to see further jobs growth to 2027. The two sectors are different in terms of the size of businesses and the structure of employment. Food retail businesses tend to be smaller, and the workforce is more female, younger and less likely to work part-time compared to funeral care.

Apprenticeships also differ. Funeral sector apprenticeships have grown since 2014/15 both at Intermediate and Advanced levels. Food retail apprenticeships have declined overall at both Intermediate and Advanced levels, but there has been an increase in Higher apprenticeships.

Apprentices in both sectors are more likely to be female, but the proportion of women reduces the higher the apprenticeship level.

A number of drivers are identified which will change levels and the composition of employment throughout the current decade. However, the most significant demand for workers will be from replacement demand as older workers leave the sectors and need to be replaced.

3. Sector employment, skills and apprenticeship trends

3.1. Introduction

This section reports on the in-depth qualitative interviews with key stakeholders – employers, sector representative organisations and providers – in the food retail and funeral sectors. In discussing employment, skills and apprenticeship trends, respondents were asked to focus on Intermediate and Advanced level funeral and food retail apprenticeships and the jobs role they support²⁹.

3.2. Employment trends within the food retail and funeral sectors

3.2.1. Employment trends within food retail and implications for skills

Analysis of data in specific sectors (5-digit SIC) shows that food retail (SIC 47110) is the third largest employment sector in England, behind hospitals and primary schools. It is therefore the largest private sector for jobs. Employment in the sector has grown throughout the last decade, and is expected to continue to increase during the current decade.

“ In the past people would sit on the checkout but now they play a broader and more complex role. We had 20 job roles in retail, now we have 8. Everyone on the shop floor has the same job title and this covers everything from checkout to back of store ”

Food retail

Food retail stakeholders also thought that employment would expand but the nature of shop floor jobs would change. There has been a growth in part-time and temporary employment (and a decline in full-time jobs) which reflects the flexibility required for longer trading hours. The need for a more flexible workforce will continue.

There will also be a need for greater flexibility in job roles. In keeping with existing trends Intermediate level food retail job roles would continue to expand but these will cover a broader range of activities. One organisation said that in the past there would have been 20 distinct shop floor job roles (e.g. checkout) but this had been reduced to eight with workers being able to cover several of these former roles. For example, there is a larger number of general assistant jobs which now cover a number of previous occupations and this has implications for broadening skills within the Intermediate Retailer role.

The most significant driver of employment trends are changing consumer shopping patterns driven by technological changes. There has been an increase in online shopping (exacerbated by the pandemic) both in terms of shoppers making purchasing decisions online, and whether their shopping is home delivered or whether they ‘click and collect’ and pick up their purchases at the store (and therefore an interaction between digital and face-to-face shopping). In addition, and given the greater breadth of products in store, consumers are becoming more sophisticated because of the number of on-line review sites. Shopfloor staff need to be able to interact with these customers who are increasingly well informed.

29. The Level 2/3 retail apprenticeships are: Retail (Intermediate and Advanced) frameworks; Retailer (Intermediate) and Retail Team Leader (Advanced) standards. The funeral care apprenticeships are: Funeral Operations and Services (Intermediate and Advanced) frameworks, and Funeral Team Member (Intermediate); and Funeral Director (Advanced) standards.

The impact of technology is also reflected in the increase in the different ways shoppers can pay for their goods in store: checkout, scanning, self-scanning and smart phone apps. This also has implications for enhancing the digital skills of shop floor staff, and the way digital interacts with face-to-face dealings with customers.

“ We have a multiplicity of ways to buy things, a lot of reviews before people buy, so different ways consumers interact with and access products. So you need greater capabilities of staff e.g. engaging with consumers who've done a lot of research, people interacting through digital interfaces and other tech (e.g. booking time off) ”

Food retail

Furthermore, organisations are switching their processes to digital as well. Business functions such as payroll, human resources, stock control and staff communication have moved or will move to digital communication. The pandemic has seen a move to on-line training which may persist, for example, with staff development functions such as induction training being undertaken in a blended way (on-line and off-line).

A broadening work role and digital impacts are also expected in the Retail Team Leader roles, especially with the expansion of larger food retailer convenience stores requiring supervision over larger areas.

Wider research suggests that the impacts of COVID-19 on the adoption of digital technologies and related management practices is likely to persist³⁰. This is because they are the acceleration of existing trends, and because they have had a positive impact on productivity. However, the precise nature of these impacts and task allocation, and the implications of this for workforce development, are harder to predict. This is because the effects will result from the

interplay of the technology itself, how customers use it and the business models of different sectors and organisations.

An important dimension to future employment trends was the notion of 'good work'. Good work has taken on a higher profile since the publication of the Taylor Report in 2017, which highlighted education and training as one of the foundations of good work³¹. For the Co-op, good work and corporate social responsibility (CSR) has always been enshrined in its values. However, this is also a priority for other food retailers with some highlighting the importance of social mobility within their workforce, people being recruited for Intermediate level Retailer jobs but then progressing within the organisation to higher levels. Whilst these organisations commit to good work through their values, good work can also raise the profile of the sector and serve as a mechanism for workforce attraction and retention strategies, especially if Brexit reduces the number of overseas workers³².

These workforce and job role developments will inevitably impact on skills requirements and the programmes and mechanisms to deliver new and update existing skills. In many ways the knowledge, skills and behaviours in the existing Retailer and Retail Team Leader standards will remain, however, they will require greater digital content and are likely to become more complex. For example, customer knowledge, understanding and interaction will remain, but these will have increased technological dimensions as customer communication will be much more blended i.e. face-to-face, email, text, social media and store IT systems, some or all of these within the same purchase. Similarly, team leadership skills will remain similar but if organisational structures require communication over different functions (checkout tills, back of store, online and home delivery, and click and collect) then the digital dimensions of communication and their associated technologies will need to be mastered.

30. Riom, C. and Valero, A. (September 2020), The Business Response to Covid-19: the CEP-CBI survey on technology adoption.

31. Taylor, M. et al. (July 2017), Good Work: The Taylor Review of Modern Working Practices.

32. FDSC (2019) op. cit.

Some stakeholders believed that there was insufficient emphasis within Functional Skills on information and communications technology (ICT) skills compared to maths and English. Given that Intermediate apprenticeships are often an entry point to vocational training, and increasingly used to train existing (and usually older) employees, providing baseline as well as job specific digital skills training could be needed to support the evolving requirements of job roles.

3.2.2. Employment trends within the funeral sector and implications for skills

The structure of employment in the funeral care sector is very different to that in food retail. The funeral sector workforce is much smaller, employees are likely to be older, male and work full-time. However, stakeholders mentioned similar trends affecting the funeral sector in similar ways to food retail.

“ In the past Funeral Service Team Members would have just driven the vehicles and helped with the funerals. Now we are asking a lot more of them, a more rounded role. They need customer facing skills because they are often the first contact the funeral home has with the families. Or they are dealing with the coroners or the police ”

Funeral sector

Funeral sector stakeholders also believed that the Funeral Team Member (Intermediate) job role is widening. A number of job roles are increasingly performed by temporary workers (e.g. hearse driver and pall bearer) employed on the day of the funeral ceremony. The number of permanent staff in funeral homes is reduced but they need to be able to cover a wider range of job functions. Increasingly this covers customer facing roles whereas in the past Funeral Team Members would have little direct communication with clients. Therefore, the role is more multi-skilled.

Similarly, the Funeral Director's role (Advanced) is broadening. Reduced staff in funeral homes reduces the need for team leaders and managers, and so Funeral Director's could manage more business units over a wider geographical area.

As in food retail, digital technology is impacting on funeral care. These trends have been exacerbated during the pandemic with communications at all levels having to be undertaken through ICTs. Whilst the level of digital interaction is likely to reduce post-COVID-19 some of it is likely to remain. Prior to the pandemic there were moves to increasingly digitise the funeral sector within organisations, for example, moving to online booking systems. As in food retail, internal staffing and HR systems are moving online. During the pandemic funeral arrangements with customers and funeral ceremonies were undertaken via remote access. This built on the existing use of technology at ceremonies, such as to make the funeral more personalised (e.g. PowerPoint presentations). Remote access to funerals is likely to endure, especially as families are increasingly more widespread geographically.

Whilst the skills, knowledge and behaviours required in the job roles are likely to remain the same, they will increasingly require a digital dimension. Customer and colleague relations and communication, stock control, working with suppliers, and internal business functions will increasingly become digitised. This will have obvious implications for skills development. An added issue for the funeral sector is the older average age of the workforce who are less likely to be ICT literate which implies that digital skills training may need to start from a lower point and be more widespread across the workforce.

“ There will be a greater emphasis on IT skills. COVID-19 has accelerated some of it. The sector is moving to on-line booking systems and staff management (e.g. timesheets). Also a greater use of video calling like Teams video calling. So there’s a need for greater adaptability and flexibility for tech usage ”

Funeral sector

The nature of recruitment of the funeral sector is also changing. There is a perception within the sector, reiterated by some stakeholders, of predominantly family run businesses recruiting and promoting family members is now opening up to attract recruits new to the sector. Sector stakeholders said that external recruitment is increasing with younger people entering the business and wanting to develop careers within it. This requires progression routes within the industry so people can develop and be retained in line with their career expectations.

3.2.3. The role of apprenticeships within these employment and skills trends

Retail apprenticeships are long standing. For example, in 2002/03 there were just over 13,000 Retail Framework apprenticeships. Most of these were at Intermediate level and split equally between 16-18 and 19-24 year olds (there were no 25+ apprentices at this time). It was the fourth largest Framework behind Business Administration, Customer Service, Hairdressing, and Hospitality and Catering. By contrast, the first funeral sector apprenticeships were delivered in the Funeral Operations and Services Framework in 2012/13 when 180 apprentices started. The large majority of these were at Intermediate level and aged 25+. The Food retail apprenticeships account for 5% of all Intermediate apprenticeships, and the Retailer apprenticeship is the fifth largest Intermediate apprenticeship Framework.

Vocational education and training is also something that the Competition and Markets Authority (CMA) has considered as part of its market investigation into the industry. The CMA’s provisional decisions report (the CMA’s investigation has been extended due to the pandemic) suggested that a quality indicator be “...appropriate education and training, including CPD, the necessary accredited technical education and/or training for relevant staff and management training for those with management responsibility”³³. Whilst the sector awaits the CMA’s final report, it expects that more formal training and development, and its accreditation, is needed in order to raise standards within the sector but also to make workforce development more visible.

“ Apprenticeships are fundamental to our training and development. We run over 20 programmes ranging from Level 2 to Level 6,; leadership and management, IT, finance, HR ”

Food retail

33. CMA (August 2020), Funerals Market Investigation Provisional Decision report.

In the funeral sector there exist a number of well established and well used training and development routes. This means that for a relatively new programme, apprenticeships have to earn their place within the sector. Most funeral care apprenticeships are with the Co-op Group and independent co-operative societies. Whilst other funeral sector businesses are exploring apprenticeships for their workforce development needs apprenticeships are not yet prevalent within the sector. Existing accredited workforce diplomas cover the same skill sets of apprenticeships, and use the same training methods i.e. on- and off-the-job training, e-learning, mentoring and work shadowing. They are also recognised qualifications across the sector for both employers and employees, something that apprenticeships do not deliver. Furthermore, as one business estimated, they can be a lot cheaper.

“ We don’t have, and have no plans to take on, any funeral apprentices. This is not to say we won’t consider apprenticeships. But we’d use the NAFD Diploma rather than go down the apprenticeship route ”

Funeral sector

The position of apprenticeships within the funeral sector contrasts with their situation in food retail. In the food retail sector, apprenticeships are long standing qualifications with significant numbers of apprentices, and serves as an entry point for many people into vocational training. Amongst food retail sector stakeholders apprenticeships are, and likely remain a preferred route, for workforce development. As long as they remain relevant to the needs of employers.

3.3. Apprenticeship delivery models in the food retail and funeral sectors

Respondents were asked how well the current apprenticeship delivery model is working, and how they might need to be developed to meet expected workforce and skills needs.

The apprenticeship delivery model is a categorisation of apprenticeship delivery from initial recruitment to progression at the end of the programme (see Figure 8). It must be remembered that funeral sector apprenticeships are relatively new and are in their early stages of delivery for most employers.

Figure 8: Apprenticeship delivery model



Source: Warwick IER

3.3.1. Recruitment

Table 2 summarises stakeholders’ views on apprenticeship recruitment. In food retail the workforce is recruited into job roles and then, typically after a probationary period, they are eligible for the apprenticeship programmes. All staff are eligible, including part-time staff although there are hourly working cut off points at 16 hours for one employer and 20 hours for another. In general, there are internal apprenticeship recruitment promotions to raise awareness of apprenticeships and to encourage applications. In most cases staff nominate themselves but then require line manager approval.

In the funeral sector, some employers recruit existing employees on to apprenticeships but one business said they recruit apprentices as a job entry route into the sector. Where existing employers are recruited as apprentices there are informal adverts (e.g. posters in funeral homes) but line manager approval is required. External recruitment uses more formal methods e.g. apprenticeship adverts on recruitment websites.

There is a preference for applications from older people (it is certainly not viewed as a job entry mechanism for school leavers) and for full-time workers. There was also an issue in recruiting older workers on to apprenticeships (or similar training)

because older workers were less likely to put themselves forward; because they had worked in the funeral sector for a number of years, they did not think they required any training for the job. ➤

Table 2: Key aspects of recruitment in the two sectors

	Food retail	Funeral care
Recruitment	<ul style="list-style-type: none"> Existing staff All ages Full- and part-time (but minimum hours threshold) Self-nomination with line manager approval Pay job wage not Apprentice Rate Monitoring recruits against community profile and gender targets 	<ul style="list-style-type: none"> Existing staff and apprentice recruits Formal and informal recruitment processes Preference for older apprentices Preference for full-time Line manager nomination Pay job wage not Apprentice Rate Less monitoring of recruit's demographic profile

Source: Warwick IER

➤ In both sectors apprentices are paid the wage for the job. Apprentices in the first year of their apprenticeship could be paid the Apprenticeship rate which is currently about half the National Minimum Wage (NMW) for people aged 21 and over. Therefore, employers in the two sectors pay apprentices much more than they could do.

Apprenticeship recruitment tends to be monitored more within food retail. Employers mentioned wanting to have staffing demographic profiles similar to the local communities they served, with some businesses having gender recruitment targets. Monitoring apprenticeship recruitment is less common in the funeral sector.

Within the funeral sector there was an appreciation that their recruitment processes (in general and on to apprenticeships and similar training programmes) needs to be better developed. There is a generally held view that past recruitment processes replicated the existing workforce profile and so there is a need to welcome new entrants to the sector. COVID-19, and its impact on increased business demand, has accelerated the need to bring new recruits into the sector, for example, from the hospitality and similar sectors affected by the lockdown and subsequent restrictions. Such new recruits may have the soft skill sets required, that job-specific technical skills can build on.

“ There was a shift about a year ago. It used to be lots of mates of people working in the sector, so we got carbon copies. But now we are getting a much more diverse candidate. Recruits have better softer skills but less knowledge of the sector ”

Funeral sector

Within food retail, stakeholders were largely content with apprenticeship recruitment processes. The main issue was getting the commitment of some business managers to promote and support the application of apprenticeships when this could mean losing staff for significant periods of time (one day a week due to the off-the-job training requirement) and its impact on store staffing levels.

In addition, given the greater flexibility of working patterns in food retail, having minimum hours thresholds for apprentices could affect the equality and diversity of apprenticeship take-up. This may also become more of a concern within the funeral sector given the growth in temporary and part-time job roles.

3.3.2. Training

There are four main parts of training: the standards setting process determines the knowledge, skills and behaviours apprentices are trained in; training delivery covers how apprentices are trained; there is a requirement of 20% off-the-job

training (part of the 2017 reforms); and Functional Skills concerns the English and maths elements of all apprenticeships. Stakeholder views are summarised in Table 3. ➤

Table 3: Key aspects of training in the two sectors

	Food retail	Funeral care
Standards setting	<ul style="list-style-type: none"> • Preference for standards over frameworks • Satisfaction with content i.e. knowledge, skills and behaviours • Changes and updates involve a lengthy convoluted process • Excludes smaller employers 	<ul style="list-style-type: none"> • Preference for standards over frameworks • Satisfaction with content i.e. knowledge, skills and behaviours • Bureaucratic process
Training delivery	<ul style="list-style-type: none"> • Blended approaches i.e. face-to-face, online, mentoring • Significant impact of COVID-19 • Turnover of training providers • Issues with Functional skills 	<ul style="list-style-type: none"> • Blended approaches i.e. face-to-face, online, mentoring • Significant impact of COVID-19
20% off-the-job training	<ul style="list-style-type: none"> • Emphasises quantity rather than quality • Costs of backfilling staff • Experiences from Scotland and Wales 	<ul style="list-style-type: none"> • Time factored in • Greater flexibility in work patterns • Greater impact on smaller firms
Functional skills	<ul style="list-style-type: none"> • More emphasis on digital • Not included in 20% off-the-job training 	

Source: Warwick IER

Standards setting

Over the past several years apprenticeship standards have replaced frameworks and stakeholders in both sectors expressed a preference for standards over frameworks. Standards are developed through employer led Trailblazers and so stakeholders believed their content (the knowledge, skills and behaviours they develop) are appropriate to job roles, both at Intermediate and Advanced levels. It is also felt that the standards are flexible enough to accommodate the different types of organisations and individuals that undertake apprenticeships.

The main concern expressed was the process of initially developing and then making limited changes, and the three year requirement to formally update standards. Stakeholders, predominantly in food retail, felt that it was too unresponsive. This was evidenced by the changes brought about by the impact of COVID-19, some of which may persist (particularly the impact on digital skills) whilst some job roles have expanded, such as delivery drivers. To make adjustments within existing standards can take up to 12 months, more fundamental changes up to 24 months, and producing new standards over two years.

“ Happy with the content of standards
but not the process ”

Food retail

A primary concern was over communication. Their appears to be a translation issue from the language of business to the language of the Institute for Apprenticeships and Technical Education (IfATE) that is contained in the final version of the standards. Some stakeholders believed that the process could be speeded up if there was IfATE representation within the employer Trailblazers and an employer voice within IfATE's processes.

Given how time intensive the process is for employers it is more likely to deter smaller employers because they cannot invest the personnel time required. Therefore standards can better reflect the needs of larger employers rather than smaller businesses. And smaller businesses are increasingly less likely to recruit apprentices since the reforms were introduced.

Training delivery

Training is delivered in a blended way in both sectors, that is, a combination of face-to-face, online and other training support such as mentoring. Because funeral sector apprentices are fewer in number they tend to get more online training than face-to-face training which tends to bring people together from several funeral homes. In contrast, due to larger numbers of apprentices, face-to-face training and coaching from providers can be undertaken in retail stores.

Training in both sectors has moved much more online during the pandemic because of distancing restrictions and this is seen, especially in the funeral sector, as it is more flexible and economical as it does not involve apprentices travelling to an external training location. Due to this, more 1-2-1 online training can be delivered.

There appears to be greater turnover of training providers in food retail with businesses saying that they had changed training providers in the past two years.

When asked if there were any skills which will become more prominent in the next 5-10 years but not currently delivered through the apprenticeship the overwhelming response was digital skills.

20% off-the-job training

In England there is a requirement that apprentices undertake 20% of their time in off-the-job training³⁴, so a full-time apprentice should be spending one of their working days in off-the-job training. However, few apprentices appear to undertake this amount of training. In the most recent national (England) survey of apprentices, respondents said they spent an average of 14% of their hours per week in off-the-job training³⁵. Other studies reach similar conclusions³⁶. The survey of apprentices found that the average number of hours Retail apprentices spend in off-the-job training was just below the average of 14.3% of their weekly working hours.

The 20% off-the-job training requirement is less of an issue in the funeral sector mostly because working patterns are more variable with more and less intensive working periods. This means that in the relative downtime apprentices are able to spend more time focusing on training. This flexibility does not happen in food retail with off-the-job training requiring that apprentices are not available on the shop floor. Stakeholders in food retail believe that the 20% off-the-job training requirement means that the number of training hours are logged rather than the quality of training and there is a focus on compliance rather than delivery.

34. Off-the-job training covers technical and transferable (but not functional) skills and can include provision at an off-/on-site training centre, but can also include e-learning, mentoring and work shadowing. See guidance.

35. IFF Research (March 2020) op. cit.

36. Dickinson, P. (March 2020) op. cit. See also Low Pay Commission (2020), National Minimum Wage Low Pay Commission Report 2019.

As we have seen, in both the food retail and funeral sectors, the prospect of losing an employee for 20% of the working week can affect the engagement of business managers with the programme, and their enthusiasm in promoting apprenticeships to their staff. Within the funeral sector it is seen to impact on smaller businesses that do not have enough staff to cover for apprentices while away on training. It also affects the promotion of apprenticeships within the funeral sector because similar qualifications which cover similar training involve off-the-job training outside of working hours.

“It is difficult selling apprenticeships to line managers because they lose a worker for 20% of their time”

Food retail

Functional skills

Functional skills appears to be more problematic in food retail. Whilst additional funding is available for Functional skills it is not included in the 20% off-the-job training adding to the costs of apprenticeships. Functional skills has also been identified as a barrier to certain groups of learners (especially those with learning difficulties)³⁷. Such learners (e.g. those at Entry Level in maths and

English) require additional support to be able to achieve the level required. Some employers do provide such learning support, and this opens up apprenticeships to more staff, however, this has to be funded out of their own resources.

Some food retail stakeholders felt that English and maths needs to be embedded more, that it was too academic and needs to relate more to the work context. Others felt that the ICT component needs to be given greater emphasis especially given the impact of digitisation on the sector.

3.3.3. Workplace support

Stakeholders in both sectors said that workplace support for apprentices was essential. The role of the line manager was critical (see Table 4). Within the funeral sector some stakeholders provided dedicated training for line managers in supporting apprentices. As some funeral homes can be quite small, line managers may not be at the same place of work as the apprentice which raises additional requirements.

Within both sectors apprentices are provided with a main point of contact within the organisation so if they require additional support they know there is someone they can directly contact. In addition, there is regular progress monitoring of apprentices by employers to identify any issues or concerns. ➤

Table 4: Key aspects of workplace support in the two sectors

	Food retail	Funeral
Workplace support	<ul style="list-style-type: none"> • Importance of line managers • Need to provide suitable technology • Progress monitoring • Pastoral support 	<ul style="list-style-type: none"> • Importance of line managers • Progress monitoring

Source: Warwick IER

➤ In food retail, the provider was providing additional online apprentice pastoral support for stress and time management.

3.3.4. End Point Assessment

The switch from an end of programme qualification to an EPA was also a key element in the 2017 apprenticeship reforms. This process was welcomed by stakeholders in both sectors

(see Table 5). However, as funeral sector apprenticeships were new to some, few stakeholders in this sector had gone through the EPA. ➤

Table 5: Key aspects of the EPA in the two sectors

	Food retail	Funeral
End Point Assessment	<ul style="list-style-type: none"> • Positive move • Move to online EPAs 	<ul style="list-style-type: none"> • Positive move, but early days • Move to online EPAs • Preference for a recognised qualification

Source: Warwick IER

➤ COVID-19 poses challenges to the EPA as it does to training provision. Some elements of the EPA are already undertaken online (e.g. the knowledge test). Other elements can be problematic such as invigilation so that apprentices do not access learning materials during the EPA.

Within the funeral sector, under non-apprenticeship provision, the award and possession of a diploma is valued by both employers and employees. It provides evidence of a level of skills attainment that is portable across employers. As it stands the apprenticeship does not provide this.

3.3.5. Progression

When asked, stakeholders said that both retail and funeral sector apprenticeships produced fully competent workers in the job roles they had been trained in across the three skill areas: technical/vocational, transferable and functional skills (see Table 6). Within the funeral sector, more so than food retail, the apprenticeships deliver the skills but these are not fully developed until after completion when they are applied through experience in the workplace. ➤

Table 6: Key aspects of the EPA in the two sectors

	Food retail	Funeral
Progression	<ul style="list-style-type: none"> • Delivers the right competencies • Few monitor impact or progression • Needs to be greater emphasis on progression 	<ul style="list-style-type: none"> • Delivers the right competencies which work experience then develops • Few monitor impact or progression

Source: Warwick IER

➤ Surprisingly, given how much organisations are investing in apprenticeships, few mentioned that they monitored the progression of apprentices after they had completed. It is interesting that the two employers that did monitor progression mentioned the social mobility dimension of apprenticeships in their organisation in earlier discussions (see Section 3.3.2). Some employers received informal feedback from apprentices and found this positive. Those organisations that did monitor progression in food retail found that apprenticeships did impact on promotion

with more than four out of five Intermediate and Advanced apprentices subsequently promoted into higher level roles.

Some stakeholders said that there needed to be a greater emphasis on progression within the apprenticeship programme. Employers said that Intermediate apprenticeships are an entry point for the workforce development of new entrants into their sector (after an initial probationary period), and can be used as a career pathway, via Advanced apprenticeships, to higher level skills and jobs.

“ We are trying to identify progression routes. Five years ago there wasn't much progression. We now want people to acquire and develop skills so they can take the next step up the ladder ”

Funeral sector

As it stands, the knowledge, skills and behaviours of the standards refer to the job an apprentice is in. Apprentices need to be in the job role that apprenticeships are training them for. Some stakeholders highlighted the distinction between training and development. They would like the ability to utilise apprenticeships to train people for future roles, for example, using the Retail Team Leader apprenticeship as a route to management training. They would like to see a more aspirational dimension to apprenticeships to help propel people to higher levels of training. In the past, some programmes have been able to incorporate units from higher level qualifications to develop higher level skills either in areas where the trainee is more adept or to encourage progression³⁸.

3.3.6. Apprenticeship funding

The Spring 2017 apprenticeship reforms brought in the apprenticeship levy. This switched the emphasis for apprenticeship funding from the Government to employers. Employers with a pay bill of more than £3 million per annum paid the levy, which they could draw against to fund their apprenticeships. Levy payers could also pass on some of their levy funds to subcontractors. Smaller employers - non-levy payers - had 95% of the apprenticeship training costs paid from an apprenticeship fund which included the unspent levy of levy payers and a Government contribution. Since the introduction of the levy there has been a reduction in the proportion of non-levy payers hiring apprentices.

No stakeholder criticised the principle of the apprenticeship levy per se. For some HR and training managers the levy provided a dedicated and ring fenced training budget. The main criticism of the levy was the lack of flexibility of how it could be spent i.e. only on the costs of training and the EPA. However, several studies have shown that training is only part of the costs of apprenticeships³⁹.

“ Happy with this. It gives me a dedicated budget for training ”

Funeral sector

Other substantial costs of apprenticeships are: mentoring, support and supervision; the wage of the apprentice (especially covering unproductive time when they are involved in training); and the cost of backfilling the apprentice during their off-the-job training. Within the funeral sector, managing and supervising of apprentices was a significant cost for many business managers. Food retailers especially said that they are trying to make apprenticeships work in their sector and provide additional technical support (e.g. laptops); workplace support; support for learners to undertake apprenticeships and progress; and costs of backfilling. However, this requires extra resources none of which can currently be funded from their levy contributions.

These costs vary across different frameworks, for example, the amount of time spent in off-the-job training is lowest in Health and Social Care (11% of an apprentices' working week) and highest in Construction (22%) and so the amount of time varies. The costs of backfilling are greatest in those sectors where staff ratios are required, such as childcare, where there are statutory staff:children ratios because certain numbers of staff need to be present. As we have seen, there is greater

38. Dickinson, P. (2008), Evaluation of the Foundation Learning Tier. LSC National Office.

39. For example, see Dickinson, P. (January 2020), The impact of Accountancy Apprenticeships. Kaplan and the Association of Accounting Technicians (AAT); Hogarth, T. et al. (May 2012), Employer Investment in Apprenticeships and Workplace Learning: The Fifth Net Benefits of Training to Employers Study. BIS Research Paper No. 67. Department for Business Innovation and Skills; Gambin, L. and Hogarth, T. (May 2014), Employer Investment in Higher Apprenticeships in Accounting. BIS Research Paper No. 175. Department for Business Innovation and Skills.

flexibility in the funeral sector for apprentices to undertake training because there are peaks and troughs in demand through the working week. Nevertheless, funeral sector business managers in the e-survey said that the costs of the 20% off-the-job training were the most significant cost of their apprenticeships. In food retail, off-the-job training places a brake on apprenticeship recruitment because of the numbers of staff required on the shop floor.

Apprentices potentially can impact on social mobility but the costs of pre-apprenticeship support (e.g. in bringing people up to appropriate levels in maths and English), and any additional support during the apprenticeship (for example, for people with mental health problems and undiagnosed learning difficulties and/or disabilities) are not funded through apprenticeship funding⁴⁰.

Whilst there is some additional funding for certain groups of apprentices, such as care leavers, other additional support (e.g. for apprentices from deprived areas) has been gradually removed over the years. Stakeholders would like the extra support they provide, especially for disadvantaged groups of apprentices, to be funded out of the levy.

Stakeholders in both the food retail and funeral sectors would also like to see more flexibilities in funding so they are able to support more part-time workers. Whilst apprenticeships are available for part-time workers there is limited take-up, partly because they are more difficult for employers to manage, and because they may affect certain groups of learners more (such as those with caring responsibilities and disabled learners). However, trends in both sectors are for more flexible working with increasing numbers of people working on a part-time basis.

3.3.7. Relationship to other training

There is some awareness of other Government training programmes, such as, T Levels, the National Retraining Service and the Adult Skills Budget (ASB). T Levels were the most mentioned by stakeholders but for digital technology. Food retail is not included in the first phase of T Level programmes and the funeral sector was not seen as appropriate for 16-18 year olds. One organisation accessed the ASB, but this was a complex process because the ASB is managed by different organisations, for example, in some areas it is managed by the respective Mayoral Combined Authority whilst in other areas it is a national programme. Traineeships were also being considered as a pre apprenticeship programme in one organisation. Other organisations are involved in Jobcentre Plus programmes such as supporting long term unemployed people back into work.

Other Government training programmes fund priorities which employers are also trying to achieve e.g. extra learning support for disadvantaged people, helping people back into the labour market through retraining and additional basic skills training. However, they are difficult to access and run alongside apprenticeships.

Prior to COVID-19, some organisations were developing their training and development functions. One organisation had invested in an e-learning platform which positioned them well for the move to on-line training during the pandemic. This was valuable for providing induction training for new entrants in funeral homes during the pandemic.

3.3.8. The role of diversity, inclusion and sustainable development

Most stakeholders in the two sectors believed that diversity and inclusion should be a key element of their apprenticeship programmes, and many employers monitor the diversity

40. Learning and Work Institute (April 2018), Exploring the funding and support for apprentices with additional support needs. Department for Education.

“Its always been a significant priority for us. It’s part of our core values. We provide pre-apprenticeship support for this reason”

Food retail

of their apprenticeship starts. In some cases diversity and inclusion was a key objective of their organisation. For others, they wanted their workers to be representative of their customers and local communities. This is especially the case in the funeral sector which has a less diverse profile than food retail. However, there are inherent barriers to diversity and inclusion, especially the barriers to those on fewer hours in accessing apprenticeships.

Most stakeholders also said that sustainable development should play a prominent role in apprenticeships. However, few had taken practical steps to achieve this.

3.4. The impact of COVID-19

Stakeholders were asked about the immediate and medium-term impacts of COVID-19 on their apprenticeship programmes.

Immediate impact

The main immediate impact of the pandemic was a pause to apprenticeship training followed by a halt on new recruits. Those on apprenticeships were required to work on the shop floor or in funeral homes as demand in both sectors increased dramatically. Many apprentices restarted their programmes in the summer but this meant that there would be delays in completing their apprenticeships which causing knock-on delays to starting new apprentices until the current cohort has completed.

Apprentices also suffered from the pandemic themselves either due to contracting the virus, caring for dependents, being in a vulnerable group or having to self-isolate which necessarily delayed their progress. Some employers and training providers said they provided additional pastoral support to apprentices during this break in their learning so that apprentices felt they were being supported and preparing them for when their programme restarted.

During the lockdown significant efforts were made to transfer apprentice training online and to accommodate the EPA online as well. The move to e-learning necessitated placing materials online and in a form that was engaging to learners. In addition, apprentices need IT equipment (laptops and wifi) to access e-learning. Therefore there were a wide range of logistical problems to be addressed. Most stakeholders were satisfied with the ways in which training providers and their own organisations have addressed these problems. However, aspects of the EPA proved to be a greater challenge, in particular when it involved visual assessment and for invigilation.

Some food retail stakeholders reported greater concerns over staff safety with the number of attacks on staff increasing during the lockdown.

COVID-19 affected other employer training as well. Due to the pandemic employers in both sectors recruited large numbers of staff on temporary contracts to fill gaps in staffing (caused by the pandemic) as well as to help meet additional demand. In food retail tens of thousands of temporary workers were recruited whilst funeral homes also recruited relatively large numbers. There was therefore a surge in induction training and introductory courses some of which have also been placed online.

Current impact (Autumn 2020)

The current impact of COVID-19 in Autumn 2020 was mixed. Some employers in both sectors said that their apprenticeship plans, including taking on new apprentices, were almost back to normal. However, others were assessing the impact of the pandemic on their businesses and business models, and the implications of this for their apprenticeship programmes, for example, the move to online shopping (which may require more investment in apprenticeships for delivery drivers), the greater need for digital skills, and the interaction between face-to-face and technological customer communication and care.

A major impact followed from the large numbers of temporary staff taken on during the pandemic (over 20,000 for one employer) many of whom have been now employed on permanent contracts. Many of these people have come from other sectors and may have the soft skills relevant to the food retail and funeral sectors but need training in the technical skills. For example, funeral homes received a large number of applicants from the hospitality, tourism and care sectors. These people will have customer care and communication skills but will need training in the vocational aspects of the job. However, employers are only able to place a limited number of people on apprenticeships at a time of heightened demand because they need time off to train.

Longer term impacts

There were also mixed views on the longer term impacts of the pandemic. Stakeholders, especially in food retail, believed that apprenticeships will still be the major training programme but there may be changes within it e.g. different levels of training and varying impacts on different frameworks. In the funeral sector, the response was more uncertain partly because apprenticeships are not as well established but also because people are awaiting the outcome of the CMA investigation.

“ We are remodelling our business. Some changes can be accommodated within existing standards but some may need a new standard ”

Food retail

A major impact will be on the competencies required within the programme, particularly with the increased need for digital and technology skills. The precise nature of these changes are currently being explored.

There is also the issue of how COVID-19 changes interact with wider economic changes. For example, some food retailers had seen an increase in the purchase of goods that people would usually buy on the high street (e.g. cosmetics) but couldn't due to the lockdown. How demand for these products returns to 'normal' or is affected by ongoing economic and societal changes impacting on people's shopping habits remains to be seen.

3.5. Conclusion

This section has reported on the views of stakeholders in the food retail and funeral sectors. There is mostly approval for the development and application of apprenticeships in the two sectors. However, apprenticeships need to be better developed in some areas - standards, off-the-job training, progression and funding - if they are better able to meet the needs of employers and future skills challenges.

4. Conclusions

4.1. Introduction

The main objective of this research project changed due to COVID-19 and the subsequent lockdown. The revised aim of the project became how best to develop apprenticeships so they are better able to meet the future workforce and skills needs of employers, in short how can apprenticeships be 'built back better'.

The research focused on the food retail and funeral sectors because they are different in employment terms - the size, structure and dynamics of job roles - and because they had different workforce development needs.

Apprenticeships are currently the main element of UK skills policy. However, apprenticeships in England (the country on which the study concentrated) have changed significantly over the years, and also differ between countries (indeed between the four nations making up the UK). Apart from having an element of off-the-job training, being in work (where the knowledge acquired in training can be applied) and having a contract of employment, there is great variety in apprenticeship programmes between different states. England permits levels and occupations of apprenticeships, and ages of apprentices that are not permitted in most other countries.

The key point is that there is not one definition of an apprenticeship, and programmes are flexible reflecting the objectives Government wants them to achieve, such as being demand-led. Apprenticeships in England have changed significantly over the past five years largely as a result of Government reforms. They are much less likely to be a job entry route for school leavers (as they are in most other European countries); more likely to be used to train older, existing employees to NVQ Level 4 and higher (also untypical compared to other countries); and since the funding reforms in 2017, they are more likely to be the preserve of larger organisations.

4.2. Employment and apprenticeship trends

Employment in both the food retail and funeral sectors has expanded over the past decade and is expected to continue to grow well into the current decade. In both sectors, there has been an increase in a flexible workforce with higher levels of part-time and temporary workers. These trends are expected to continue, although the funeral sector is likely to continue with relatively high levels of full-time workers.

Short- and medium drivers of employment growth and the nature of jobs are: Brexit; the impact of technology; climate change; and the ageing population. Predicting the precise impact of these drivers is difficult to forecast because they interact with each other.

The largest component of employment, and the most predictable, is replacement demand caused mostly by older workers leaving the workforce and having to be replaced by younger people. This has obvious implications for recruitment and workforce development as new entrants to the sectors need to be recruited and trained. The implications of replacement demand also appear more significant for the funeral sector as it is perceived to have an older workforce.

Most employment forecasts suggest a hollowing out of skills needs, that is an increase on jobs for higher and lower skilled workers and a decrease in jobs for those with intermediate skills. This, it is argued, is because of the impact of technology. However, both the food retail and funeral sectors have seen a broadening of job roles requiring wider skill sets. In addition, stakeholders see an increase in the need for, and level of, digital skills for those in the Intermediate and Advanced apprenticeship job roles which the research focused on. Both the broadening of job roles and the need for digital skills will require increased skill levels, as well as the application of those skills on the job (for example, customer care).

Some of these trends in employment, and their implications for skill levels and workforce development, have been accelerated by COVID-19.

Another key trend which is partly political (i.e. an aim of the Government), economic (e.g. in terms of recruiting and retaining workers) and behavioural (i.e. an organisational value and objective) is the emphasis on good work and social mobility. This was a factor to emerge from stakeholder discussions. Employers spoke about wanting to promote diversity and inclusion in the workforce and apprenticeship recruitment policies which fits in with the Government's good work as well as other Government agendas (such as social mobility). Training and development are key elements in both of these agendas. It also supports business requirements to recruit, retain, develop and progress their workforce. Apprentice pay also demonstrates a positive dimension of businesses to their apprentices. Employers in the study pay the rate for the job rather than the Apprentice Rate which is much lower (up to 50% of the job rate depending on age).

4.3. The apprenticeship model

The apprenticeship model in England has significant employer ownership, a key objective is to be demand-led. Through trailblazers and the levy, employers pay for and define apprenticeships. There is great flexibility in the apprenticeship programme accommodating different levels (up to degree level), new entrants and existing employees, and people of all ages. The main stipulations are for minimum requirements for hours spent in training (20% of the working week), duration (must be more than 12 months) and what levy funds can be spent on (training and EPA). But despite being 'demand-led' fewer employers are recruiting apprentices.

Apprenticeships in the food retail and funeral sectors vary considerably. Retail apprenticeships are one of the largest apprenticeship standards, are long standing and are the main workforce development programme in the sector. Apprenticeships in the funeral sector are relatively

new, with a small number of apprentices and employers, and compete with well established programmes.

Sector stakeholders were generally positive about apprenticeships. Recruitment processes worked well, with inclusion and diversity a stated priority for some (e.g. monitoring and targets); training was delivered in a blended approach combining distance and face-to-face learning; and employers, apprentices and providers had managed to respond to the unprecedented demands and moves to online learning and assessment due to the pandemic.

The elements of apprenticeships that stakeholders said could be better developed were:

- The **standards** setting process. Some stakeholders said that the trailblazer process was time consuming and complex. It could take up to 12 months to make minor adjustments to standards, and double that time for major changes or to update it (as is required every three years). Thus, any technology skills requirements produced or accelerated by the pandemic could not be accommodated in the standards for at least a year. Part of the problem was stated to be communication between businesses and the IfATE especially different terminology, and employers needing their requirements translated into pedagogical language. Stakeholders believed that an employer voice was needed within IfATE at each stage of the standards process to facilitate and speed up the process. Furthermore, as the current standards process is time consuming it favours larger organisations who are better able to commit resources (especially staff time) to their development. Whilst smaller employers can be represented by their trade bodies (the NAFD and BRC in the case of the two sectors), SMEs are less likely to have direct representation thus omitting an important voice. This is also compounded by the decrease in the number of smaller business taking on apprentices and particularly affects the funeral sector because there are numerically fewer levy payers.

- **The requirement for 20% off-the-job training.** This requirement does not appear to be working in a large number of apprenticeship standards as the majority of apprentices report that they do not currently meet this requirement. In some sectors and standards, it is easier to accommodate 20% off-the-job training than others either due to work patterns or how training is delivered. Within the two sectors that are the focus of this study, the 20% off-the-job training requirement is more of an issue in the food retail than the funeral sector. In the funeral sector there is greater flexibility when apprentices can undertake their off-the-job training as there are more peaks and troughs in their working hours. In food retail there are more regular demands on the shop floor and stricter staffing requirements (especially at the moment). This means that in food retail apprentices need to be backfilled when undertaking off-the-job training adding to the costs of apprenticeships. This erects a significant barrier to the provision of more apprentices in the sector.

In addition, there are important elements of training which support workforce development (and feeds into other Government priorities such as social mobility and good work), such as, pre-apprenticeship support (especially in getting apprentices up to the requirements for maths and English) and in additional learning and pastoral support to apprentices whilst on the programme (for example, from their line and business manager). This is neither accommodated in the 20% off-the-job training nor apprenticeship funding. Additional pre- and ongoing learning support would benefit certain groups of learners, such as, those new to learning, and those with mental health issues or undiagnosed learning difficulties and/or disabilities.

- **Progression.** There is a commitment from key stakeholders in both sectors to embody diversity and inclusion in their recruitment processes, and to progress their staff. People working in the two sectors are more likely

to have no or lower level qualifications and so will benefit more from workplace training than people in other sectors. There is also more added value in apprenticeships as fewer apprentices are already qualified to Level 2. As we have seen, some employers do provide additional learner support and Functional skills support, to assist apprentices to achieve a Level 2 Standard. There is also a desire on the part of employers to use apprenticeships as a progression pathway to higher level training, skills and jobs within their organisation. Therefore, there are significant elements in place by which apprenticeships already provide a progression route. Some stakeholders would also like to see flexibilities that provide a greater focus on progression within apprenticeships themselves. At the moment apprenticeships can only be used to train people in the job roles they are already performing; what some employers would like is the ability to use apprenticeships to train people for future job roles. In the past, some programmes have used units from higher level qualifications to train people in skill areas that they were already more adept or to encourage progression.

- **Funding.** Stakeholders tended to accept the apprenticeship levy. What they would like to see is greater flexibility in the use of the monies it generates. The apprenticeship model is supposed to be flexible and demanded. However, certain types of training and EPA are the only costs that levy funds can be used for. Employers in both the food retail and funeral sectors are contributing to an enhanced apprenticeship model (such as providing additional learner support and pre-apprenticeship provision) but currently they are unable to use apprenticeship funding to finance this. The apprenticeship programme supports a diverse range of standards but there are barriers in some occupations to take-up because of the various cost implications in training different occupations (e.g. backfilling staff in the case of food retail). Apprenticeships in the food retail and funeral sectors are contributing to broader Government skills and

other agendas (good work, social mobility, diversity and inclusion, basic skills, retraining) as well as to providing workforce development opportunities to large numbers of people including some in disadvantaged groups. Greater flexibility in funding will reduce the cost barriers for employers encouraging the take-up of more apprenticeships, and widening access and progression.

4.4. Recommendations

The food retail and funeral sectors provide quite different perspectives on how apprenticeships can be better developed. Despite the significant contrasts between the two sectors there are important similarities in employment and skills trends, and how apprenticeships can be used to help the economy 'build back better'. This is not just in meeting economic aspirations but also addressing key elements across a number of Government agendas.

The main requirement is for greater flexibility in key aspects of the apprenticeship programme:

- The COVID-19 pandemic has accelerated a number of existing employment and skills trends which will change the requirements and demands of apprenticeships in the short- and medium term. In order to respond, apprenticeships require a **standards** setting and updating process that is much more responsive and agile to meet the quickening pace of technological change. A particular issue is communication and translating employer needs into the language of the standards.
- In addition, employer involvement in **Trailblazers** requires considerable employer resources, and this tends to exclude the involvement of smaller firms which comprise considerable numbers and proportions in both sectors. Furthermore, an aim of the reformed apprenticeship programme was to increase the take-up of apprenticeships by smaller employers, but in fact the reverse has

happened. Making the trailblazer and standards setting and amending processes more agile and responsive will make it easier for smaller employers to engage in it.

- **Flexibilities in funding.** Whilst there are considerable flexibilities within the apprenticeship model stakeholders said that this applies less to the ways in which funding can be used. Employers would like to see greater flexibility so that it enables employers to:
 - address specific cost barriers to expanding provision in particular standards. At the moment, the funding model accommodates and supports certain sectors and job roles much more than others because of different patterns of working and the flexibility with which apprentices can train. This significantly adds to the cost of apprenticeships in some sectors, especially food retail that requires a certain level of staffing presence on the shop floor, and also the large number of part-time workers. Flexibility to support the true costs of training would enable employers in the third largest apprenticeship programme to expand their provision, especially at a time when they are recruiting and wanting to train large numbers of people as a result of the pandemic;
 - to better support apprentices to overcome barriers to learning (pre-apprenticeship support and learning and pastoral support whilst on the programme), funding that is available through other Government skills programmes but that is difficult to access or not possible to combine within apprenticeships. The two sectors employ above average proportions of people with no or lower level skills and qualifications. They can therefore be at the forefront of skills policies aimed at increasing the skill levels of the workforce, in keeping with the aims of the apprenticeship programme.

- Greater **flexibility in funding and off-the-job training** requirements will also help employers accommodate the increasing numbers of part-time workers in the two sectors. At the moment, the apprenticeship model makes it difficult for employers to use apprenticeships to train part-time workers, yet part-time workers are likely to play an increasing role in the workforce in both sectors.
- Create **progression** momentum within apprenticeships by enabling them to be used for future job roles, by enabling pre-apprenticeship training and incorporating units from higher level or other apprenticeships. Apprenticeships can be better developed to create progression routes and career opportunities within both sectors and so contribute to employers' skills needs as well as enhancing social mobility.

By adopting these flexibilities, apprenticeships will not only be better able to meet the needs of employers and their developing workforce and skills needs, but also in meeting the main objectives for the programme set out in the Government's vision for apprenticeships, and other important policy agendas.

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