

REPORT TO THE FOOD AND DRINK SECTOR COUNCIL SKILLS SUBGROUP APPRENTICESHIPS - A STATE OF THE NATION REVIEW



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The Skills Subgroup of the Food and Drink Sector Council has identified apprenticeships as a key priority area for the food and drink sector and has created a 'Task and Finish' group to develop a strategy and actions to address the skills issues facing the industry.

There is a lack of clarity across the food chain as to whether the perceived problems restricting a higher uptake of apprentices are a result of government policy decisions or the implementation of the policies by businesses. There is also a lack of understanding as to whether this is a consistent problem across the entire food chain, or if some parts of the sector are managing better than others.

Without a greater understanding of these problems, it is difficult to develop meaningful interventions and activities that can support the sector.

The overall objectives of the Task and Finish group are:

- To understand the specific skills issues across the supply chain.
- To identify the skills that can be gained through apprenticeship programmes.
- To understand the key issues and barriers for each part of the food supply chain regarding the undertaking of apprenticeships.
- To devise plans that will solve the issues identified.
- To present innovative and exciting proposals to the Food Council that warrant government and industry support.

REPORT PURPOSE

This report seeks to provide insight into the first three objectives by giving an overview of the current 'state of the nation' so that the group can develop recommendations.

The overview is based solely on the responses from organisations representing mainly food supply chain employers to a series of questions designed to understand better:

- How does each specific part of the food supply chain use apprentices to address skills issues? In particular what skills issues are apprenticeships perceived to be unsuited to improve?
- Whether there are infrastructural issues relating to the availability of apprenticeships that are creating barriers?
- To what extent employers in the sector support the new policy of apprenticeships in England?

Telephone calls took place with representatives across the supply chain. These consisted of:

Farming	Manufacture	Hospitality	Retail
National Farmers' Union	National Skills Academy for Food and Drink	British Hospitality Association	British Retail Consortium
Agricultural & Horticultural Development Board	Food and Drink Federation	People First	People First
Lantra			
Landex			

EXECUTIVE SUMMARY

The report identifies many themes that are certainly not exclusive to food supply chain companies. Therefore, this executive summary aims to highlight those areas that are specifically pertinent to this 'combined' food supply chain sector. While there are many positives associated with the new apprenticeship system, there are also many opportunities to make it work better for the food industry. This report aims to highlight issues rather than discuss the positives of the new system.

- There are many issues regarding Labour force that are specific to the sector. These include:
 - The high use of contingent or seasonal labour. This means that the levy is being paid on the employment costs of employees who cannot undertake apprenticeships. This drives dissatisfaction and the demand for a levy that provides more flexible training opportunities.
 - The high proportion of overseas workers in the sector whose English language skills mean that there is a strong likelihood that they could not easily attain the functional skills levels required to pass an apprenticeship. This is not because they are not well educated, as they could pass Maths relatively easily. It is just that English is not their first language and providers are not keen to risk their achievement reputations on those who aren't easily able to achieve the required levels to pass.
 - The recognised reliance on overseas labour has driven a desire for businesses to automate, digitise and intensify activity to recruit local personnel. However, there are some issues around low unemployment in areas where there is a high demand for labour. This mismatch is felt not to be addressed through apprenticeships and is an inherent and infrastructural issue.
 - The proportion of older workers in the sector poses problems with presenting apprenticeships as a training solution. The general perception is that apprenticeships are for young people starting their career and not necessarily for those with experience who want training to progress their career. Whilst they have been designed to suit both groups apprenticeships are not seen as a practical training solution.

- The perception of the industry amongst job searchers is at best non-existent and at worst negative, and this adds to the challenge of recruitment.
 - Young people remain unaware of the potential career options within the sector. Evidence suggests that the perception of the grocery and retail sectors are better than that of the manufacturing sectors. The attraction increases the closer the role/occupation/apprenticeship is to the consumer end of the supply chain.
 - Unemployed people looking for work are mostly unaware of the breadth of opportunities within food manufacturing.
- Industry structure also drives a number of problems as the sector is made up of both sizeable multisite levy paying businesses and SMEs. These have the following issues:
 - Companies who have multiple sites across the UK nations find devolved government policies, non-use of levy and different apprenticeship designs frustrating and unnecessary. Most businesses simply want to offer their employees equal opportunities and they find that these differing policies and approaches disadvantage them and add unnecessary complexity. Most food chain businesses seek to provide equal opportunities to all regarding the provision of the same programmes and opportunities. They feel they are ignored by policymakers, who just shrug off their concerns as being a symptom of national politics.
 - Smaller businesses are being left behind. There is no impending levy cost to provide the same time or return on investment imperative to drive apprentice take up. They rely on providers to actively target them and in the new system only providers with special contracts are able to fund and deliver to SME's. Often these providers are not food and drink specialists. Support to help SME's is often provided by LEP's however often this help can be generic and not sector specific in relation to apprenticeships.
 - There is a suggestion that occupational focussed Apprenticeships are less helpful to SME's who tend to require more broadly-based skills in their business. This is because a single job actually can cover multiple occupations, as there is insufficient scale to employ a range of individual occupations.
 - The industry fragmentation, coupled with limited promotion of apprenticeships, leads to a weak market in some areas. Without assistance, some new apprenticeships are likely to wither over time.
- Infrastructure availability is mostly determined by the support available to the individual food sector. No single skills body supports the supply chain, but individual subsectors are reliant on support from a range of organisations, resulting in a skills infrastructure that is variable.
 - Where sector skills organisations are present, apprenticeship standard development has been at a fast pace and driven through active collaboration. Where they have not been at the forefront, navigation of the system has been harder, and development has been slower.

- With the exception of the farming sector, broadly all parts of the supply chain now have access, in principle, to apprenticeship standards that cater for their needs. This has been a slow, painful and dissatisfactory engagement with government to achieve these, which has left a sense amongst employers that the government's ambition of an employer-led system has been rather more of a policy-driven agenda.
- The greatest risk in the system appears to be amongst providers. The concerns range from a lack of standard uptake resulting in geographical wastelands, to selling of easier-to-deliver standards, irrespective of their suitability.
- A lack of awareness of the availability and suitability of standards means that employers are often not well enough informed and succumb to lowest common denominator apprenticeship standards.

RECOMMENDATIONS

1. The Department for Education should remodel how the food supply chain is represented as a 'sector' in the occupational route maps. Food should become a recognised career route instead of being split across hospitality, manufacturing, and science.
2. T levels should be designed to reflect this and build on the significant interest young people have in food, and present broad curriculum options before specialising into a specific food occupation. Young people should have the opportunity to learn about the food production system, learn how to produce food products (cheffing, baking, fishmongering, butchery, etc.), and learn about customer service and nutrition before specialising into a specific role.
3. Current career campaigns across the food supply chain should develop shared and clear messaging to promote a broader food message, whilst recognising the specific opportunities and challenges within each part of the chain.
4. The Department for Education should ensure that apprenticeship campaigns change perceptions of apprenticeships, in order to recognise that they are not just for new entrants but are suitable for upskilling.
5. Flexibilities should be introduced to enable companies in the supply chain, who have sites located across the devolved nations, to implement uniformed apprenticeships. This could take the form of enabling food supply chain businesses to pilot flexibilities to current funding rules, which would enable them to spend the levy on employees in the devolved nations.
6. The industry should introduce a scheme to encourage larger businesses to offer smaller businesses the opportunity to benefit from their levy, thus removing the 5% contribution barrier. This builds on new flexibilities introduced into the system, where levy payers can transfer funds to SMEs that they no longer require to be in their supply chain. Larger businesses could offer this to SMEs through a regional, sectoral or supply chain approach.

7. The industry should undertake a major campaign to provide employers with information around the standards that are suitable for different roles in the sector, and how to ensure that employers of all sizes are informed customers. In addition, links to enable employers to work together to develop training provision should be developed further.
8. Provision remains the weakest link in the system, particularly with regard to SMEs given the fragmentation and diversity of businesses. Whilst this part of the system is being left to the market, it is clear there are areas of market failure where businesses are not able to access the standards that they want. Support is required to enable all businesses to access the STEM-related standards that have been developed.
9. A reskilling initiative should be pursued through the National Retraining Scheme. This would enable businesses in the food supply chain both to support their employees to reskill and to exploit automation and digitalisation to drive productivity in the short term and achieve the outcomes identified in the 'Made Smarter' report.
10. Migration policies, post-Brexit, need to consider the reality that there is limited labour mobility. There will remain businesses in regions where there is low unemployment and a requirement, despite moves to automation, for lower-skilled jobs.

A KEY QUESTION UPFRONT - WHAT DO EMPLOYERS IN THE FOOD SUPPLY CHAIN THINK ABOUT THE LEVY?

As background to this report, it has been mentioned by stakeholders that the messaging about the levy, that comes out from employers in the sector, is often inconsistent. This inconsistency makes it difficult for government stakeholders to form a clear understanding of how the sector 'really' views the levy. As is often the case, the truth is slightly more complicated. In particular, the variances are most evident when those articulating the opinion represent differing levels of authority and responsibility within their organisations.

Few corporations led by their CEO or CFO want more tax, and the levy is a tax. However, it is worth reflecting that this is not just one tax in isolation. It is one more cost to the business on the back of a range of additional costs that food businesses, like others, have merely had to absorb over the last couple of years. These include; increased labour costs through the introduction of the national living wage, rate rises (retail) and increased costs of raw materials due to the effect of currency changes (related to Brexit) to name a few. This is also set against continued uncertainty for many parts of the sector as to whether this is due to Brexit or the changing nature of the retail environment. It is also worth reflecting that whilst all businesses expect to manage variations in their businesses and changing consumer habits, many additional costs have been directly or indirectly driven by government policy.

CEOs will not welcome additional taxes and may pressure their trade associations to reject any attempt by the government to tax their business further.

It has been remarked that the levy is hard to disagree with in principle - a tax to reinvest back to support the skills agenda (perceived sometimes as the 'youth' skills agenda). The challenge is often levelled at either the broader policy ambition; is this the best way to address the ambition of improving the skills base of the UK? Or the effectiveness and utility of it; is it workable? what are the restrictions? is it fit for purpose?

The key issues raised at this level tend to be around the inability of a business to reclaim the full amount of tax paid due to:

- The sheer scale of payment.
- The perceived relevance of apprenticeships to deliver the skills required by the business.
- The additional costs involved (see below).
- The devolved nations issue.
- To recruit new apprentices to spend the levy on adds substantial costs that are not covered by the levy in terms of wages.
- There is a limit to the requirement for new employees.
- The on costs of backfilling roles due to the requirement for 20 % off the job time. Who will pay for the costs of someone to milk the cows or operate the tills on the day the dairy person or retailer attends college?

These give rise to demands for change and greater flexibility in the scope of the levy to cover training, to cover backfill costs and the ability to pass the levy contributions up and down the supply chain.

For the practitioner on the ground, the levy is a gift. It is, for many, the first time a guaranteed budget has been provided, enabling them to plan longer-term skills initiatives without fear of budget cuts caused by short-term operational performance. There is nothing else that can be done with the levy funding; it can only be spent on training apprentices. Additionally, as the levy is often administered centrally, it provides the opportunity for more centralisation of training activity. This brings visibility and potentially greater consistency across operating site activities.

Retail leaders in the UK have expressed criticism over the new apprenticeship levy after a 61 per cent drop in people starting an apprenticeship.

Between May and July this year the number of new starters more than halved year-on-year, dropping from 43,600 from 113,000.

This follows the introduction of the apprenticeship levy in April, which requires any company which earns over £3 million annually to offer apprenticeships.

"The 61 per cent decrease in apprenticeship starts since the introduction of the levy confirms the retail industry's view that the levy, in its current form, is not working," British Retail Consortium's (BRC) chief executive Helen Dickinson said.

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How apprenticeships are shaping the retail industry

"A lack of flexibility in what the funds can be spent on is preventing retailers from making the most of apprenticeships.

"The industry is recommending that the Government flexes the system to enable retailers to draw down levy funds to cover the cost of backfilling roles while apprentices are off the job."

Neil Carberry of the Confederation of British Industry (CBI) added: "This disappointing data will come as no surprise to companies, who have repeatedly made clear that the current design of the apprenticeship levy system is not effective.

"Businesses believe in apprenticeships but there can be no argument now - reform of the levy system is needed urgently to ensure its success."

"The Government must collaborate with business to 'radically rethink' the design of the apprenticeship levy, if it is to deliver the quality skills training needed to support a more prosperous society, CBI Director-General Carolyn Fairbairn, will today (Thursday) warn.

She will highlight that businesses are committed to raising skill levels and support the Government's ambition to boost apprentice numbers, but that there are growing concerns among firms about the current design and viability of the system".

The challenges for the practitioner are operational.

- Are the apprenticeships standards available for delivery right for the role and the business?
- Where are the providers and how ready are they for delivery?
- Are they operating in a compliant way, to ensure they are not bringing reputational or financial risk to their business?
- Is there an internal infrastructure in place to support apprenticeships?
- How do they minimise the impact of 20 % off the job training?

One unintended consequence of the levy is that there is a perception that a training budget is no longer required, and that the levy will reduce the need for a company training budget. The assumption here is that all, or most training, can be achieved through apprenticeships.

All of the above has focused on those who pay the levy within the food supply chain. Particularly within the farming community, but evidently across the food supply chain, there are many businesses who are not eligible for the levy as they have a salary bill of less than £3m. There appears to be a common view that these businesses are simply being left behind. They are not focussed on by providers as they offer lower volume opportunities and require special funding. They are mostly unvoiced in terms of representation within trade associations. Unlike levy payers, there has been no support for SMEs.

Regarding summarising the views of a diverse food supply chain, it is fair to say that the aims of the apprenticeship reforms and the levy are widely supported at all levels. However, the costs of implementing within businesses cause significant financial challenges that drive demands and proposals for alternative approaches and modifications. Some large companies, particularly in the retail and hospitality sectors, will simply never spend their levy on apprenticeships due to their size and the makeup of their workforce. Others will and are finding approaches to do so. Finally, some SMEs lack the time to 'worry' about apprenticeships.

The themes captured here are examined in more detail in the final chapter, in terms of the relevance and importance for the different parts of the sector.

What skills issues do food supply chain companies have that cannot be addressed utilising the Apprenticeship Levy?

This section looks at where apprenticeships are used and not used to address skills issues across the supply chain.

Not an Apprenticeship

Two principal categories of skills acquisition are widely perceived not to be best addressed through apprenticeships.

1. **Regulatory** – addressing legislative requirements are simply a ‘must do’ for most businesses to operate. Whilst they can be built into delivery models of apprenticeships for new starters, it is widely recognised that most regulatory or statutory training represent a separate ‘category’ of skills needs. There has been no call for the levy funding to be used to cover these.
2. **‘Upskilling’** - The second area can be best described as ‘ongoing short training programmes, this can be anything from top-up management skills to technical training. Every part of the supply chain can identify areas where additional skills for the current workforce would be helpful. For the most part there will be an apprenticeship whose standard outlines will help with the acquisition of these skills; however the issue here is twofold. Firstly that the apprenticeship has substantial other learning, and as such, is of greater size and duration. Secondly that the learner does not require the full breadth of the apprenticeship, as they may well already be proficient in aspects of their role. If the definition of an apprentice is someone who needs substantial new knowledge and skills, such that 12 months’ learning is required, these learners do not qualify. They need top up or new skills that can be delivered in a much shorter timescale, and are more specific and focussed than an occupational apprenticeship standard which has breadth, complexity, and transferability. They also may be highly specialist and specific.

Therefore, whilst an employee can do an apprenticeship in management, it is not appropriate for someone who needs to learn about absence management or basic management principles to undertake an entire 12-month occupational apprenticeship. Likewise, operators looking to develop new skills in asset care, may not require a 12-month programme but rather short intensive programme. Many of these skills once learned can and will affect productivity for businesses on an immediate basis. However, they are not apprenticeships.

The strategy for the farming sector ‘Towards a New Professionalism’ outlines the importance of this type of training to both build resilience and reduce risk in the sector, and with recognition, their influence in developing a culture of ongoing continuous professional development.

This type of training is difficult to categorise due to the breadth of subjects and areas covered. However, there are a couple of themes that have come through as being significant across the food supply chain:

- **Technology** - across different parts of the food supply chain the specific skills issues that the more ‘bite-sized’ learning aimed to solve were slightly different, although the use of new technology has come

through as a consistent requirement. That said the specific technology is unique to the individual parts of the food chain; satellite technology in farming, use of technology in retail customer service and asset care in food supply manufacturing are prime examples.

- **Leadership and Management** - all businesses require staff to acquire these skills. Larger businesses are often reducing the layers of management and requiring their people to take on greater decision making or management skills. SMEs often need their people to have a breadth of leadership and management capability.
- **Commercial skills** - an essential requirement for many businesses, but mainly SMEs. Sales and marketing skills to support farmers diversifying into direct sales or entrepreneurial manufacturers looking to exploit a new consumer trend.

The desire for the apprenticeship levy to become more of a 'training' levy is highly influenced by businesses that have a greater need for bite-sized training which would deliver short term and immediate business value, rather than long-term apprenticeship programmes.

Many Local Enterprises Partnerships (LEPs) have developed local schemes that can fund some level of informal training. Similarly, funding for farmers to access these can be available through RDPE funding. However, these are fragmented and time-bound due to the origins of the funding and specific to the interpretation of local skills needs. Therefore they don't provide a universal solution - instead, they can be a postcode lottery.

Hinted at above are some of the complexities and issues faced by SMEs around apprenticeships.

- **Size might matter** - there is a perception, not yet confirmed in any research but based on many practitioners' knowledge of training, that skills needs for jobs in smaller businesses tend to be much broader in their scope than in larger ones. For example, the positions of marketing manager, the research manager, the PR manager, the digital marketer and many other 'occupational roles' may all be filled by one person, so training for this person would have to be broader than for someone who was just a PR manager. New apprenticeships that develop transferable occupational competence, often focus on a single definition of a narrow occupation, which is less helpful for developing roles in many SMEs. The ability to tailor the previous apprenticeships around units in PR, marketing, digital, etc. to reflect the make-up of a specific role was a strength if understood and utilised appropriately, although they did not necessarily provide a single occupational standard which all employers could recognise. Whilst reforms have sought to include SME representation in designing apprenticeships; it may still be the case that the large businesses lead the way in creating new apprenticeship programmes.

A final reflection of vital importance is that the appropriateness of apprenticeships for training is as much to do with perception, as it is design.

- **Brand Discord** - the 'brand' apprenticeship is believed by many across the food supply chain to be perceived by older employees as a negative. For them, apprentices are youngsters entering into an occupation, and therefore apprenticeships are not suitable for older individuals with many years'

experience. This reflects potentially a much higher underlying tension within apprenticeships. They are promoted very much as a policy initiative aimed at providing young people with an alternative career route, even though historically the majority of apprentices have been in the 25+ category. There is often a polarity in the views of observers who criticise the whole programme if significant numbers of older learners take up apprenticeships, as somehow this does not support the perceived policy driver to support young people. The headline definition of an apprentice as a youngster is also viewed as being a barrier for those companies who may be less well informed, and thus unlikely to undertake apprenticeship training due to an ignorance of the flexibilities available.

This lack of acceptability amongst employees, based on their perception, is very different to the opinions that many business leaders have, that the levy will provide the funds for all their training needs and the resultant reductions in training budgets.

- **Short-Term Labour** - finally, there are a group of learners for whom apprenticeships do not fit. These are workers who are seasonal or contingent labour and who are operating in fields, factories or hospitality. Sometimes they may work alongside individuals who are undertaking an apprenticeship but they cannot. There is insufficient employment certainty for these learners and the nature of their work, short bursts of specific work in a particular factory or environment, means that there is limited ability to train them to the standards of full-time workers. As the employment costs associated with these workers are significant to many companies, they are paying levy contributions for individuals that are out of scope.

An Apprenticeship

The role of apprenticeships in addressing the skills shortages and the hard-to-fill job vacancies.

There is no doubt that apprenticeships are being used to recruit and train new people into the food and drink industry. They have a particular value when they are utilised to address hard-to-fill roles where there is a shortage of qualified individuals. The reasons for the industry experiencing shortages appear to be either:

- A lack of a pipeline of talent coming through the FE or University sector due to numbers, i.e. an insufficient number of students are being taught. This is mainly perceived as being due to young people not being attracted to study food-related subjects and thus a lack of market opportunity, rather than a lack of responsiveness or desire from providers to offer them.
- A lack of suitably competent talent coming through FE or Universities, i.e. students are studying the subjects but they may not be learning the skills and knowledge or displaying the behaviours that employers are looking for, and therefore they are not gaining employment.

The result is that employers have no option but to train their own, or to recruit from overseas, in order to attract the talent they need for their businesses. As concerns continue around the availability of all labour

from abroad, the focus for many has turned to what can be done to offer great apprenticeships to fill the future talent pipeline.

There are some specific roles in each sector where apprenticeships are being used, and recent reforms and sector developments have provided new or better routes to support this.

- **Food Manufacturing:** food engineering, food science and technology and new sector-specific apprenticeships at advanced and degree level are proving vital for food companies to address the STEM subject shortages they face. New apprenticeships are driving an increased uptake in food science subjects, which were reported as an area of deficiency for over eight years. Despite shortages of engineers in all other sectors, new apprenticeships are driving greater numbers of engineers into the industry across the entire UK.
- **Retailing:** digital skills are essential to infrastructural development as online presence increases importance.

The major benefit in apprenticeships for many is that they are recruiting directly into their business and developing the skills they need to fill gaps.

Skills gaps and progression - skills gaps are defined broadly, as when the current workforce does not contain all the skills needed to perform effectively in their current roles. Skills gaps can occur when the industry or indeed individual companies go through change. So a downsizing can suddenly require supervisors to develop greater management skills. The introduction of new technology can require operators to become more proficient in engineering; or when new ways of working are introduced to the business.

The benefit to businesses of using apprenticeships to address these skills gaps is that there is no requirement for the recruitment of new staff. The delivery of an apprenticeship can support the development of staff to become fully skilled, rounded individuals performing at the top of their game and thus it falls into the category of workforce development.

The focus of new apprenticeships, in terms of 'occupational competence', can be hugely helpful in that context as the apprenticeship standard describes the knowledge, skills and behaviour expected of an apprentice who is fully competent in their role at the end of their apprenticeship. Therefore businesses have a useful yardstick to compare their staff against and determine if they are where they need to be.

The challenge for these businesses is the requirement to provide their people with 20% of their time off the job. If interpreted in the strictest way, this means one day a week attending college or another provider to undertake training. The backfill costs here are key.

In addition, and possibly a significant factor, is that many of the individuals occupying roles across the food supply chain do not have English as their first language. According to the Oxford Migration Observatory at Oxford University, food processing retains the number one position for having the largest percentage of workers from the EU (31%) and the food service sector for the largest number (169,000). Anecdotally,

providers report limited problems with numeracy among this often well-educated population, but they do report significant issues with the English language, and in particular, the ability to complete apprenticeships as a result.

Consequently a major barrier to apprenticeships, within the current workforce, is the 'distance' that some learners have to travel from their start point to be able to communicate at the requisite level of English. This is particularly common in manufacturing, where there are often entire parts of factories where currently the workers speak their mother tongue e.g. 'The Polish lines.'

Fulltime Provision

Historically there are some specific parts of the food supply chain, and indeed occupations, where fulltime learning has offered strong routes into the industry, initially at levels 2 and then progressing to 3. In farming, the ability for students to attend a local college and gain general training in farming-related subjects, in hospitality where chefs have traditionally studied in college before entering the industry already trained and in food manufacturing where baking has benefited from the 'Bake Off' effect. Often these routes in are preferred to apprenticeships, as they are more theory-based or have provided a more rounded education prior to joining a specific company.

The implementation of T levels was discussed with participants, and the initiative is welcomed to an extent. However, there is a sense from some parts of the supply chain that the development of the 'Occupational Routeways' was an opportunity missed.

The fact that the food supply chain lacks profile and struggles to attract recruits is well known and has been documented by observers for many years. The obvious opportunity was for the creation of one new Routeway to be food and drink specific, but with the addition of bringing in the range of individual roles across the sector. Sitting under this could be a range of roles linked to the practical and creative aspects of food production, manufacture, sale, and service. There is a feeling that the government failed to understand the potential of looking not just at the occupations that were the final destination of learners, but their initial decision-making process. In determining the routeways, many young people have an interest in food and drink but have no concept of potential careers in the sector. Harnessing their passion and interest at a young age, providing them with a breadth of options in year one and narrowing down to specifics in year two could transform the talent pipeline.

How well served are the different parts of the food supply chain in terms of their readiness for the new system?

The reforms to the apprenticeship system commenced in 2013 under the Skills Minister following the Richards Report. The fundamental tenet of the change was to put the employer in the driving seat of apprenticeships by giving them a more significant role in the design and delivery of apprenticeships. Though full responsibility only came with the routing of funding to the employer, through the levy.

The new system initially required employers to come together to design a single standard for an occupational apprenticeship that could be given to providers to deliver against. Groups of employers were encouraged to come together and form a 'Trailblazer' group, with the initial idea being that employers may even compete to design apprenticeships.

A major aspect of the reforms at this point was about making apprenticeships more consistent in output, so that one company could take on an apprentice trained at another and be confident that all apprentices would have the same knowledge and skills and demonstrate the right behaviours required for the occupation. How they arrived at this point, the training itself, was no longer regulated by qualifications or specifications and left to the provider and employer to determine, thus incentivising innovative delivery and opening up the market.

It was subsequently identified that there needed to be a mechanism for ensuring that apprentices had reached the standard. Employer groups developed assessment plans to enable new End Point Assessment Organisations (EPAOs) to test the apprentices to validate their competency, and to grade it, according to employer determined grading.

The biggest single disruptor however came in 2016, with the announcement of the introduction of the apprenticeship levy which would enable employers in England to get back their taxed contributions to spend on apprenticeships. Each apprenticeship would be assigned a funding band, which was the maximum funding rate that could be paid for from the company returned funding, in the form of a digital account. More could be spent if an employer sought to benefit, but this had to be from the training budget not from the contributions.

At the same time, the previously available apprenticeship frameworks had their funding levels reduced. This made it financially more interesting for a provider to offer the new apprenticeship standards than the previous frameworks.

Therefore, in order for the 'supply chain' for apprenticeships to work effectively employers needed to have:

- Standards and assessment plans approved for the right occupations to cover their needs. The Institute for Apprenticeships (IfA) now undertakes the approval of these for apprenticeships following handover from the Department for Education.
- End Point Assessment Organisations capable of delivering the end assessments. This is a commercial marketplace giving EPAO's the opportunity to offer apprenticeship standard assessments permitted through the Education and Skills Funding Agency (ESFA) approval process, following submission on a standard by standard case.

- Funding levels assigned to the standards that were realistic and covered the costs to deliver; the Institute for Apprenticeships recommends funding levels now (having taken over from the ESFA) with the Minister making the final decision on these.
- Providers who were in tune with the new model and able to work effectively. This is a marketplace with the ability to offer any apprenticeship permitted by the ESFA following acceptance onto the general Register of Apprenticeship Training Providers.

In reviewing the current circumstances and barriers, all aspects of the food supply chain were reviewed, and the summary is shown below. In effect, two areas pose obstacles:

- Lack of available standards – this is mainly in farming, and the issue has been around gaining approval for the standards.
- Providers - there are a number of issues identified here:
 - **Quality** – There is a real sense that there is a highly variable quality of delivery in the marketplace. Providers don't apply to deliver a specific standard but apply to deliver 'apprenticeships', and so there is limited guidance for employers around good provision for specific standards. Many providers are slow to make the change and try to shoehorn old ways of working, or delivering old programmes, into new standards. Companies buy provision on a standard-by-standard basis. Some parts of the supply chain benefit from voluntary schemes such as People First's 'Gold' standard and the NSAFD's 'Industry Approved' quality mark. These schemes provide additional voluntary quality assurance to the official Register within a market-oriented landscape.
 - **Availability of standards** – employers have to make do with standards because providers are offering them rather than getting the standards that they want. This can be true where there are new standards and where there is a requirement for specific cohorts of learners from an industry.
 - **Information to employers** – providers, are the major source of information for many employers, particularly smaller ones. Providers will sell what they can deliver, and there are a number of instances of providers recommending apprenticeships that are generic, or have been superseded by new standards that are more appropriate. Whether through a lack of awareness of what is a constantly changing landscape, or through deliberate targeting of what they can offer, employers are not always 'informed purchasers'.
 - **Turmoil** - finally, there is considerable turmoil in the system. As a result of the changing financial model and ongoing quality assurance implementation through Ofsted, providers are becoming insolvent quickly. This is impacting learners who are studying and employers who will have to find a new provider. Whilst it is vital that poor quality and poor practices are identified, it is observed that there is significant turmoil.

An overview of the availability of all aspects of development and delivery of apprenticeships in the food supply chain is shown in fig 1.

Whilst the current situation may reflect a greater readiness for delivery, a significant issue has been the 'journey' to arrive at this point. The key issues have been:

- **Delays in developing the necessary new apprenticeship infrastructure**
It is the view of all parts of the food supply chain that the government's approach to managing and

implementing the apprenticeship change programme has been poor over the past five years. Whilst the concept of the new system has been broadly welcomed, the way in which the implementations have taken place has been poor. The specific areas are identified below, but on a broader basis for many companies, this has been the first time they have had contact, to any great extent, with the machinery of government, regarding running processes that overlap with their business interests. It is fair to say that they haven't necessarily felt that the process reflected well on the transparency, consistency or integrity of decision making.

- **Sector Skills Organisation involvement has accelerated the availability of standards**

Where the sector has had strong and good quality support from a Sector Skills Council (SSC), there has been better progress made in ensuring that standards and assessment plans have been developed. These organisations have been able to offer; facilitation skills, engagement with other employers and an ability to provide a neutral space, importantly they have also provided knowledge and experience to support employers in pushing back to government stakeholders where necessary. Their knowledge and experience of working in the skills arena, has been helpful to employers.

- **Standard development has been transactional rather than strategic**

There was a widespread agreement that there should have been the greater focus early on around the strategic framework for standard developments within a sector, rather than each standard proposal being treated in isolation. The view is that certain standards reflect specific narrow interpretations of occupations, whereas a slightly different design could have enabled a broader representation of businesses. Rather than the approach of competing organisations, a more planned and strategic approach should have taken place to provide a framework for the occupations against which standards could have been developed. Delays to the development of standards have resulted from this, where a lot of time has been spent trying to persuade policymakers of the validity of certain occupations, often in terms of uniqueness. Whilst there was much guidance published on the process, there was relatively little transparency around definitions or decisions made.

- **Employers have led but haven't always felt like they were**

Employer involvement has been vital but fatigue, and in some cases, disengagement has set in. The need for employers to be seen and to lead apprenticeship development was laid out. However, many employers felt that this process was marred with inconsistencies, unnecessarily sticking to dogma despite it changing at a later date, a lack of understanding of their industry, goalposts being changed and, in some cases, a lack of trust. This has had a profound impact on the timescales for standards being developed and the ability to maintain employer enthusiasm. In addition, those employers who were quick off the mark and designed specific standards, were felt to have occasionally come at this from their particular requirements and prioritised or influenced development in a way that subsequent employers have felt narrowed the occupation, or weren't the key priority for the sector.

The impact of not having new standards in itself may not be such an issue were it not for the reduced rates for current frameworks. The incentives for providers to continue to offer these is significantly reduced and whilst that may be the intention when there are better standards available, where there are none it may be choking off delivery. Again, this is seen as primarily an issue in farming.

Overview of Infrastructure

Standards - having said all of this, other than in farming, the view is that the sectors now broadly have the standards that they need, with a few final ones coming through the approval process now. Farming is still awaiting the first three standards to be approved and is the furthest behind. Hospitality is at the end of development of some large volume standards. Retail is looking at finalising higher level apprenticeships and food manufacturing is virtually complete. Generally, the view is that standards across the board are fit for purpose, with the caveat that it is still a little early to tell, as many have only just been launched.

Funding levels - no issues were reported with funding levels for the standards that are live now. There were some concerns expressed around future standards and any potential review of funding in the future.

End Point Assessment - it was felt that all parts of the chain had access to End Point Assessment Organisations, who were either were approved, or would be shortly, to undertake EPA. However, as few have yet got to the point of EPA stage there are some unknowns.

Providers - There are some interesting perspectives on the quality of providers to deliver as previously outlined. Across the board, the fairest summary is probably that delivery is variable. There are some gaps in provision and a view that still too few providers have moved into the standards world. In farming, the perspective from employer bodies is that there is limited private provision that could drive innovation, with much delivery focussed on local land-based colleges. However, these colleges are also perceived as positively providing both full-time and part-time study options, with a real focus on land-based subjects and learners. ‘Difficult’ standards, or ones that require niche or specialist skills still are not being picked up sufficiently quickly by providers, who are often selecting standards that require minimal change from the current system.

Fig 1

	Farming	Manufacture	Retail	Hospitality
Standards	Standards still not ready and delays still happening.	Virtually full set of standards (14+).	All major standards completed – only a couple remaining.	All major standards completed – only a couple remaining.
Funding Rates	Generally acceptable.	Generally ok but concerns for the newer ones.	Generally acceptable.	Generally acceptable.
EPA Organisations	Not needed yet but expectation of having a good supply.	EPA in place.	EPA in place Good selection reflecting volume.	EPA in place. Good selection reflecting volume.
Providers	Differing views. Current colleges less proactive and limited commercial delivery.	Wide range of providers for some standards but limited availability for others. Lack of food industry expertise in engineering and lack of food science delivery.	Larger players well catered for although some disruption to the market. Concerns over SME access.	Larger players well catered for.

This section reviews the supply chain's perspective on key aspects of the Apprenticeship Policy in England.

The levy – this has been examined in some detail in the earlier section. It is nevertheless a lever in the system and part of the two-pronged philosophy.

- **Employer Ownership** - making the employer the customer rather than the beneficiary. This has resulted in massive infrastructural delays. The single most significant impact of the reforms has been to switch the responsibility in the system from providers to employers. It is clear employers did not completely realise that they were now accountable for government funding ('their levy that they could get back') and as a result, they were subject to funding agency rules, state aid and, of particular significance, their brand reputation was on the line should any improprieties result. In order to minimise risk, they then had to develop contracts to avoid risk in the system from providers and to ensure that their delivery chains protected the integrity of the programmes. There have been significant delays to programmes as contracts were negotiated and this undoubtedly led to delays in the uptake of apprenticeships. This has mostly been a short-term issue, with employers now better placed to accelerate activity.
- **Market Orientation** - making the system more demand-driven. The aim to make the system more market-oriented only works when there is large-scale demand and well-informed customers. There appears to be a naivety in policy development circles, believing that the market will ultimately provide the right answer. There is market failure in the form of both an information gap and in a fragmented industry which lacks scale. There are extensive examples of providers adopting easy, generic solutions rather than those that may be best for the employer. Only a handful of employers are involved in the development, and therefore the marketing of standards is left to providers and intermediaries. Providers benefit most when developing and delivering large volume solutions. However, these may not be right for employers. They are often either uninformed, unaware or unable to get the correct standard delivered locally. In particular, SMEs offer low volumes and often have to make do with what the local provider offers irrespective of their suitability.

Other aspects of the policy aim to drive better quality include:

- **The requirement for 20% of the apprenticeship to be off the job** – in fact this is one of the areas of reform that is not believed to be new by skills stakeholders. It has always been an expectation that an apprenticeship would contain this level of off the job learning. The difference is that employers are aware and they carry the risk. Backfilling of existing employees is the biggest concern raised here.
- **10% payment by SMEs (5% as of April 2019)** – all businesses were supposed to contribute in the old system, however, providers were driven by competition not to charge and to try to deliver without charging the 10%. This undoubtedly hit quality as there would be an impact on delivery. The new system makes it a non-negotiable and so levels the playing field for providers. However, there is a big job to wean employers from a previous culture of free apprenticeships.
- **Passing the levy down the supply chain** – despite this being called for by many businesses, especially those who will not spend all their levy pot, there appears to be limited support for this in the food supply chain. Most companies with a levy struggle to use it. The benefit is not clear and those with most to gain

are the SMEs who don't have to contribute the 10% if they receive it as passed to them. To evidence this, there has been greatest support among pub chains, who wish to support their franchisees and leases, who are effectively SMEs. The lack of flexibility to date, regarding the number of companies that a company could pass the levy down to, has resulted in a low uptake. Food businesses down the supply chain from retailers, do report some concerns about what would be expected in 'return' for the funding.

- In contrast, there have been some highly sensible policy decisions that are not spontaneously described, but when challenged, are well received broadly cross the supply chain.
- **The definition of an apprentice** - this is someone who needs substantial new knowledge and skills. It could have been defined as a 'young person', 'new starter', or have any other caveats however this definition enables the broadest uptake of apprenticeships, for new or existing employees and benefits the sector.
- **The simplified funding approach** - clarity on funding is welcomed with a clear de facto 'price' for an apprenticeship set by the funders. There is some concern that this is now starting to be referred to as a contribution when it was always anticipated that this would be the ceiling. Employers are extremely concerned that they will have thousands remaining in their levy and be expected to also pay from their budgets for apprenticeships, they will find this wholly unacceptable.
- **Degree level apprenticeships** - embracing degrees as part of apprenticeship standards has supported the policy agenda of trying to bring greater parity between 'vocational' education and 'academic' study. Whilst there is some displacement of current programmes, there are equally good examples across the sector. There is some frustration however at the inconsistency. A degree, in effect, is a qualification and it is in direct contrast to the policy on qualifications per se, leading to worries about a two-tier system.
- **Qualifications** - the apprenticeship reforms discourage employers from having qualifications delivered. Relying on the end point assessment to be the determinant of competence of apprentices at the end of their programme of learning. They seek to achieve different things. Qualifications provide ongoing assessment against set outcomes and provide employers with the reassurance that training is being delivered and that progress is being made. End Point Assessment is an assessment at the end of an apprenticeship and provides a moment in time assessment. The reluctance of the policymakers to respect employer's views on this, along with the perspective that degree qualifications are different, is seen as highly inconsistent and reflective more of the snobbery attached to degrees.