

BRC BRIEFING: APPRENTICESHIPS, THE NEED FOR REFORM

LONG TERM OBJECTIVE

Develop clear career pathways to support progression and establish retail as a career of choice.

IMMEDIATE PRIORITIES

- 1. Ensure availability of deliverable apprenticeships at all levels and age entry points.**
- 2. Allow access to Levy funds for any accredited training suiting workforce needs and establish other funding for training, such as the National Retraining Scheme.**
- 3. Give vocational and technical qualifications equivalent recognition to GCSEs and A levels.**
- 4. Create flexibility to the 20% assessment requirement to reduce the cost of backfilling roles.**

CURRENT POSITION

The retail industry is undergoing a period of significant transformation driven by technological innovation and public policy financial pressures. The number of jobs in retail is falling, however, new higher skilled jobs are emerging; there are 100,000 people doing new jobs in retail now that didn't exist ten years ago. Retailers ability to upskill and retrain their workforce is therefore critical to the future success of the industry. The retail industry's contribution to the apprenticeship levy is around £160m per annum. Retailers worked hard to prepare for the levy ahead of its introduction, with a number giving up time and resource to help the development of the new trailblazer standards. Despite the significant contribution the industry continues to make, the levy is not delivering for retail.

As the UK's largest private sector employer, the retail industry is committed to creating jobs that are higher skilled with clear progression routes, leading to higher wages. We are pleased that this commitment has led to a higher rate in productivity growth at 5.1% in retail compared to 0.5% in the rest of the economy and believe that apprenticeships are one important way to creating the jobs of the future, however, the current system is not working.

The previous Education Secretary recently stated that further education and skills are a big priority for the Government, yet latest figures show a 24% decrease in the number of apprenticeships starts on the previous year overall and a 27% reduction in starts across retail and wholesale. The Government therefore needs to act to make small changes which will ensure that businesses are able to make better use of the system.

1. Ensure availability of deliverable apprenticeships at all levels and age entry points.

The growth in starts from Level 3-6 is welcome, however the decline in Level 2 apprenticeships is concerning and is reflective of the deliverability of lower level apprenticeships in retail. Typically, the lower level apprenticeships are delivered in store. This is challenging for many members due to the geographical spread of retail stores with no joined-up approach with education providers.

Additionally, BRC data shows 70% of current apprenticeship programmes are being undertaken by existing retail colleagues, many of whom will have been with the business for several years. While many retailers are using apprenticeships actively as part of their recruitment strategy, our survey results show retailers are using apprenticeships to equip their existing workforce with skills for the future, predominately focused on the higher levels.

2. Allow access to Levy funds for any accredited training suiting workforce needs and establish other funding for training, such as the National Retraining Scheme.

As it stands, the biggest challenge facing retailers is that the levy is too inflexible to enable them to make a step change in the training and development of their people. The retail industry's levy contribution is significant; we estimate it to be £160m per year and so greater flexibility in how levy funds can be spent would be a very welcome move. This small change would then enable businesses to use levy funds for any form of accredited training for all levels and age groups to suit their skills needs.

3. Give vocational and technical qualifications equivalent recognition to GCSEs and A levels.

The Government can play a lead role in changing perceptions in the education sector so that vocational and technical qualifications are recognised in the same way as GCSEs and A levels. Vocational and technical qualifications will provide the knowledge and experience needed to open the door into skilled employment, further study or a higher apprenticeship, and it is important that these pathways deliver for retail.

4. Create flexibility to the 20% assessment requirement to reduce the cost of backfilling roles.

Apprentices are required to spend 80% of their time carrying out on the job training and 20% learning. The 20% off-the-job training requirement is having a significant impact on business costs as retailers are having to employ extra staff to backfill these roles. As a result, retailers are required to pay an additional 20% premium to cover the roles of those undergoing training. This could be alleviated by adopting a more flexible approach by moving towards blended learning, meaning that time dedicated to training and learning can be tailored for each apprentice to suit their needs as well as the needs of the business.