



APPG on Apprenticeships: Increasing apprenticeship take up in the Transport and Logistics Sector

Chair: Lord Aberdare, Officer of the Apprenticeships APPG

Speakers:

- Sammy Shummo, Group Director of Apprenticeships, LSBU
- Guy Wilmshurst-Smith, Head of Network Rail Training, Network Rail
- Danny Matthews, Apprenticeships and Community Resourcing Lead, Co-op

Opening Discussion

Lord Aberdare opened by introducing the panel of speakers and outlined that the session will be looking at apprenticeships in the transport and logistics sector.

Sammy Shummo began by saying that the transport and logistics sector is a very important part of the economy which is estimated to be worth around £55 billion or 5% of GDP and employs around 1.7 million people. He said that in the sector, the key issue presently is the number of new drivers where there is a shortage of around 100,000. He said there is an issue in the sector with a lack of relevant skills of applicants when they apply and part of this is because there is a lack of information about the opportunities for employment within the sector for young people.

As a provider, LSBU sees apprenticeships as a great opportunity to respond to these challenges. Since 2016, LSBU has grown their provision from having no apprenticeship standards on offer to having 13 apprenticeships from level 4 to level 7.

He said that employers think there is a lot of administration involved in running apprenticeships, but providers can help with that. One of the key things is maintaining engagement with boss apprentices and line managers. He said that it's really important for the employer to have a stake in the process. LSBU currently has 6 apprenticeships from level 2 to level 7 and he said he wants to see the number of apprenticeships available increase. One way to do this is to look at the entry level jobs that are available and see how these can be turned into apprenticeships. He said that the national service provider, stakeholders, employers and providers need to work also with SMEs. He also said that there needs to be better communication with schools and careers services to emphasize that apprenticeships lead to great career progression.

He concluded by saying that the challenges are not impossible to overcome but the sector, employers and apprentices need to work together.

Lord Aberdare thanked Sammy and said his points outlining the need to support SMEs and the importance of raising awareness of progression routes were really interesting. He then provided some further background and shared that the Transport and Logistics industry contributes £155 million to the Apprenticeship Levy each year, however employers in the sector are struggling to use the funds. In 2019 only 18% of levy funds were used on the training and assessment of new apprentices and so in this session we will look to explore these problems.



He then introduced **Guy Wilmshurst-Smith from Network Rail**.

Guy Wilmshurst-Smith thanked Lord Aberdare. He began by stating that he wants to paint a glass half full picture to apprenticeships. He said that apprentices are making a quiet revolution in the British economy, but there are some big challenges to overcome. For Network Rail, they pay £15 million to the apprenticeship levy and draw down two thirds of this.

He said that as a result of the levy, there has been a big uplift in the quality and range of apprenticeships available, but its still not enough to face the challenges. They are still expensive and complicated to deliver, which is fine for a big employer but what about for SMEs?

Before the pandemic, Network Rail were delivering 912 new starts a year across 35 different types of apprenticeships. Before the levy, they were delivering 150 across 3 different types. They are not just delivering down to level 2 and level 3 but now delivering up. He said that apprentices are not just a school leavers option but are now part of the career path through life. Apprenticeships in this way are a key part of social mobility. But they are complex and they are expensive. He said that our level 3 technician apprentice costs £43,000 a year to deliver, and you recover just £24,000 a head. In these difficult financial times, this is becoming more and more difficult to justify.

More importantly, they are also complex to deliver and require a range of partnerships. It takes years of time and investment to set up apprenticeships. One of the strengths of the system is delivering a high-quality standard of apprenticeships. He said that sometimes in the education sector, people don't understand the difference between education and training. He said its not just being able to understand the theory, but to be able to conduct themselves safely and have the skills to apply them. Partners need to employ people with industry experience if they are to engage. By nature, these people are people with practical instincts. It takes time to build up this portfolio and expertise.

He said that we need stability in the apprenticeship schemes so that we can plan and give suppliers certainty so in turn they can employ quality people. He almost used the term young people, but actually reiterated that apprenticeships are no longer just for young people and that's how apprenticeship add true depth to creating a more productive society.

Lord Aberdare thanked Guy and said he hopes attendees will have some suggestions for solutions to these complex issues. He said that he made the important point about apprentices being a life path.

He then introduced **Danny Matthews from Co-op**.

Danny Matthew began by saying that Co-op employs around 1,000 apprentices at any one time across 30 different standards. He said that the retail sector has faced some of the biggest challenges in the face of the pandemic and also the driving sector. One of the biggest challenges in the transport sector is the growing trend of the shortage of warehouse colleagues, so there is space for organisations within this sector to plug the gap with apprentices.



He said that Co-op has employed driver apprentices since 2019. In the past they have grown their own talent, but 2019 was the first time they invested in this space and introduced apprenticeships into a number of sites across their network. He said it's been a really successful initiative from a quality and diversity perspective. He said they have seen a mix of talent. In particular, it is well documented that less than 4% of drivers are women. He said that an apprentice in 2019 described the programme as 'life-changing', for giving him not only employment stability and career access but also Maths and English skills that he didn't gain at school.

The driver shortage in the news this year has led to Co-op developing new recruitment campaigns to fulfil over 300 new apprenticeships across their network, starting in January. He said that one thing that shocked them was the level of appetite for transport apprenticeships, particularly driving apprenticeships. They received 2,500 applications for less than 100 jobs, at a time when the media was particularly negative about the role of drivers and the transport and logistics sector as a whole. Interestingly, he said that nearly 1,000 applicants came for a depot in the Northeast of England that is well documented as an area of high deprivation in need of jobs.

He said that it's important to share the learnings and key themes emerging in the sector. Firstly, industry and the sector need to work together, to collaborate to attract and to compete to select. He said that Co-op is attracting lots of individuals to the sector and doesn't necessarily have the space. Rather than becoming a mass rejector, Co-op want to become a sharer. They will be piloting this year a candidate database so anyone who doesn't become a Co-op apprentice will be pointed to other opportunities, so the sector does not lose interest.

Secondly, whilst there is interest in joining the sector, there are huge barriers to entry: functioning skills of Maths and English or the cost of a driving license. The cost of this is around £1,500 and from a social mobility point of view, whilst a small point in recruitment, can have a huge impact on who can access the apprenticeships or not. So, he asked are we shutting off a sector of individuals by not addressing this? He asked how can we use the levy more creatively to remove these barriers to entry?

Finally, he rounded off by sharing that there is appetite and candidates out there, but we need to address how as an industry we can collaborate to attract and compete to select. And how can we use the levy more creatively to enable people to access industry.

Lord Aberdare thanked Danny and said it was a very interesting idea to use the levy for pre-apprenticeship preparation. He then began the Q&A, welcoming questions from attendees.

Q&A

Phil Beach spoke about similarities of challenges faced by the energy sector. He said they did a survey on the use of the levy and posed if there is merit in working together to see where there are common problems. He asked the panel where does the money go?

Sammy came in to say that the Treasury put the money back into the apprenticeships system to pay non-levy paying employers.



Phil came back to say that in principle that is the case, but before the pandemic the levy was all spent but is Government's policy ambitions aligned to where the apprenticeships money is being spent.

Sally Gilson from the Road Haulage Association came in to say that there are great opportunities in transport and logistics. In haulage, the RHA represents predominantly SME's, with 80% of their membership are those with 15 vehicles or less. She said that it has been particularly difficult to engage apprentices. She also spoke about the challenges of moving people from warehouse to HGV and this related to Danny's point about the cost of getting a driving license as a key barrier to entry. She said that we need to increase the trainer provider provision as well.

Guy responded that he was struck by the large number of people that apply against a competitive pool. He said that in the rail industry, if a person is just short of the standard, they offer them to the national skills academy to place them elsewhere in the industry. He said this really helps to reduce rejection and helps place them where there are gaps in the industry. He also said there is a huge amount to be said on foundation skills for apprenticeships, due to missing basic skills at school. Pre-apprenticeships have the power to be really useful in the industry.

Simon Phipp introduced himself as an apprentice at Home Serve and spoke about his position as a non-young apprentice at Home Serve. He said that at Home Serve, if an apprentice has applied and not succeeded, they get passed to an agency. They had 500 people apply to an apprenticeship with 2 spaces. He said it is a lifelong thing to be an apprentice, it enriches everyone's lives. He said that we need more companies to set up foundations to assist other companies, since it can be daunting for SME's to take on apprentices because of the paperwork and costs involved.

Danny said that it was brilliant to hear there are other matching services out there for candidates. He highlighted the Co-op levy share in the chat box. He spoke about the shortage of driver trainers and said it's clear this is going to become the next challenge in the driving sector.

Ali Scowen from Co-op came in to say that the levy share initiative is a match-making service where employers with excess levy can share up to 25% of their pot with under-represented groups to create opportunities. She said that Co-op would love to see the % that can be shared of the levy go up to 40% to channel more of it back into apprenticeships.

Lord Aberdare thanked everyone for their contributions and asked the panel each for a short closing comment.

Sammy said that it was really encouraging to see the number of applicants across apprenticeships and a nationwide match-making service could be a way to fill this gap.

Guy said that higher apprenticeships are important to address a strategy skills gap.

Danny said that we need to look at ways to remove barriers to entry for candidates.