

Co-funded by the
Erasmus+ Programme
of the European Union



KA3 – Support for Policy Reform
Project Title: Growing Apprenticeship
Partnerships for SMEs Agreement
Reference: 572666-EPP-1-2016-1-UK-
EPPKA3-SUP-APPREN

Apprenticeship Engagement Strategies for Intermediary Bodies working with SMEs

**Report & Good Practice Guide
March 2018**

SME GAP 
Engage Exchange Reform

Executive Summary

What and who is this Good Practice Guide & Report for?

This report and good practice guide is produced by Greater Manchester Chamber of Commerce (GMCC, UK), as a result of a series of workshops held within the context of the SME GAP Project. In addition to GMCC, other project partners included Manchester Metropolitan University (UK), Amadeus Association (Vienna), Instituto Provincial de Desarrollo Económico (Spain). It is the project team's independent contribution to the debate about the future of apprenticeships within European Union Member states, detailing how intermediary bodies can provide SMEs with successful engagement strategies. This report and good practice guide should be seen as the beginning and not the end of an important continuing conversation, which sets out the importance of Vocational Education and Training (VET). It is an honest assessment of each participating country's progress against achieving the 14 quality measures set out in the European Commission's, 'Quality and Effective Apprenticeships' framework (October, 2017). It addresses key areas of development, which Intermediary Bodies can use as a self-assessment tool and provides a framework for organisations to help address any gaps in apprenticeship engagement.

Where are we now?

It is an important time for apprenticeship development across the European Union. For some countries (notably Spain and the UK, in the context of this project) the apprentice model has been through a long and quite difficult process of change, but arguably we are getting closer to a more stable and economically viable method of delivery. On the other hand, lessons can be learnt from our partners in Austria, where apprenticeships are deeply rooted models of VET and are highly regarded by the majority

of SMEs. Intermediary bodies have a critical role in acting as a translator for the public sector, taking apprenticeship policies and making them useful for SMEs. Moreover, intermediary bodies play a key role through their formal structures in influencing their respective governments on the effectiveness of apprenticeship policies and encouraging reforms wherever necessary. But the challenges should not be underestimated. All countries involved in this project are facing crucial developments in the quality, subject areas, funding and delivery of apprenticeships. At the same time, we are trying to upskill our workforces, grow our economy and face the challenges of Brexit, whatever they may be. Moreover, intermediary bodies in the UK can act as an anchor organisation in these uncertain times and make sure SMEs remain connected and engage with the apprenticeship agenda. With the right collaborative partnerships and frameworks in place to support the development of quality apprenticeships, we remain optimistic and more determined than ever, that apprenticeships are without doubt the vehicle for quality vocational training.

We would like to thank the many participants and organisations in the UK, Austria and Spain who collaborated with this project. We hope that we, as intermediary bodies, and our SMEs continue to work together to create quality apprenticeship opportunities, which benefit both the individual and the business.

We all look forward to our continuing role as apprenticeship ambassadors in our capacity as intermediary organisations.



*Author: Joy Sewart
Director of Skills & Social Enterprise, GMCC, UK*

1. Introduction

'Growing Apprenticeship Partnerships for SMEs (SME GAP)' is a project funded under Key Action 3 of the Erasmus+ programme, 'Support for Policy Reform: Support for Small and Medium sized Enterprises engaging in Apprenticeships'. The project ran from September 2016 for a 2-year period. The project's scope is to identify strengths and limitations in current policy and practice, which affect an SME's ability to engage with apprenticeship systems.

The project team is led by Manchester Metropolitan University Centre for Enterprise, UK and includes the Amadeus Association, Austria (intermediary organisation of vocational education and training), Instituto Provincial de Desarrollo Económico, Spain (public regional authority) and Greater Manchester Chamber of Commerce, UK (not-for profit business-led organisation). A key theme of the project is to investigate the role which intermediary bodies have in helping SMEs engage with the apprenticeship agenda. All partners and their associated stakeholders have worked together to develop this report and good practice guide, which sets out how intermediary bodies can develop their engagement strategies to work with SMEs to successfully recruit and employ apprentices.

1.1 Participating States

Each of the following participating states were chosen to work on the project because they each represent a different stage in the development of apprenticeship systems:

- 1) **Austria** has an established scheme based on the German model of dual vocational education and training (VET), which is a model that includes education and training in both a vocational school and the workplace. The system is regulated by an elaborate legal framework and complex governance systems. At the same time there are well-established and clearly-defined standards governing the quality of teaching, assessment and qualifications.
- 2) **Spain** is in the initial stages of developing a system of dual VET. The process began in 2012 but the apprenticeship programme has been marred by a lack of clarity surrounding the quality and standard of apprenticeship training, together with a vast array of regional variations.
- 3) **England** has a long-established system of vocational training and apprenticeships, the scheme has recently undergone a series of wide-ranging reforms designed to raise standards and to give employers a greater say in the design and delivery of apprenticeship training.

2. The role of Intermediary Bodies

Each participating organisation was chosen by the lead partner, Manchester Metropolitan University, for their role in influencing apprenticeship policy, both on a regional and national level, as well as their operational roles, which deliver programmes that engage apprentices with SMEs.

Manchester Metropolitan University (MMU) Centre for Enterprise (CfE) , United Kingdom



Organisation Type & Role in Project: Public University. The Centre for Enterprise at Manchester Metropolitan University is the entrepreneurship centre dedicated to 'putting knowledge to work'. CfE is a practical deliverer of SME support with significant experience in driving partnership projects. The University is a leading institution in the UK for Degree Apprenticeship delivery and brings its expertise in developing industry relevant programmes in collaboration with regional and national employers to the project.

Representation: 38,000 students. 1 in 7 UK Degree Apprenticeships are studied at the University. More than 280,000 alumni across the world.

Greater Manchester Chamber of Commerce, United Kingdom

Organisation Type & Role in Project: Business-led intermediary, not for profit, private limited company, supporting SMEs in increasing their apprenticeship offer, lobbying regional and national government to influence apprenticeship reform on behalf of businesses. GMCC delivers pilot apprenticeship projects to SMEs on behalf of government, testing and trialling new ways of working and, in doing so, bringing to the project knowledge of working as an intermediary to influence policy reform.

Geographic Coverage: Greater Manchester Region is made up of 10 Local Authorities: Bolton, Bury, Trafford, Wigan, Tameside, Oldham, Rochdale, Stockport, Manchester, Salford. Area of 1,277 km² with a population of 2.8 million.

Representation: 5,000 members across all sectors and sizes representing about 5% of the businesses in the region and combined workforce of circa 300,000 employees.

Amadeus Association, Austria

Organisation Type & Role in Project: Non-profit education agency based in Vienna, Austria, offering language training, vocational guidance and high-quality internships for young workers and graduates, including apprentices. As a provider of Vocational Educational Training, AA, has substantial experience of working with SMEs and as a result share their proficiency of operating a successful vocational placement model with project partners.



Representation: AA co-operates with more than 280 SMEs in all economic sectors and hosts 700 participants from more than 30 countries worldwide each year on an average for a 3 month stay in Austria.



Instituto Provincial de Desarrollo Económico

Organisation Type & Role in Project: The Provincial Institute of Economic Development is an autonomous body which has direct management of a public services in Andalusia, including education and skills. In the context of this project, there are many different types of organisations involved in the delivery of this project, which Instituto Provincial de Desarrollo Económico brings together: public university, private business-led organisation, education agency and public authority. The collaborative powers of this group are crucial to providing solid evidence-based engagement strategies for intermediary organisations working with SMEs.

Nevertheless, each intermediary operates to meet their own strategic goals, working regionally, nationally and internationally to attract talent, private and public sector investment. All within political systems, which have varying levels of investment and commitment to help support SMEs engage apprentices. But there is a common ground. All intermediary organisations involved in this project share a common desire: to develop their own capacity to work with SMEs in better ways to encourage the take up of apprentices.

2.1 Where are we now?

Most Member states operating apprenticeship programmes have been through long periods of implementation and change to get the model right for SMEs. During the last decade (following the financial crash) many countries have emerged from a period of decline to find new ways of delivering apprenticeships, which are co-designed with employers as essential drivers of modern economy. This is an important time for apprenticeships in Europe. It is an even more important time for Britain, as we are uncertain of how and if Brexit will affect the mobility of people's access to vocational opportunities across Europe and, with a potential lack of free movement, access to the required sectoral skills. The way we work together now to ensure intermediary bodies have the capacity to develop relationships with SMEs to employ apprentices is now more urgent than ever. The economic future of Europe is ultimately tied up with the ability of our people to be skilled workers and industry's access to them. If apprenticeship vacancies don't exist, SMEs can't develop their people and the economy won't work.

2.2 How intermediary bodies can help SMEs engage apprentices?

The role of intermediary bodies is vital in providing support to SMEs to both navigate the complexities of the skills system. Each Member state has multiple types of training providers with different access routes, for a multitude of sectors at different levels of qualifications. Being a trusted intermediary is critical. SMEs need and want intermediaries who have experience of working closely both with business and the public sector and its agencies. They need the intermediaries to have relationships with the training provider and ultimately act as an independent and neutral skills broker for the referral of apprenticeship opportunities. Successful intermediaries are able to work as an interpreter for the public sector and training providers, translating skills policies into workable solutions for businesses. Increasing amounts of research in local economic development refer to the critical role held by anchor institutions within local areas. These include large public-sector employers, including schools, colleges and universities, as well as major private sector employers and trade and business associations such as chambers of commerce. In the context of this project, we set out real

practical solutions for intermediary bodies to consider when trying to influence the take up of apprenticeships within SMEs. Also, we have a real opportunity for intermediaries to play a key role through their formal structures to influencing their respective governments on the effectiveness of apprenticeship policies and encouraging reforms wherever necessary.

3. Using the ‘Framework for Quality & Effective Apprenticeships’ as intermediaries to assess our readiness to help SMEs engage apprentices.

3.1 Self-Assessment: This practical exercise can be replicated by any country and Intermediary Body who is working on or developing new strategies for working with SMEs engaging apprentices. Our approach was two-fold. On a project level, we quickly established that we needed a methodology to assess each partner’s ability to engage SMEs in the apprenticeship agenda. Whereas on a European level, we also needed to identify a common framework in which to assess each participating Member state’s ability to deliver quality apprenticeships. To do this, we took the ‘Framework for Quality & Effective Apprenticeships’, (European Commission, October 2017) to assess both how well each partner/participating Members state:

1. Increased the employability and personal development of apprentices
2. Contributed towards a highly skilled and qualified workforce responsive to labour market needs

The following findings resulted from a workshop held in Vienna in March 2018, where Manchester Metropolitan University Centre for Enterprise, UK, the Amadeus Association, Austria, Instituto Provincial de Desarrollo Económico, Spain and Greater Manchester Chamber of Commerce, UK, completed the following self-assessment, which outlined current progress against the **14 key themes of the ‘Criteria for Quality Apprenticeships’**, contained with the ‘Framework for Quality & Effective Apprenticeships’:

3.2 Self-Assessment Results - 14 key themes of the 'Criteria for Quality Apprenticeships'

Theme No/Description	Currently in Place (Yes or No)		
	Austria	Spain	UK
1. Written contract: An apprenticeship should be based on a written contract between the employer, the apprentice and the vocational training institution.	✓	✗	✓
2. Learning outcomes: Comprehensive learning outcomes should be defined by the employers and vocational training institutions, ensuring both job-related skills and personal development.	✓	✓	✓
3. Pedagogical support: In-company trainers should be designated and cooperate closely with VET providers and teachers. Teachers and trainers should be supported to update their skills.	✓	✓	✓
4. Workplace component: At least half of the apprenticeship duration should be carried out in a workplace, and there should be opportunities to undertake part of such placements abroad.	✓	✓	✓
5. Pay and/or compensation: Apprentices should receive pay and/or compensation, taking into account cost sharing arrangements between employers, apprentices and public authorities.	✓	✗	✓
6. Social protection: Apprentices should be entitled to social protection, including necessary insurance.	✓	✗	✓
7. Work, health and safety conditions: The host workplace should comply with relevant rules and regulations on working conditions, in particular health and safety legislation.	✓	✓	✓
8. Regulatory framework: A clear and consistent regulatory framework should be in place, based on partnership and a transparent dialogue among all relevant stakeholders.	✓	✓	✓
9. Involvement of social partners: Social partners, including at sectoral level, should be involved in the design, governance and implementation of apprenticeship schemes.	✓	✗	✓
10. Support for companies: Financial and/or non-financial support should be provided, particularly for small, medium-sized and micro-companies.	✓	✗	✓

Theme No/Description (cont)	Currently in Place (Yes or No)		
	Austria	Spain	UK
11. Flexible pathways and mobility: There should be flexible entry requirements, as well as opportunities for further education and training. Apprenticeships should lead to a nationally.	✓	✗	✗
Notes (11.) Agreements for be flexible entry requirements, as well as opportunities for further education and training/nationally recognised apprenticeship qualification are in place across all Members states. However, workshop attendees agreed transnational mobility of apprenticeships is more advanced and embedded in apprenticeship practice in Austria.			
12. Career guidance and awareness raising: Career guidance, mentoring and learner support should be provided to ensure successful outcomes and reduce drop-outs.	✓	✓	✓
13. Transparency: The transparency of, and access to, apprenticeship offers within and between Member States should be ensured.	✓	✓	✗
Notes (13.) This element of the apprenticeship offer is currently under development within Spain.			
14. Quality assurance and graduate tracking: There should be quality assurance of apprenticeships and tracking of employment and career progression of apprentices.	✓	✓	✗
Notes (14.) This element of the apprenticeship offer is currently under development within Spain.			

3.3 Gap Analysis Response: Following the completion of our self-assessment exercise, we produced a gap analysis response, which enabled all partners to share best practice with Member states who did not have policies in place for specific criteria. Spain identified gaps in 6 of the 14 key criteria for delivery of quality apprenticeships, England 3 out of 14 and Austria none. The findings of the gap analysis response provided intermediaries with new tools, as follows, to develop quality and effective frameworks for SMEs recruiting apprentices (unless specifically stated, Spain does not have the following criteria in place):

3.3.1 An apprenticeship should be based on a written contract between the employer, the apprentice and the vocational training institution.



UK Employing an apprentice: Make an apprenticeship agreement - GOV.UK

An apprenticeship agreement (contract) must be signed at the start of the apprenticeship. It is used to confirm individual employment arrangements between the apprentice and the employer. The apprenticeship agreement must also include a statement of the skill, trade or occupation for which the apprentice is being trained under the qualifying apprenticeship framework.

Austria National Authorities for Apprenticeships

The **apprenticeship contract** is entered into between the authorised apprenticeship trainer and the apprentice and forms the basis of vocational training in the dual system. It must be concluded in writing. In the case of underage apprentices, the apprenticeship contract must also be signed by his or her legal representative. Standardised forms can be obtained from the Apprenticeship Offices. The apprenticeship contract must include the name of the apprenticeship in which training is conducted, the apprenticeship period, the beginning and end of training, details regarding the people authorised to train apprentices and, if applicable, the IVET trainer, details relating to the apprentice, a note concerning compulsory attendance of part-time vocational school, any periods of training held within the framework of a training alliance with other companies or educational institutions, the amount of the apprenticeship remuneration and the day on which the apprenticeship contract is concluded.

3.3.2 Pay and/or compensation (both Austria and England have this in place. Spain do not):



Apprentices should receive pay and/or compensation, taking into account cost sharing arrangements between employers, apprentices and public authorities.

- **UK [Become an apprentice: Pay and conditions - GOV.UK](#)**

Apprentices will be paid during their apprenticeship and are entitled to the National Minimum Wage. This rate applies to apprentices under 19 and those aged 19 or over who are in their first year. Apprentices will be paid at least the minimum wage rate for their age if they're an apprentice aged 19 or over and have completed their first year. Apprentices are paid for their normal working hours and training that's part of their apprenticeship (usually one day per week). They will also receive at least 20 days paid holiday per year, plus bank holidays.

- **[Austria National Authorities for Apprenticeships](#)**

The apprenticeship remuneration, which is paid by the training company, constitutes the major part of the costs for apprenticeship training. Its amount is laid down for each individual apprenticeship occupation in collective bargaining agreements (CBA). Where no CBAs exist, it is necessary to agree on the apprenticeship remuneration in the apprenticeship contract individually. The remuneration increases with every apprenticeship year until, in the final year, it totals an approximate average of 80 % of the corresponding skilled worker's wage. In the course of their training, apprentices will, however, also contribute to the training company's economic productivity through their productive work. Their share in productive work increases with every apprenticeship year.

3.3.3 Social protection: Apprentices should be entitled to social protection, including necessary insurance.

- **UK [Employer National Insurance contributions for apprentices under 25 - GOV.UK](#)**

From 6 April 2016, if a business employs an apprentice they may not need to pay employer [Class 1 National Insurance contributions \(NICs\)](#) on their earnings below £827 a week (£43,000 a year).

The apprentice must be under 25 years-old and following an approved UK government statutory apprenticeship framework (frameworks can differ depending on the UK country).

- **Austria National Authorities for Apprenticeships**

In the first two years of apprenticeship, the health insurance contributions are waived for the employer and for the apprentice. Nevertheless, apprentices are fully insured. The contributions to accident insurance are waived for the entire training period while insurance coverage remains intact. Contributions to unemployment insurance are only payable in the last year of the apprenticeship, the obligation to pay them is waived during the remainder of the apprenticeship period.

3.3.4 Involvement of social partners: Social partners, including at sectoral level, should be involved in the design, governance and implementation of apprenticeship schemes.



- **UK Employer Ownership of Skills Evaluation** and **Institute for Apprenticeships / Guide for trailblazers**

At Greater Manchester regional level, ‘Employer Skills Groups’ (ESGs) Work together to maximise employer take-up of Apprenticeships within their sector. ESGs are responsible for establishing an Apprenticeship offer in Greater Manchester, which includes all frameworks and levels which are likely to employ young people. The regional employer groups feed into the national groups called ‘trailblazers’. At a national level, the government wants employers to be at the centre of the process for designing and delivering apprenticeships. This is why apprenticeship standards are designed by groups of employers, known as trailblazers, to meet their own skills needs, those of their broader sector and of the economy more widely.

- **Austria National Authorities for Apprenticeships**

The social partners, i.e. the Economic Chamber (representation of employers’ interests), the Chamber of Labour and the Austrian Trade Union Federation (representation of employees’ interests), are heavily involved in the apprenticeship training system. Within the governance structure they play a particularly important strategic role via the Regional Advisory Boards on Apprenticeship (LBAB) and even more so via the Federal Advisory Board on Apprenticeship (BBAB). The BBAB consists of twelve people with voting power from the social partners (six from the Economic Chamber, six from the Chamber of Labour and the Trade Union Federation) and two non-voting members from the VET school area. The BBAB, which has its 17 seats at the Federal Economic Chamber in Vienna, exerts considerable influence on the design of the apprenticeship training system by drawing up expert opinion reports related to key aspects of apprenticeship training (such as legal amendments, the introduction of new apprenticeships, the modification of existing ones, etc.) on behalf of the Ministry of Economy. Decisions made on the basis of these reports are valid throughout Austria.



3.3.5. Support for companies: Financial and/or non-financial support should be provided, particularly for small, medium-sized and micro-companies.

- **UK GM AGE – Greater Manchester Apprenticeship Grant for Employers** and **Employing an apprentice: Get funding - GOV.UK**

Until July 2017 (pre-implementation of the apprenticeship levy), a number of regional financial incentives were made available to SMEs to encourage take up of apprentices in Greater Manchester. The model encouraged SMEs to progress young person from a completed Traineeship to an Apprenticeship, employing a higher-level apprentice and for employers to give support to training providers who were involved in developing new trailblazer apprenticeship standards.

The eligibility criteria were as follows:

1. The apprentice workplace is in GM.
2. The company has fewer than 250 employees.
3. If the company has previously employed an apprentice, it is more than 12 months since their last apprentice completed their programme, unless the apprentice is progressing from an Advanced to Higher Apprenticeship.
4. The Apprentice is between the ages of 16 and 24.

Presently, there are a multitude of complex funding rules, which affect what financial and non-financial support companies of varying size can access to help recruit apprentices. The support available for companies is also dependent on whether the company is located in England, Scotland, Wales or Northern Ireland as each have devolved power of apprenticeship delivery. In England, you can get help from the government to pay for apprenticeship training. The amount of help you get depends on whether you pay the apprenticeship levy or not. You pay the levy if you're an employer with a [pay bill over £3 million each year](#).

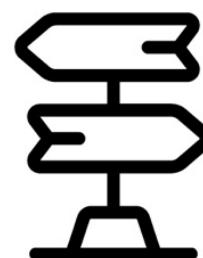
- **Austria National Authorities for Apprenticeships**

In addition, a large number of direct **subsidisation options** exist for apprenticeship training. The training company can apply for **basic subsidisation** at the end of every apprenticeship year. The amounts of subsidies are:

- for the 1st apprenticeship year: three gross apprenticeship remunerations pursuant to the respective collective agreement
- for the 2nd apprenticeship year: two gross apprenticeship remunerations pursuant to the respective collective agreement
- for the 3rd and 4th apprenticeship years: one gross apprenticeship remuneration each pursuant to the respective collective agreement
- for half apprenticeship years: half of one gross apprenticeship remuneration pursuant to the respective collective agreement

3.3.6 Flexible pathways and mobility:

There should be flexible entry requirements, as well as opportunities for further education and training. Apprenticeships should lead to a nationally recognised qualification. Transnational mobility should be a component of apprenticeships.



UK – Become an apprentice - GOV.UK

The UK has specific entry requirements for apprenticeships, which combine practical training in a job with study. Apprentices will be flexible and will also guarantee:

- work alongside experienced staff
- gain job-specific skills and a nationally recognised qualification
- [earn a wage and get holiday pay](#)
- get time for study related to their role (usually one day a week)
- Apprenticeships take 1 to 5 years to complete depending on their level

However, UK has a significant gap in the transnational mobility of apprentices. Transnational opportunities for UK apprentices are entirely dependent on individual receiving funding to enable individual international placements to occur. There is no regional or national strategy which sets out transnational apprenticeship opportunities for UK apprentices. This is an area which needs urgent development.

Austria National Authorities for Apprenticeships

The training in an apprenticeship occupation is **open to all young people** who have completed their nine years of compulsory schooling. No specific school qualification is required for access to an apprenticeship.

3.3.7 Transparency: The transparency of, and access to, apprenticeship offers within and between Member States should be ensured.

- **UK** [Find an apprenticeship](#)

There is a government website, which publishes all available apprenticeship vacancies in England. The website is accessible to people looking for an apprenticeship vacancy, training providers who publish their apprenticeship training course and employers who advertise apprentice vacancies. The website is accessible to all and is globally accessible.

- **Austria National Authorities for Apprenticeships**

General information about apprenticeship training and help in the search for vacant apprenticeship posts are provided by the Apprenticeship Offices (cf. 2.1). Jointly with the Austrian Federal Economic Chamber, AMS has set up an online apprenticeship exchange (www.ams.at/lehrstellen), which enables young people to search for potential training companies efficiently. The educational counselling and careers guidance offices of the economic chambers support young people by providing a variety of offers. With the career guidance tool BIC (www.bic.at), the economic chambers have established a state-of-the-art communication forum that gives key support to help young people make decisions and provides comprehensive information when looking for a suitable occupation.

3.3.8 Quality assurance and graduate tracking: There should be quality assurance of apprenticeships and tracking of employment and career progression of apprentices

UK Ofsted - GOV.UK and Apprenticeship funding and performance management rules 2017 to 2018 - GOV.UK

are government quality frameworks in which apprenticeships are quality assured. The Office for Standards in Education, Children's Services and Skills (Ofsted) is responsible for the quality assurance of apprenticeships and tracking of employment and career progression of apprentices. The Education & Skills Funding Agency is responsible for the financial management of apprentices in England and the implementation of the government's funding rules in respect of apprenticeship delivery.



Austria National Authorities for Apprenticeships

There are quality assurance mechanisms at all stages of the lifecycle of an apprenticeship qualification. A key element of quality assurance is the **involvement of businesses and social partners** in order to meet the requirements of the labour market.

3.4 What does all this mean for intermediaries?

Whilst intermediaries on the whole are not in control of the quality and effectiveness of apprenticeship frameworks, they can certainly play a critical role in influencing government design of them. Critically, it is extremely important for intermediaries to understand the main principles of what constitutes a quality and effective apprenticeship framework, to enable SMEs to make an informed decision about engaging with the apprentice agenda. By working in this way and within the formal structures of each Member state, we were able to learn directly from each other, agree strategic routes to deliver project feedback and influence the take up of apprenticeships within SMEs. Further detail is given below.

3.5 Spain has an opportunity to design an apprenticeship system that works.

Spain has been on the cusp of developing apprenticeship models since the start of the economic crisis in 2008. Many pilots have been delivered since 2010 but as apprenticeships are a relatively new concept, the take up in terms of numbers of people on programme has overall been low. Nevertheless, Spain has regional VET schemes, which are beginning to embrace the apprenticeships and work with SMEs to deliver real outcomes.

In the Basque region, the Department of Education is working with over 400 companies to develop apprenticeship programmes and recognise the importance of providing support and incentives to businesses involved in developing this programme. For this project, partners from Austria and England have shared with Cordoba Province, their experience and detail of apprentice contracts, pay, social protection, support, social partner involvement, business support, transparent ways of working and progression for apprentices. As a result of our workshop, the Province of Cordoba now has a full toolkit of practical solutions to help design and implement an apprenticeship programme for use by SMEs delivered by intermediaries.

3.6 UK must deliver a system which enables transnational mobility of apprentices.

What is certain is that the UK is facing uncertain times under the cloud of Brexit for labour migration across European Union member states. Transnational mobility should be a component of apprenticeships, as set out in the '14 key criteria for quality and effective apprenticeships'. On the whole, this is an area of weakness within the UK system, especially for SMEs who do not deliver European services or have a wide supply chain.

There are examples of large firms (250+ employees), where the transnational mobility is built into their apprenticeship programmes. These tend to be within the automotive, engineering and manufacturing industries, where the head office is based in a country with a well-established VET system such as Austria or Germany. If we are to succeed in global competitiveness and ensure apprenticeships are fulfilling to people undertaking them, we must work with governments to look at solutions for integrating transnational apprenticeship opportunities.

As intermediaries, we must also begin to understand the transnational skills challenges our SMEs face. We must work with them to develop apprenticeship opportunities in which can learn from and provide knowledge to our fellow European Member states.

3.7 Stability of the Austrian apprenticeship system

In the context of this project, we have a lot to learn from the stability of the VET system in Austria. For over 30 years the system has delivered consistent messages to large employers and SMEs about training and upskilling. Schools are fully engaged in the system with pupils deciding from 15 years old what apprenticeship route is best for them. Apprentices are proud to be an apprentice and parents understand and embrace these programmes. On the whole, employers are fully engaged with the apprenticeship system and the role of intermediaries is well thought out and is co-designed with government. Whereas in England, we have had 6 Ministers responsible for Education & Skills over last decade (2 political parties), 29 major skills reforms over the last 30 years and apprentice policy reform/implementation led by countless government departments: LSC /UKCES /DIUS /NAS /LEPs /YPLA /SFA –EFA (SDS) /DFES /BIS-JAU /DFE/ ESFA /IFA in the last couple of decades alone. All this makes it incredibly difficult for intermediary bodies to translate the intentions of the public sector when it is constantly changing.

In Spain, as the concept of apprenticeships is relatively new, there is lots to learn from Austria, in that stability of any skills system is what is key to SMEs' understanding and take up of apprenticeships. Stability of skills systems also enables intermediary bodies to work successfully with SMEs to deliver quality apprenticeships over a period of time, better relationships are formed as the system is transparent and steady. The innovation and the knowledge economy does present governments with opportunities to revisit and renew apprenticeship policies.

From an intermediary point of view, it is essential we have stable quality and effective apprenticeship frameworks within which changes to skills policy can bend and flex. That way, we can work more effectively with SMEs to translate what the public sector asks for when designing and delivering apprenticeship opportunities.

4. What does a successful apprenticeship engagement model look like for intermediary bodies engaging with SMEs?

One of the crucial questions for intermediaries who work with SMEs and apprenticeship bodies is: What does good look like? Are there certain key ingredients?

Of course, things, can be done differently in each of our own countries, but one key element remains the same: SMEs must receive consistent and clear messages about how to successfully recruit and employ apprentices. What is certain is that intermediaries are anchor organisations, which are connected to regional, national and global bodies by strategic interests. Intermediaries have a role in translating apprenticeship policy and making this understandable and accessible for SMEs. They also have a role in creating a compelling shared narrative about apprenticeships and their long-term future, promoting them as a robust business investment that leads to economic growth.

All partners involved in this project have identified key recommendations for intermediaries who are tasked with creating a successful apprenticeship engagement model for SMEs. Our key recommendations are as follows:

1) Develop an SME-led Marketing Campaign

Evidence gathered by all partner countries involved in the delivery of this project has established that the most successful marketing campaigns targeting SMEs to engage apprenticeships, involve SMEs themselves. SME case studies and success stories can be collated by intermediaries focusing on apprenticeships in areas such as: specific sectors, diversity, entrepreneurship, overcoming personal barriers and business growth. Peer to peer evidence is an important tool when demonstrating to SMEs the value of apprentices. An example of this is the Greater Manchester Apprenticeship Hub website (developed by the Greater Manchester Combined Authority). There is a dedicated employer section, which clearly articulates the value of apprentices in SMEs. This website contains several case studies, which detail the huge successes of SMEs working in sectors such as engineering, digital, construction and professional services have in employing apprentices. Intermediary bodies can access this information and use in their own marketing campaigns and in conversations with SMEs to promote the benefits of apprenticeships. The information can be viewed at <http://theapprenticeshiphub.co.uk/>

Likewise, effective social media campaigns, which SMEs can get involved in, are also an effective way of promoting apprenticeships. The #seedifferent social media campaign led by Greater Manchester Combined Authority has a simple message that apprenticeships should be seen as a different method of recruiting talent for employers. Businesses use this hashtag as a declaration that they are 'seeing different' and are proud advocates of apprenticeships. Intermediary bodies need to be able to start marketing trends and movements, which are engaging for SMEs. By effective campaigning and through an evidence-based approach, SMEs become naturally curious and ultimately engaged in the apprenticeship agenda.

2) Cost Benefit Analysis

What quickly became apparent in our project work, is that each participating organisation has been asked by SMEs, 'what is the cost and benefit of hiring an apprentice?'

For face to face discussions with SMEs, it's important for intermediaries to know how much the apprenticeship training elements are. All apprenticeship training organisations will have this information readily available. However, for intermediaries speaking to SMEs about apprenticeship recruitment, it's important to consider all training costs, including indirect, for example, apprentice's time spent 'off the job' and in training. This will ensure the SME has an accurate and credible view of the potential benefits of the apprenticeship in comparison to its cost. Once the cost is established, intermediaries need to work with SMEs to compare this to the benefit. By looking at business impact measures, this will help calculate the monetary benefit of employing an apprentice. If the SME can prove an increase in turnover, this information may be available in a monetary format.

Meanwhile for others, this will require conversion. The change in the measure over a set period of time should be multiplied by the cost of each unit of change. Attributing a monetary value to an SME helps demonstrate how the initial costs of an apprenticeship outstrips the long-term economic gain for the business. Many studies have been produced over the years, with many compelling arguments for apprenticeship recruitment. For example, 'Cost and Benefit of Apprenticeship Training: A comparison of Germany and Switzerland' (2008) and 'A Cost-Benefit Analysis of Apprenticeships and Other Vocational Qualifications' (2007). Within these examples, there are many numerical formulas, which intermediaries can use to make the case for SMEs employing an apprentice, which is all well and good if a cost-based narrative is what the recruiting decision maker needs to make an informed decision.

3) Events & Networking

Another key recommendation is the power of events for articulating the benefit of apprentices to SMEs. The project team found that working collaboratively with intermediaries who have a calendar of existing SME events (i.e. Chambers of Commerce) is the quickest and most resource effective way of promoting apprenticeships. Within these events, short pieces outlining the benefits of apprenticeships in easy to understand language were found to be the most effective way of communicating apprenticeships to SMEs.

The content of the presentation worked most effectively when the narrative included elements such as: how to recruit an apprentice, case studies, cost vs benefit, incentives (whether this be financial or social) and evidence of how apprentices can contribute to wider economic growth. In addition, the timings of the events were considered critical to their success (i.e. not in school holidays), 'breakfast meetings' were easier, on the whole, for SMEs to attend, event location is critical (central to towns or cities with easy transport links/car parking) and availability/quality of refreshments. All of these recommendations seem like simple suggestions, but when they are all put together form the key ingredients for a successful SME engagement event.

4) Incentives

All project partners considered the financial and social value for SMEs of engaging with apprentices. Financial incentives can refer to the wage paid by the employer to the apprentice during the training period. Or financial incentives could be funding/a one off payment given to employers to recruit and train apprentices. Social incentives can refer to awards or recognition for employers who engage apprentices. For example, the Greater Manchester Chamber of Commerce 'Social Value Awards', given to businesses who commit to employing ex-offenders on their apprenticeship programmes.

The publication, 'Apprenticeships Toolkit: Financial Incentives', (2018) outlined that financial incentives can have a positive effect on the hiring of apprentices, but effects may vary across industries and may not occur if the subsidy is passed on to the apprentice in the form of a higher training wage. Likewise, not every region or country has access to financial incentives for SMEs to engage apprentices. However, where they do occur, it is important for intermediary bodies to understand what incentives are available, how they work and promote them to SMEs. Where region or countries do not have access to financial incentives, it is important for intermediaries to source social incentives, where ever possible, to use as a promotional tool for apprenticeships. Awards, recognition or social value for SMEs employing apprentices are all valuable tools for intermediaries to present to businesses who are considering employing an apprentice.

5) Shared Ambition and Growth

Intermediaries need clear views of how they can contribute and what role they play in assisting SMEs to engage apprentices. Each intermediary needs to be aware of what they can bring to the table, how it complements the work of other intermediaries operating in their geography and what resources and skills are available for successful engagement.

For example, in the UK at the moment, apprenticeships are in decline. In May 2018, figures from the Department for Education, show a dramatic decrease in apprenticeship starts from 309,000 between August 2016 and February 2017, to 232,700 between August 2017 and February 2018.

The trajectory shows the decline is highly likely to continue for the remainder of the parliamentary term, if nothing is done to immediately address this. In real terms, the chronic reduction in apprenticeship starts is stifling business growth and providing less opportunity for our young people. Nevertheless, even in challenging times intermediaries must remain consistent and strong in their narrative, if ambition and growth for apprenticeships is to be achieved.

As a direct response to the decline in UK apprenticeship growth, in June 2018, the Chartered Management Institute and the British Chambers of Commerce issued a '10-point plan' to government, calling for urgent reforms to reverse the drop in the number of new apprentices since the introduction of the Apprenticeship Levy in April 2017. The plan asks the government for the immediate transformation of the skills landscape so everyone benefits from apprenticeship reforms. For the government to listen to business and relax the complex and restrictive apprenticeship levy rules, calling for a single government agency who is accountable for skills delivery in a simple and transparent manner. To measure the impact, not the target with access to quality training, at the right time and in the right location and, lastly, for stability for in the skills system as constant tinkering and changes in policy and funding is bad for businesses and learners.

For employers, the plan calls for business to embrace apprenticeships which are designed by business for business, to find flexible ways to help manage training, commit to long term investment of their workforces, embrace wider workforce planning and finally measure the benefits through a cost vs benefit approach.

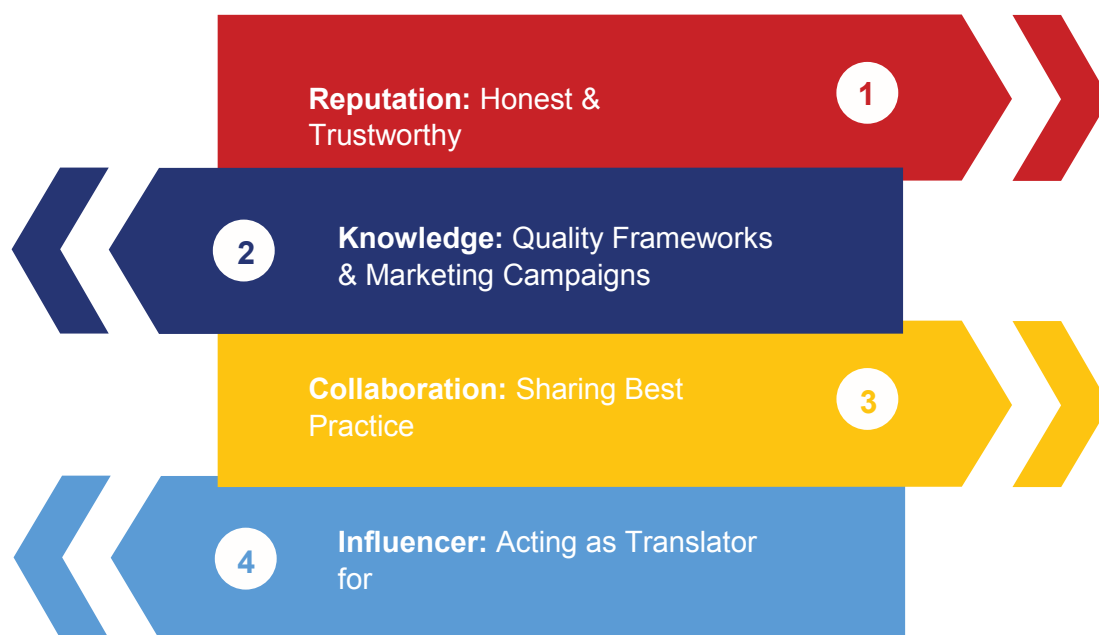
By working together, intermediaries can stimulate ambition and growth by lobbying governments to make changes to apprenticeship policy and reform on behalf of SMEs. This is a critical role which intermediaries must play if ambition and growth in apprenticeships are to continue across Europe.

Conclusion

Taking all things into account, intermediaries who work directly with SMEs to engage apprentices are significant drivers for improving the long term economic prospects of our regions. Apprenticeships have been around for centuries and, despite changes in delivery models, the fundamentals stay the same: a job with training. SMEs need trained staff and they need help and advice to find them. This is where the work of the intermediary is so important, in assisting businesses to continue to support the future of apprentices in the workplace

What is certain is that intermediaries must have good understanding of the quality frameworks in which apprenticeship frameworks operate in at a regional and national level. Gaps in knowledge and delivery can be easily identified and addressed by using self-assessment tools, such as the one we have created for use on this project (3.2). Intermediaries must be innovators, and where there are gaps, look at best practice from elsewhere to source solutions. Whether the solutions come from partner organisations, regional institutions, national government or the European Commission, we all have a responsibility as intermediaries to help stimulate demand for apprenticeships within SMEs.

As a project team, we have identified 5 key areas for intermediaries to consider developing and growing capacity in to successfully engage SMEs with apprentices: 1) marketing campaigns, 2) cost vs benefit analysis, 3) events and networking, 4) incentives and 5) shared ambition and growth. Sitting alongside this is a set of 4 core values and behaviours, which we know are common to our success in SME engagement:



In each of our individual roles as intermediaries, we all have a shared interest in building robust relationships with SMEs to create good quality apprenticeship opportunities in each of our countries. We all want to increase the quantity and quality of apprenticeships to generate short, medium and long term economic benefit. The crucial thing is that we generate the capacity to form engagement strategies, which result in apprenticeships for SMEs. The commitment is there and the hard work is complete. We must now get on and do it!

Bibliography

1. Framework for Quality & Effective Apprenticeships', European Commission, 2017
2. National Authorities for Apprenticeships: Policy learning and support to promoting apprenticeship systems and VET policy experimentation under the European Alliance for Apprenticeship - Country report Austria, Tritscher-Archan, 2015
3. Apprenticeship agreement: template, Skills Funding Agency, 2012
4. <https://www.gov.uk/apprenticeships-guide/pay-and-conditions>
5. Paying employer National Insurance contributions for apprentices under 25, HM Revenue & Customs, 2016
6. Evaluating the impact of the GIF and EOS pilots in Greater Manchester, David Morris, New Economy, 2015
7. How to Guide for Trailblazers, Institute for Apprenticeships, June 2017
8. GM AGE – Greater Manchester Apprenticeship Grant for Employers, New Economy, 2017
9. <https://www.gov.uk/take-on-an-apprentice/get-funding>
10. <https://www.findapprenticeship.service.gov.uk/apprenticeshipsearch>
11. <https://www.gov.uk/government/organisations/ofsted>
12. Apprenticeship funding: rules and guidance for employers May 2017 to July 2018, Education & Skills Funding Agency, March 2018
13. Apprenticeship Training in Spain – A Cost Effective Model for Firms?, Wolter & Muehlemann, 2015
14. <http://www.cedefop.europa.eu/en/news-and-press/news/cedefop-presents-european-database-apprenticeship-schemes>
15. <http://theapprenticeshiphub.co.uk/>, Greater Manchester Combined Authority, 2015
16. Engaging SMEs in Apprenticeships, Apprenticeship AlliancesEU, 2018
<http://www.apprenticeshipalliances.eu/the-project/>
17. Cost and Benefit of Apprenticeship Training: A comparison of Germany and Switzerland, Dionisius, Muehlemann, Pfeifer, Walden, Wenzelmann and Wolter, 2008
18. A Cost-Benefit Analysis of Apprenticeships and Other Vocational Qualifications, University of Sheffield, 2007
19. Apprenticeships Toolkit: Financial Incentives
<http://www.whatworksgrowth.org/resources/financial-incentives/>, 2018
20. Apprenticeship Statistics, England, Department for Education, 2018

Acknowledgments

This report reflects input from a number of people who were involved in the capacity building workshop element of this project. We are extremely grateful to them for their help. They include:

- Gabriel Peñuela Torres, Amadeus Association, Vienna, Austria
- Francesca Binetti, Amadeus Association, Vienna, Austria
- Dr Peter Zeitler, Austrian Federal Economic Chamber, Vienna, Austria
- Thomas Reichenbach, Wirtschaftskammer Österreich, Vienna, Austria
- Reinhard Noebauer, Ministry of Education, Vienna, Austria
- Raheel Nawaz, Manchester Metropolitan University, Manchester, UK
- Amina Mufti, Manchester Metropolitan University, Manchester, UK
- Russell Yates, Manchester Metropolitan University, Manchester, UK
- Mar Gimenez, Iprodeco, Cordoba, Spain
- Inmaculada Dia Munoz, Iprodeco, Cordoba, Spain
- Rafael Linares, Iprodeco, Cordoba, Spain
- Enrique Ventosa Carulla, Department of Education for the Province of Cordoba

DISCLAIMER

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.