

EXECUTIVE SUMMARY

Introduction

1. The National Apprenticeship Service (NAS) commissioned York Consulting LLP to evaluate the Apprenticeship Training Agency (ATA) and Group Training Association (GTA) Pilots.
2. The Pilots were established following the publication of a prospectus issued by NAS, the focus of which was to test innovative approaches to employer engagement in Apprenticeships, focusing on those areas of the economy where Apprenticeship take-up has been historically low.
3. In total, 16 pilots received funding. This has included 13 that can be described as primarily based on the ATA approach, with three based on GTAs.
4. The key feature of the ATA approach is that apprentices are recruited and employed by the ATA, but then work in host organisations where there are job opportunities enabling the achievement of the work-related elements of the Apprenticeship.
5. The ATA and GTA pilots were highly diverse in scale and nature. This diversity reflects differences in the lead organisations, geography, sector coverage and status.
6. In December 2010, NAS produced an ATA Framework, which sets out the core features underpinning the ATA model and provides a basis against which to judge their activities.
7. The evaluation has been undertaken through a qualitative approach, involving consultations with those responsible for the delivery of each of the pilots and consultations with a sample of host employers, apprentices and training providers involved in delivery linked to the pilots.

Pilot Models and Performance

8. The establishment of the pilot programme by NAS provided an underpinning driver for their development. However, each pilot has been influenced by a range of specific factors, evidencing the need for

new approaches to stimulate the take-up of Apprenticeships where this had been limited previously. It could be argued that the clarity of understanding of this underpinning need and understanding of the most appropriate responses has been an important influence on the progress achieved by each of the pilots.

9. The pilots have been led by a range of organisations, including colleges, training consortia and partnerships, established GTAs, third sector organisations and a National Skills Academy. The positioning of the pilots in relation to their 'parent' organisation has had a number of implications for their operations, the way in which they have been perceived by other stakeholders and the nature and scale of resources available to support their delivery.
10. The size of teams established to deliver the pilots has varied significantly, from a manager and two engagement staff to a maximum of more than 20 staff directly engaged in pilot delivery. This variation has had significant implications for the volumes of activity that could be undertaken and affects the potential for income generation and future sustainability of pilot activities.
11. The geographic and sectoral focus of the pilots has influenced their delivery. There has been a trade-off between scale and focus. Operating on a very local or sector-specific level has provided the advantage of clarity of focus, but has impacted on the potential volumes achievable. Operating across a wider geographic area or wider range of sectors has provided access to a much bigger potential market, but has created other logistical difficulties, which have been overcome by clustering activities or undertaking targeted campaigns. This has been true both for ATA and GTA pilots.
12. For ATA and GTA activities to work efficiently, there is a need to achieve sufficient volumes to be able to match apprentices and workplaces appropriately. This requires a critical mass of apprentices and workplaces to be able to respond to the needs of both.
13. The success of the pilots has been intrinsically linked to their ability to recruit candidates to take on Apprenticeships and to match them with workplaces that can provide suitable opportunities.

14. The pilots have used a wide range of approaches to attract potential apprentices, including linking to Apprenticeship Vacancies (Av), Connexions and other organisations working with young people. The effectiveness of links with other organisations has depended to a large extent on the degree to which the pilots have actively sought to understand and engage with other organisations, rather than expecting to receive referrals on a passive basis.
15. The pilots have been focusing on engaging organisations that have not previously been involved with Apprenticeships. There has therefore been a significant need for pro-active marketing and engagement activities, which have included raising awareness of Apprenticeships more generally and demonstrating the specific opportunities available through the pilot. The need to build awareness, change attitudes and, in some cases, change cultures within employers has meant that it can take a considerable time between first contact and an apprentice beginning work. Whilst in theory it would be possible to move from first contact to the apprentice starting work in a space of three weeks, it has taken up to six months in some cases. This timescale has significant implications for the time taken for delivery to achieve any real momentum.
16. Where activities are focusing on opportunities with small businesses, it is important to recognise that there will be a need for ongoing engagement activities as these organisations are unlikely to have the capacity or need to take on apprentices on an ongoing basis. This creates a need for ongoing activities to engage new businesses.
17. As specified in the ATA Framework, it is clear that the pilots have placed significant emphasis on ensuring that the employers they have engaged are able to offer appropriate good quality Apprenticeship opportunities. Considerable resource has been committed to matching apprentices with host employers and to providing support in the workplace. This has meant that there have been only very limited examples of hosting arrangements that have not worked and where remedial actions have been required.
18. The actions needed to recruit apprentices and employers and to match the two parties require appropriate systems and infrastructure. At least three of the pilots invested in IT-based systems to support their

delivery, at considerable cost. However, these did not prove to be justified given the volumes of activity being delivered.

19. The employment arrangements implemented by the ATA pilots have included contracting and other related systems and processes and approaches to supervision and line management of apprentices. Considerable resource was committed by the pilots to develop and adapt documentation to support employment through the ATAs. It is important to consider how best to capitalise on this public investment so that others can benefit from the experiences of the pilots in future.
20. The arrangements for charging for the services offered by the ATA are based either on a percentage of the apprentices' weekly wage or on a flat rate. The levels of revenue generated through a percentage-based system depend to a significant extent on the sectors and job roles in which apprentices are working.
21. The revenues that are generated through charges to host employers are highly sensitive to the number of apprentices employed by an ATA at a particular point in time. There is a need to continually replace apprentices who move from employment by the ATA into permanent employment elsewhere. GTA membership fees have varied considerably across the pilots.
22. Across most of the pilots, early progress was found to be much more difficult to achieve than had been originally expected. The two pilots that achieved greatest early momentum had already undertaken preliminary activities when the pilot commenced. For others, considerable time was required to establish appropriate systems and structures and to build awareness and understanding among employers and potential apprentices.
23. The volumes of activity delivered by the pilots has varied to a very significant degree. In recent updates from the pilots, it has been reported that the number of starts achieved by 31 March 2011 ranged from just 51 to over 1,300. In most cases, the volumes achieved by the individual pilots were lower than had been originally planned. Whilst there was a shortfall against targets, there was significant progress in most areas during the later months of the pilot period, reflecting a building of momentum following the earlier activities to generate take-up. In several of the pilots, the starts achieved reflected a move away

from the initial target sectors or original focus of activities, which may reflect a lack of appropriate intelligence at the outset, or changing circumstances over the course of the pilot.

24. The performance of the pilots in relation to the expected volumes of starts has significant implications for the establishment of similar services in future.
25. The pilots have been most successful in generating Apprenticeship starts where they have been clearly focused and targeted, with effective mechanisms to sell the benefits of this approach to Apprenticeships. It is clear that the employment and matching services offered by ATAs are addressing barriers to Apprenticeship take-up for some employers, but other barriers have also been encountered which ATAs or GTAs on their own would not address.

Sustainability and Future Developments

26. We discussed the potential sustainability of activities following the end of the pilot period. Across the majority of the pilots, arrangements were being established to continue activity from April 2011 onwards, although these were still to be finalised.
27. Whilst there was a high level of confidence from the pilots that activities could be continued in future, and despite increasing volumes of activity in recent months, there still appeared to be a shortfall between the volumes needed to cover the costs of the systems in place and the levels of activity being achieved.
28. The ATA Framework highlights that ATAs should be sustainable in the longer term based on commercial operations, rather than reliance on SFA funding. Sustaining pilot activities depends on the extent to which they are part of a wider range of support or hosted within an organisation that provides the potential for sharing of costs or cross-subsidisation.

Perspectives from Host Employers

29. Our consultations with employers who had been involved with the ATA and GTA pilots found that the majority had not previously been involved with Apprenticeships. For most employers, their main motivation for

working with the pilots was to recruit an appropriate young person to work in their business, with the promotional activities of the pilots prompting them to consider an apprentice rather than another approach to recruitment.

30. The support available from the pilots, both GTAs and ATAs, was seen as giving them confidence to become involved. Most of the organisations hosting ATA apprentices were already employing staff and therefore had established arrangements for payroll, insurance, employment contracting and administration. The employment element of the ATA was not, in itself, critical to them taking on an apprentice. What was attractive was the recruitment and matching service provided, and the potential to avoid the risks of employment in the short term.
31. Reflecting on NAS's desire that pilot activities should lead to good quality Apprenticeships with the potential for sustained employment in the longer term, it was clear from the majority of our consultations that most employers were looking to use the pilots to recruit to real positions in the business. This is demonstrated by apprentices moving from ATA employment to direct employment within the host employers.
32. Employers were generally positive about their experiences of working with the pilots. In the small number of cases where difficulties or issues were raised, these tended to be minor practical problems, rather than systemic issues with the ATA approach.

Perspectives from Apprentices

33. Interviews with apprentices gained information on their experiences in undertaking Apprenticeships through the pilots. However, it must be recognised that apprentices were generally only able to speak from experience of one Apprenticeship route, and so were unable to make comparisons with different approaches. Awareness of the pilots as something unique was limited and there was often confusion between the pilot and the provider where a dominant provider existed or where providers undertook selection.
34. Apprentices were generally positive about the recruitment and selection process. They valued the support provided by the ATA pilots. Whilst apprentices in the ATA pilots were employed by the ATAs, they had

been integrated well in their host employers and most expressed the view that they were doing a real job and learning new skills.

Learning Providers

35. The diversity in pilot structures and features is reflected in their relationship to learning providers. Some of the pilot organisations are direct providers, others are working in partnership with providers and others have been established as independent of a particular provider, either as part of a managing agency or brokerage organisation.
36. The creation of an ATA within a particular provider extends the range of services available to employers and learners, but means that the services offered are limited to the clients of that provider. Where the pilot activities have been established outside of a particular provider, in some cases delivery has been undertaken by a specific group of providers. Elsewhere, the pilots have operated in a brokerage role, seeking out appropriate providers to meet delivery needs. The evidence from the pilots therefore suggests that ATA and GTA activities can work whether they are positioned within a particular provider or are independent of specific providers.
37. The response of providers to the establishment of the ATAs has been mixed. This has been said by provider representative bodies to reflect the relative strengths of providers and their links in the sectors or areas in which pilot activities have been taking place. Some have seen ATAs as a threat, whilst others have seen them, and GTAs, as providing an opportunity to work with employers that they had not previously been able to reach.
38. The potential opportunities presented to providers by the ATA model is reflected in anecdotal reference to a number of colleges now considering or actively in the process of establishing their own ATAs.

Conclusions and Recommendations

39. The establishment of the pilots has provided an opportunity to test the development of new approaches to deliver Apprenticeships. There have been aspects of innovation across all the pilots, with new bodies, structures and systems established to support employer engagement and to recruit and provide work opportunities for Apprenticeships.

40. The characteristics, features and operational approaches of each of the pilots are highly varied. With a small number of pilots, it is therefore only possible to consider the illustrative findings from the activities implemented, rather than being able to draw definitive conclusions about the factors determining the success, or otherwise, of these types of activity.
41. In evaluating the pilots, it is necessary to separate out consideration of the potential benefits of the ATA-type approach in helping to support take-up of Apprenticeships from the performance of the pilots against the targets that were originally set within the pilot contracts.
42. The majority of the pilots have fallen short of the targets that were originally set. To a considerable degree, this reflects operational challenges encountered in establishing pilot activities and slower progress than had originally been anticipated. At the bidding stage, there appeared to have been an expectation that systems and structures could be established much more quickly than was the case in practice. Considerable resource has been committed to buying systems to support the delivery of some of the pilots. The costs and time required to establish these systems has been disproportionate to the planned scale and timing of pilot activities. In our view, it would have been more appropriate to work initially with simpler systems, introducing additional capacity if this was justified by the levels of activity.
43. A key element of the approach adopted by the pilots has been to proactively reach out to employers that have not previously been involved in Apprenticeships. This reflects the fact that the pilots were established in order to address market failures in the delivery and take-up of Apprenticeships. These market failures may be relatively complex. This has meant that the package of support offered by ATAs and GTAs has been the attraction to employers, rather than one simple feature. This has had two implications:
 - it has taken considerable time and resource to establish awareness of opportunities with these employers, and to convert this awareness to take-up of the Apprenticeship offer, either through ATA or GTA approaches;

- the vast majority of the opportunities created through the pilots have been additional, in that they are in workplaces in which there has been no previous history of Apprenticeship take-up.
44. The pilots that have been most successful in terms of the levels of starts generated are those that have developed effective approaches to engage with employers. This has often involved a diverse range of activities to capitalise on the range of opportunities to attract employers to offer opportunities for apprentices.
 45. The pilot approach has led to the creation of distinct structures and approaches to engage host workplaces and apprentices. Whilst this was appropriate in the context of the pilot, we would argue that there is a need for these activities to be more closely integrated with other activities to generate take-up of Apprenticeships undertaken by providers and other organisations. In particular, there is a need to consider how ATA approaches can be linked into NAS's new approaches to working with smaller businesses. For example, ATAs and GTAs could provide a referral point for the call centre operating for small businesses. The pilots provide a small group of ATAs and GTAs where there are already some contacts established. However, as more organisations seek to establish ATA-type approaches, building these links will be more difficult, but this will be important if onward referrals are to take place.
 46. The rationale behind the establishment of the ATA models was that there are barriers to Apprenticeship take-up as a result of the capacity of organisations to take on new employees. Views from pilot managers and from host employers indicate that, for some, the availability of the ATA to employ Apprenticeships was a significant benefit. For others, the other services available through the ATA were more significant, including the support to identify and recruit potential apprentices and to match them to the opportunities at the employer. This therefore suggests that the barriers to Apprenticeship take-up can be relatively complex, which means that hybrid approaches, combining ATA support with other services, may be most effective in extending Apprenticeship take-up.
 47. Across all the pilots, it took longer than had originally been anticipated for activities to become fully operational, which has impacted on performance achieved against original expectations. In many cases,

changes have been made to delivery structures and focuses of activity, which have taken time to 'bed in' and have meant that steady state delivery has only taken place towards the very end of the pilot period.

48. Across the pilots, there is evidence that significant momentum has begun to develop in recent months, with considerable increases in volumes of activity. This suggests that the proactive approaches to engagement are now beginning to bear fruit, with word of mouth referrals reflecting that employers who have experienced working with the pilot are seeing benefits and are happy to recommend this approach to colleagues in other businesses.
49. It has proved difficult to gain a clear and unambiguous picture of the volumes of starts generated by the pilots. The numbers of starts reported anecdotally are considerably higher than the volumes identified on ILR.
50. Across the pilots, considerable emphasis has been placed on ensuring that the Apprenticeship opportunities provided are of a good quality, with the potential in most cases to lead to permanent employment opportunities within the host employers. The opportunities offered appear, therefore, to be in keeping with the principles set out in the ATA Framework. There is evidence that apprentices have been transferring from employment by the ATAs to employment by their host employers, which can be viewed as a success of these pilots. There is also some evidence of the pilots leading to opportunities to place apprentices with public sector employers who would otherwise be unable to take them on due to recruitment freezes. These can provide good potential development opportunities. However, it is critical that apprentices' expectations are clear and managed, and that they are not being used as a cheap short term solution which would compromise their position and devalue Apprenticeships.
51. The pilots have put considerable time and resource into developing contracts and other materials to support the employment of apprentices through an ATA. We believe it is important for NAS to be able to draw on these materials to provide potential resources that can be used by others who are seeking to develop ATAs. Without this, there is a risk that the learning that has been achieved through the pilots is lost and those seeking to develop ATAs in future end up reinventing the wheel, rather than capitalising on the experience of the pilots.

52. Across most of the pilots, there is confidence that activities are sustainable in the longer term. The sustainability of ATA activities is highly sensitive to the volumes of Apprentices in employment at a particular point in time, relying on maintaining the momentum that has recently been developed. Even with significant increases in the volumes of activity achieved over recent months, the scope for pilot activities to be sustained will depend to a significant extent on where they sit in relation to wider services of providers or business organisations. Sustaining the activities of a 'pure' freestanding ATA is likely to be significantly more challenging. Even with the increased volumes achieved in recent months, most of the pilots appear to be falling short of self sufficiency through income generated purely from ATA activities alone. This is significant in the context of the ATA Framework and it remains to be seen whether it is possible to generate sufficient volume of activity without activities forming part of the wider services of a college, training provider or business organisation. It appears that the sustainability of the pilots is still heavily reliant on support from lead organisations.
53. Over the course of the pilot period, NAS has been involved in a contractual relationship with the pilots, providing a basis on which to maintain contacts and monitor progress. With the pilot periods now having finished, we believe it is important for NAS to seek to maintain contact with the pilot organisations, to capture evidence of further developments and progress as arrangements mature and develop further. For example, the development of a network of ATAs centred around the pilots could provide a focus for NAS to engage with ATAs as they develop further in future. This would also provide a potential conduit for support to new ATAs as they develop.
54. The ATA framework provides a clear description of the features and characteristics of a good ATA and provides a basis for judgements to be made about ATAs, although it is recognised that it has not been developed as part of a formal regulatory system. The framework appears to have been accepted by the pilots, some of whom undertook comprehensive self assessments which could be used in a number of ways. There are a number of ways in which the framework could be developed in future:

- the framework could be developed into a good practice or guidance document for organisations considering establishing an ATA. This could include the addition of template documentation for host employer and apprentice agreements, drawing on those developed through the pilots;
- the framework could be developed for dissemination to training providers to be used to support their decisions about working with ATAs or in undertaking a quality assurance role;
- information drawn from the framework could be drawn together in materials for IAG providers, to help them in working with young people who may be considering undertaking an apprenticeship through an ATA.

55. The future use of the framework will depend to a large extent on the decisions NAS takes about its support for, and engagement with, ATAs in future. Should an effective network or umbrella organisation for ATAs be established, this would provide a possible route through which to embed the framework and to facilitate its future development.