



**National  
Apprenticeship  
Service**

**Evaluation of  
the ATA/GTA  
Pilots**

**March 2011**



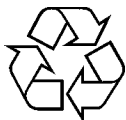
## Author & Contact Details

Date: March 2011  
Author: Roger Turner  
Quality Assured by: Philip Wilson

York Consulting LLP  
Smithfield House  
92 North Street  
LEEDS  
LS2 7PN

Tel: 0113 2223545  
Fax: 0113 2223540

Email: [roger.turner@yorkconsulting.co.uk](mailto:roger.turner@yorkconsulting.co.uk)



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## 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.

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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

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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

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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
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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 their 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
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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

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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

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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

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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

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established, this would provide a possible route through which to embed the framework and to facilitate its future development.

## **1 INTRODUCTION**

- 1.1 The National Apprenticeship Service (NAS) commissioned York Consulting (YCL) to evaluate the Apprenticeship Training Agency (ATA) and Group Training Association (GTA) Pilots. This report draws together the findings of the evaluation and considers the lessons from pilot activities for future Apprenticeship policy and practice.

### **Background to the ATA/GTA Pilots**

- 1.2 In April 2009, the National Apprenticeship Service issued a prospectus “Testing Alternative Delivery Models: Group Training Associations and Apprenticeship Training Agencies”. The focus of the prospectus was to test innovative approaches to increasing employer engagement to up-skill their current and future workforce through Apprenticeships.
- 1.3 The prospectus invited proposals for the development of innovative models based on:
- Group Training Associations as established delivery bodies;
  - new approaches that had been developed in other countries, and in particular the Australian Group Apprenticeship Scheme.
- 1.4 The New Opportunities White Paper Fair Chances for the Future (January 2009) announced the intention to extend the GTA approach to sectors of the economy where there has traditionally been limited take-up of Apprenticeships especially those where there is a high proportion of SMEs, or where graduate entry is the normal route into employment. Alongside this, the White Paper announced the creation of ATAs to develop new models where apprentices are employed by a recruitment agency and ‘hired out’ to host businesses.

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- 1.5 The primary objective of the Alternative Delivery Models prospectus was to generate innovative Apprenticeship delivery models based on ATAs and GTAs. It was intended that employer engagement would be integral to the delivery models, which would drive up Apprenticeship numbers, especially those aged 16–18 and working in SMEs. The models were intended to address barriers to employer engagement.
- 1.6 The prospectus highlighted a number of features that were expected in the pilots. They should:
- provide **additional Apprenticeships**, rather than displacing existing opportunities;
  - engage **new and hard-to-reach employers**, as well as increasing the number of Apprentices with existing employers;
  - be **innovative** in their delivery;
  - be **sustainable** after the pilot period and resilient to the challenging economic climate.
- 1.7 Total funding of £7 million was made available for the pilots for the 2009/10 and 2010/11 financial years, with the overall aim of supporting 15,000 new apprentices by the end of 2011/12. In total, 16 pilots received funding. Twelve of these were contracted to undertake activities from Autumn 2009 to March 2011, with a further four offered funding through to March 2010. The specific nature of the pilots is described in more detail later in the report. They have included 13 that can be described as primarily based on the ATA approach, whilst three are based on GTAs.
- 1.8 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. The ATA therefore provides the potential for organisations to take on apprentices where this would not otherwise be possible for a number of reasons:
- they do not have the systems or structures in place to employ an apprentice;

- they would like to take on an apprentice, but the nature of the business means that they cannot offer either a full-time or permanent position for an apprentice. The ATA model provides the potential for an apprentice to work across more than one workplace, but with a single employer;
- they feel that they are unable to take on the risk of employing an apprentice, perhaps due to lack of previous experience of employing a young person. The ATA provides a mechanism to take on this risk, while providing the business with the opportunity of having an apprentice within the business.

## **Pilot Overview**

- 1.9 The pilots are described briefly in **Table 1.1** overleaf. This is intended to provide a brief overview of each, with the pilot features discussed more fully in the following sections of the report.

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Table 1.1: Overview of Pilots					
Funded 2009/10 and 2010/11					
Pilot	Nature of Organisation	Lead	Nature of Model	Geographic Focus	Sector Focus
Essex Apprenticeship Programme	Local Authority		Hybrid GTA, ATA, plus Wage Subsidies	Essex County Council area	County Council priority sectors
Vision Apprenticeships	FE College		Hybrid GTA/ATA	North Nottinghamshire, extended to cover East Midlands	Initially rail industry engineering. Extended to other areas of engineering and logistics
Creative and Cultural Skills	National Skills Academy		ATA	National	Creative and Cultural
SLB Logistics ATA	Business Development Company - Community Interest Company		ATA	South London	Logistics
Apprenticeship First	Partnership of two FE Colleges - Company Limited by Guarantee		ATA	London	Key areas of opportunity - Retail, Hospitality, Construction, Health & Social Care, Creative, Public Sector,

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					Green Industries
e-skills GTA		Sector Skills Council	GTA	National model operating in a number of locations	IT
North Apprenticeship Company	East	Arms' Length Not for Profit Business. College and Local Authority are parent organisations	ATA	North East Region	All Sectors
North Apprenticeship Company	West	Not for profit company owned by Work-based Learning Provider on behalf of regional provider network	ATA	North West Region	All Sectors, although seeking to avoid those where there is already a history of Apprenticeship take-up
South Apprenticeship Company	East	Partnership between Training Provider, County Council and Association of Training Providers	ATA	South East Region	All Sectors
South Apprenticeship Company	West	Business Services Company	ATA	Initially working across the South West, then focused	Initially focused on priority sectors. Now working across all sectors.

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			on the north and east of the region i.e. excluding Devon and Cornwall	
<b>Logistics Apprenticeship Training Academy</b>	Private training provider in partnership with specialist logistics training organisation	ATA	West Midlands	Logistics
<b>Yorkshire and Humber Apprenticeship Training Agency</b>	Arms' Length organisation. FE College is the major shareholder	ATA	Yorkshire and Humber Region	All sectors
<b>Funded to March 2010</b>				
<b>Leicester College</b>	Within FE College	ATA	Leicestershire	Initially public sector focus, broadened out to all sectors
<b>The Apprenticeship Works</b>	Sub-regional Training Group	ATA	West Midlands	All sectors
<b>Fair Train</b>	Co Ltd by Guarantee, by board of six voluntary organisations	GTA	National	Third Sector

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Social Care GTA	GTA	GTA	North West and South East	Social Care Sector
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1.10 The outline in Table 1.1 provides a brief overview of the pilots and highlights the diversity of characteristics they embody, as reflected in the nature of the lead organisation, geography, sector coverage and their status. As will become evident in further discussions, this is a significant simplification of the true picture and hides considerable variation in the range of activities and approaches that are actually being adopted across the pilots.

## **The ATA Framework**

1.11 During December 2010, NAS produced the ATA Framework, which is intended to provide a basis against which to assess whether the approaches adopted by ATAs are reflecting best practice. The Framework sets out the core features underpinning the ATA model and providing a basis against which judgments can be made.

1.12 The key features within the Framework stress that:

- ATAs should aim to deliver a high quality Apprenticeship experience. Quality of the working and learning experience is expected to be central to ATAs activities;
- the focus of activities should be on the creation of new Apprenticeship opportunities with employers who would not otherwise be able to recruit an apprentice. These Apprenticeships should therefore complement, not displace, directly employed Apprenticeships with an employer;
- clear terms and standards will be agreed with employers and apprentices underpinning the quality of the Apprenticeship opportunities;
- ATAs should comply with all employment law and regulation appropriate to Employment Agencies and Employment Businesses.

1.13 The framework highlights that ATAs should operate a business model that is sustainable in the longer term based on commercial operations rather than reliance on funding from the Skills Funding Agency.

1.14 The elements included in the framework therefore provide an important basis on which to review the performance of the pilots and consider the messages for future ATA developments. Each of the pilots undertook a self assessment against the framework, a sample of which have been reviewed in carrying out the evaluation.

## **Evaluation Overview**

1.15 The overall aim of the evaluation was to take an initial view of progress with the development of the pilot models to inform future policy development in this area. The evaluation was required to:

- describe the extent to which the pilots have delivered against the broad aims of the prospectus, including the sustainability of the models;
- identify the key features and issues from the development of the pilot models and how these can inform the development of future models;
- consider the impact of the ATA/GTA pilots on the wider range of stakeholders to establish that they are all part of a high quality Apprenticeship experience.

1.16 The evaluation has been based on a qualitative methodology and has involved:

- consultations with key individuals responsible for the delivery of each of the pilots;
- consultations with a sample of host employers that have recruited apprentices through each of the pilots;
- consultations with a sample of apprentices who have been recruited by the pilots;
- consultations with learning providers involved in delivery linked to the pilots;
- consultations with key stakeholders with an interest in the development of the ATA/GTA approach to Apprenticeship delivery.

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1.17 The evaluation has therefore been designed to gather evidence from all perspectives to enable conclusions to be drawn about the pilot activities. It is important to recognise that this evaluation was not intended to provide an assessment of the impact of the pilots, but an assessment of progress and consider the lessons for the future resulting from the pilots.

## 2 PILOT MODELS AND PERFORMANCE

### Introduction

2.1 In this Section, we consider in detail the different aspects of the pilot models and their implications for the future, in terms of:

- background and rationale for pilot developments;
- pilot structures and features and management arrangements;
- geographic, sectoral and Apprenticeship framework coverage;
- approaches to working with apprentices and host employers;
- employment arrangements;
- performance against expectations;
- benefits, outcomes and impacts;
- future developments and sustaining actions.

2.2 In considering the models that have been established for the pilots, it is important to reflect that whilst the pilots were established to deliver the same overall aims, namely to drive up the numbers of Apprenticeships, there has been considerable diversity in specific approaches. We have not sought to describe the characteristics of each model in each of these areas, but rather provide illustrative examples to demonstrate the common and contrasting features.

### Background and Rationale for Pilot Developments

2.3 The establishment of the pilot programme by NAS provided an underpinning driver for the activities. This reflected the recognition of the potential to expand Apprenticeships, working in under-represented sectors, sectors with a high concentration of SMEs or in geographic areas in which Apprenticeship take-up has historically been limited. However, it is useful to consider the range of factors that have contributed to the establishment of the specific pilots.

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- 2.4 For each pilot, a range of factors provided the underpinning rationale for the development of an ATA or GTA approach to support Apprenticeship take-up. These factors represent evidence of particular needs or market failures that have meant that Apprenticeship take-up has traditionally been limited.
- 2.5 In Essex, the need to improve the overall level of skills in the county had been identified as a priority by the county council, with Apprenticeships seen as a particular element in response to this need. However, the history of Apprenticeships in the area meant that there was something of an imbalance between the Apprenticeship frameworks that have traditionally been taken up and the need to drive up economic growth. There was also seen to be a risk of increasing NEET young people due, in part, to a lack of good opportunities, whilst in some areas of the county there was a need to support particular disadvantaged or vulnerable groups. This rationale for the pilot activities has therefore been to stimulate Apprenticeships in sectors that are identified as key growth priorities and targeting four priority districts.
- 2.6 The drive for other pilots came from particular sector characteristics. For example, the Creative and Cultural sector is characterised by a very high proportion of micro businesses and SMEs, with considerable tradition of freelance working. These characteristics have led to limited Apprenticeship take-up. The ATA approach was seen as a potential mechanism to increase the take-up of Apprenticeships in the sector by increasing their profile and removing the need for businesses to take on responsibility for employing apprentices. The ATA approach was identified as a means to encourage sector employers to *“dip their toes in the water of employing young people. It is not a permanent commitment, but helps them to overcome their fear or trepidation of bringing in younger workers”*.

- 2.7 The rationale for the establishment of the Logistics ATA was based on removing some of the barriers to employing young people in the sector, which is seen as a priority in response to an ageing workforce. In the past, regulations meant that under-21s could not start training as drivers. New regulations now meant that driver training can start at 18. However, there has been an on-going issue that sector employers will not take apprentices on straight from school as they are looking for people with some work experience. LATA has therefore established a hybrid GTA/ATA model to provide a route for young people, especially those who are NEET or at risk of becoming NEET, to gain early experience and then move into work in logistics roles.
- 2.8 In the social care sector, the need has been identified for a specialist approach to build Apprenticeship take-up. There have been traditionally low levels of engagement with Apprenticeships, with a need to facilitate culture change in relation to attitudes to training in the sector. Activity to develop good quality Apprenticeships in the sector through the GTA approach was seen as a mechanism that could help to increase the number of young people who would consider a career within social care.
- 2.9 The factors that were identified as the rationale for the pilot activities provide an indication of the market failures that have impacted on Apprenticeships more generally and therefore required new approaches to stimulate take-up.
- 2.10 Whilst there was a clear rationale for focusing activity in specific sectors in a number of the pilots, experience has shown that some of these areas have not generated the level of take-up expected, or have not been practical in terms of delivery. This has led to changes in the focus of activities.

## Pilot Structures and Features

- 2.11 The diversity of the pilots is also reflected in their positioning within the Apprenticeship delivery system and the resources they have had available to deliver the activities. As illustrated in Table 1.1, the organisations leading the pilots have included a range from colleges, training consortia and partnerships, established Group Training Associations, third sector organisations and a National Skills Academy. The pilots have been delivered as integrated activities within the lead organisations, or separate organisations have been established specifically for their delivery.
- 2.12 The positioning of the pilot in relation to the ‘parent’ organisation has a number of implications for their operations and the way in which they have been perceived by other stakeholders. Where the pilots have been established as integral departments of other organisations, as has been the case with the Essex Apprenticeship Programme for example, this has provided the potential to capitalise on the wider activities of the lead organisation to enable pilot delivery, including relationships with other organisations with a priority to enhance skills and economic development. Similarly, where pilot activities have been based within large providers, this has provided the potential to cross-subsidise activities
- 2.13 It is also important to consider the nature and scale of resources that have been put in place to deliver pilot activities. As with all other aspects of the pilots, the scale of resources available and the ways in which they have been deployed have shown considerable variation. In addition, the structures and arrangements have been changed in many cases over the pilot period to support performance.

- 2.14 The structures that have been established to support pilot delivery have included teams to engage apprentices and host employers. The size of these teams has a significant influence on the capacity of the pilots, but also on the costs of their operations, and therefore the levels of activity which need to be delivered to cover these costs. The establishment of teams to support engagement activities reflects the intention of the pilots to enable the delivery of Apprenticeships in environments where they were not previously taking place.
- 2.15 The sizes of teams established ranged from a manager and two engagement staff to a maximum of more than 20 staff directly engaged in pilot delivery. The size of these teams has a significant impact on the volumes of activity that can be handled. For smaller teams in particular, this will have significant implications for potential income generation and therefore the sustainability of delivery activities.
- 2.16 It is clear from the pilots that successful delivery has relied on being able to recruit staff with the right skills and experience to be able to take the activities forward. This is an obvious point, but created difficulties in at least two of the pilots. For example, one pilot found that it took longer to recruit appropriate staff than had originally been anticipated, which impacted on the ability to achieve the desired momentum in the early days of pilot activity. In this case, the delays were linked to building a clear understanding of the specific skills and attributes required and to be able to attract appropriate candidates.

## **Geographic and Sectoral Coverage**

- 2.17 The pilots have operated across a range of geographic areas, from focused localities to seeking to achieve national coverage. Operating at a local level has the advantage of providing a clear area of focus both in terms of apprentice recruitment and engagement with host employers.
- 2.18 Where the pilots have sought to work across wider geographic areas, this has created some logistical difficulties, which have been overcome with varied success.

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- 2.19 Where pilots have worked across wider geographic areas, these have included clustering of activities in some instances, concentrating the work in a focused area around groups of employers and training providers. However, some difficulties have been encountered in these examples (both ATAs and GTAs), in terms of ensuring the quality of training delivery, or managing relationships with employers. These difficulties are not, however, unique to the pilots, but could be encountered in any activity where relationships are remote.
- 2.20 In the South West, the pilot had originally been planned to operate across the region as a whole, building on established regional infrastructure and knowledge from previous work across the region that there would be interest from employers in the ATA model. However, it was found that it was difficult initially to deliver across the region as a whole, particularly in managing relationships with providers in Devon and Cornwall. It was therefore decided to focus initial activity in the north and east of the region, with the plan to move into Devon and Cornwall again once sufficient momentum had been generated in the other areas of delivery. Linked to this, the South West pilot has been operating different staffing roles across the sub-regions, with combined learner and employer engagement in some areas and separate roles elsewhere. The way in which these roles have been allocated is seen as a pragmatic response, based on the skills and abilities of the staff available. Other pilots have followed a similar pattern.
- 2.21 The ability to operate on a truly region-wide basis has depended on the availability of candidate apprentices, suitable workplace opportunities and training delivery. It must be recognised that young people aged 16–18 will be limited in the distances they can travel for work or off-site training. This has meant that even where pilots are operating region-wide, the actual delivery activities have tended to be largely concentrated in main urban centres, providing the greatest potential for matching apprentices and work opportunities.

2.22 The diversity of the pilots is also reflected in their sector focus. A number of the pilots have specialised in very clearly defined business sectors, such as logistics, cultural and creative industries, engineering, social care or IT. The rationale for this is that these sectors have specific characteristics that require a more specialist or targeted approach, reflecting the nature of jobs undertaken or the characteristics of employment.

2.23 In other pilots, such as Apprenticeship First and the Essex Apprenticeship Programme, the focus has been on working with specific target sectors, reflecting the rationale for the establishment of the pilot or evidence regarding local needs or opportunities.

2.24 As indicated in Table 1.1, a number of the pilots are seeking to work across all sectors. This was either the original aim at the outset of the pilot, or the scope of activities has been extended either to take advantage of opportunities as they arose, or because of difficulties encountered in securing sufficient volume of activity in the original target sector. For example:

- the Leicester College ATA originally had a focus on securing public sector Apprenticeships, especially seeking opportunities in schools, but low levels of take-up led to opportunities being sought in all sectors;
- Vision Apprenticeships was originally focusing on rail engineering Apprenticeships, but has extended its scope to deliver engineering Apprenticeships more generally and in other areas, such as logistics.

2.25 The geographic and sectoral focus of the pilots have significant implications for the scale of activities, and therefore the resources, required to deliver pilot activities. 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. Ideally, apprentices would have access to a number of potentially suitable opportunities and host employers would be able to select from a number of applicants. This suggests the need for a critical mass of activities, which therefore points to the need for either activity in areas of sectoral concentration, or more diverse activities over a wider geographic area. Delivery appears to have been more problematic where it has been based on a narrow target sector across a wide geographic area, which risks spreading resources too thinly.

### **Coverage of Apprenticeship Frameworks**

2.26 The composition of the pilots has enabled the delivery of the required Apprenticeship frameworks, either through engagement with specialist providers, through work with large FE colleges with the capacity to deliver across a wide range of frameworks or through the development of networks of providers offering different areas of specialism.

2.27 In operating as an ATA or in delivering apprenticeships through a GTA, there is a need for clear understanding of all aspects of apprenticeship delivery, the way in which providers operate and issues around Apprenticeship frameworks. Across the pilots, the only issues we have identified in the delivery of Apprenticeship frameworks have been:

- where an Apprenticeship opportunity has been so highly specialist that no suitable provision is available within a reasonable area. This issue is not directly related to the ATA or GTA approach to Apprenticeships, but would apply in any system and reflects the need for sufficient demand to support the development of learning delivery in a particular location;

- where frameworks have been under review, meaning that there has been a delay in being able to offer them. This has been experienced in relation both to social care and logistics. Again, this issue goes much wider than the ATA/GTA context, but has influenced pilot delivery.

## Engaging Apprentices and Host Employers

2.28 The success of the pilots is intrinsically linked to their ability to attract suitable candidates to take on Apprenticeships and to match them with workplaces that can provide suitable opportunities, either as host employers in the ATA model or by directly employing apprentices in the GTA approach.

### Apprentices

2.29 Across the pilots, a range of approaches have been adopted to engage potential apprentices, which can be summed up by the quote from one pilot manager who described their approach as “*however we can do it*”.

2.30 All pilots have made use of the Apprenticeship Vacancies system (Av), but views on the value of the system have been variable. Where there has been engagement with the Av team by the pilots, this has been found to work well. For example, one pilot manager commented that the system has been described as the key source of potential apprentices, with one manager commenting that it “*generates good candidates we wouldn’t have otherwise*”. Elsewhere, the system has been perceived to be less valuable. It has generated large volumes of potential apprentices (up to 70 candidates per vacancy), but these have not been of the desired quality, or candidates have not arrived when called for interview.

2.31 One pilot specifically highlighted issues with candidates not recognising the geographic location of opportunities advertised on Av, which has meant that there have been applications for opportunities which the candidates would not have been able to take up due to the distance from their home.

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- 2.32 As with Av, experiences in working with Connexions have been variable. One of the pilots indicated that Connexions advisors are signposting good quality candidates, with the opportunity to use Connexions centres to carry out interviews providing a cost effective opportunity for them. Elsewhere, links with Connexions have been found to be less fruitful in generating good quality applications. These experiences highlight the importance of the pilots building an understanding of other organisations and engaging with them effectively, rather than relying on or expecting passive referrals.
- 2.33 Pilots have made use of general awareness raising and direct advertising in local press and on local radio to recruit candidates. For example, one local campaign was said to have generated 2,000 enquiries. Local campaigns have been found to be effective in recruiting to specific positions, although can be expensive. In addition to these, the pilots' own websites and other contacts have been used to generate applications.
- 2.34 The overall effectiveness of approaches to engage potential apprentices across the pilots have varied. In some areas, it has been necessary to be more selective and targeted in promotional approaches, having generated more potential candidates than there have been opportunities available, whilst elsewhere some pilots have found it difficult to attract the numbers required. This may be a reflection of issues in particular locations or sectors, rather than a direct reflection on specific pilot approaches, as most have adopted similar recruitment techniques.
- 2.35 In addition to securing interest from potential apprentices, a key aspect of pilot activities has been in undertaking initial interviews and screening, to ensure that candidates are appropriate for referral to host employers. Potential apprentices have, in most cases, been taken through a relatively intensive process prior to employers being passed their details to interview. This is a key element of added value that can come from an ATA or GTA service, over and above employers simply advertising their opportunities.

## Employers

- 2.36 Engagement of employers to provide appropriate work opportunities has been through a range of techniques. There has been a need for pro-active marketing and engagement activities as the pilots have, in the main, been focusing on businesses that do not have a tradition of recruiting apprentices. There has therefore been a need to combine general awareness raising around Apprenticeships with specific selling of the opportunities available through the pilot.
- 2.37 Across a number of the pilots, telesales teams have been used to make initial contact with potential host employers in a number of pilots. In some cases, the telesales activity has been contracted to other suppliers, whilst in others it has been an integral part of the pilot activity. The advantage of the use of telesales support is that it provides the scope to generate a significant volume of leads, which can then be followed up by staff responsible for employer engagement within the pilot.
- 2.38 The level of success of the telesales approach has varied. For example, one pilot had undertaken a series of telesales campaigns targeting different sectors or occupations. A campaign in the print sector was found to be successful, while a campaign to attract businesses to take on business administration apprentices was found to be much less successful. This perhaps reflects the ease of targeting businesses in a focused sector, rather than trying to offer more general Apprenticeships across a very diverse range of businesses. This is an important lesson for the future, reflecting the importance of being able to get across messages about the way in which apprentices could be engaged within a particular type of business.
- 2.39 Where pilots have contracted out the telesales function, the disadvantage of this for one pilot was that there was a difficulty in ensuring that the staff had sufficient knowledge of the full range of support available through the pilot to respond effectively to queries. For example, one pilot had chosen to bring the initial telesales function in house to ensure the quality of the messages communicated and integrate more effectively with the staff undertaking final engagement activities.

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- 2.40 A wide range of other approaches have been used to raise awareness of the opportunities available. These have included the use of events and networks and capitalising on contacts with business organisations, such as the Federation of Small Businesses and Institute of Directors. Local and specialist press advertising and editorials have also been used to raise awareness.
- 2.41 The existence of a dominant, respected partner was a major factor in engaging business for the e-skills pilot. The use of the Microsoft 'partner network' has provided access to a significant number of businesses that could potentially engage with apprenticeships who may not previously have considered them. The establishment of the GTA has placed apprenticeships in the context of the wider training approach within sector employers and challenged the need for pre-entry training.
- 2.42 The majority of pilots have teams responsible for employer engagement. These reflect the importance of building relationships with workplaces in either the GTA or ATA approach. For example, one of the GTA pilots stressed that the introduction of Apprenticeships in their target businesses represented something of a culture change, therefore requiring significant discussion with managers and other staff who would be responsible for day-to-day supervision or support for an apprentice. This process could take considerable time to move the organisation from initial awareness of the opportunity through to an apprentice actually starting work within the organisation.

2.43 A similar point was also raised by a number of the ATA pilots. For example, in one pilot it was found that whilst, in theory, it would be possible to go from initial contact to an apprentice beginning work in a business within a three-week period, in practice the process was taking around three months, with up to six months in some instances. Where a long time was required, this was due to the need to build awareness and understanding of the pilot offer, and for this to feed through to interest at appoint in time where there was a suitable work opportunity within an organisation. It can therefore take time for engagement activities to build momentum to the point where there is a flow of employment starts working through the system. It is important also to recognise that in smaller organisations, there may be limited opportunities for repeated take-up of apprentices, which therefore creates the need for on-going new engagement activities. This represents a key challenge in establishing ATA/GTA type approaches where there is limited awareness of Apprenticeships among employers.

2.44 Across a number of the pilots, there was increasing evidence of word of mouth referrals from businesses that had taken on one or more apprentice through a pilot and had mentioned this to colleagues in other businesses. This has the potential to lead to a significant multiplier. For example, in one pilot ATA, a single employer had been responsible for eight other businesses making contact to express interest in taking on an apprentice through them.

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- 2.45 There was originally seen to be the potential for learning providers to refer businesses to take on apprentices through the pilots. However, this has been found to be less fruitful than had originally been anticipated. Whilst many providers have employer databases, in many cases they are focusing on managing their relationships with existing clients and seeking opportunities to expand their existing business portfolio, rather than identifying businesses that could be referred on to an ATA. One college-based ATA had found that the college has a database of 3,500 employer contacts. However, around 2,000 of these contacts were found to be dormant. This demonstrates the need for proactive marketing. The markets that ATAs and GTAs are targeting are distinct from those employers that are already actively engaged with providers and it is perhaps therefore unrealistic to expect a significant volume of referrals.
- 2.46 As with any 'sales' process, the key to engaging employers has been in understanding their needs and wants in relation to apprentice recruitment and then responding to these needs. This element of the process appears to have been treated differently across a number of the pilots. The scope of the different pilots has included pure ATAs, hybrid ATA and GTA models and pure GTA activities.
- 2.47 In the pure ATAs, the core of the service is about providing the employment of the apprentice and associated support. Some pilots have found that when they make contact with potential employers, they have decided that they are interested in taking on an apprentice, but have decided that they will employ them directly. In two cases in particular, these have been recorded as successes for the pilot, with recruitment charges being levied. In two others, this has been particularly identified as an there has been no mechanism to capture the evidence of these activities.

2.48 Where the pilot has operated as a hybrid service, combining ATA and GTA roles, there has been scope to package wider development services around the Apprenticeship support, potentially providing added benefits to the employers and tying them in to a longer term relationship. For example, the use of Apprenticeships as an attraction to organisations to join a GTA can be linked to a wider change in the culture of training and development within these organisations. This has been particularly highlighted in the Social Care GTA. By engaging organisations in GTA membership, this has the potential to also provide a pool of supportive employers that can offer further apprenticeship opportunities and potentially become involved should hosting arrangements break down elsewhere.

2.49 Our consultations across all the pilots have shown that in engaging employers, significant emphasis has been on ensuring that the organisations are able to offer appropriate Apprenticeship opportunities. This has included considering the nature of the job opportunity available, recognising that it will not always be possible to match individuals with highly specialist opportunities or opportunities in remote locations. There have also been wider considerations, with a particular emphasis on ensuring that employers can offer appropriate health and safety and working conditions for young people. Consultations with pilot managers have shown that where any health and safety risks were identified in a workplace, such opportunities would not be progressed. Similarly, where it was perceived that employers were seeing the ATA solely as a means of engaging cheap and short-term labour, these would not be progressed.

- 2.50 In the Creative and Cultural sector, the establishment of the ATA was seen as a mechanism to enable increased Apprenticeship take-up in those industries with a tradition of freelance work where it had not previously been possible to provide the employment elements of an Apprenticeship. One of the providers we spoke to stated that ‘traditional’ FE provision for musicians in particular gives candidates an expectation of permanent employed-status jobs which is not the norm in the industry. The pilot has therefore developed an approach designed to provide apprentices with an opportunity undertake the job roles they could expect in the sector, building their experience and contacts. This helps to equip them for freelance working, but there is limited potential to move directly to being employed by their host business at the end of their Apprenticeship.
- 2.51 Through the variety of approaches described above, combined with a commercial approach to engaging employers, the pilots have created a more business friendly interface than many employers have encountered through publicly funded training. This has led to some organisations taking on Apprentices who have previously been put off by a perception of bureaucracy and perception that apprenticeships were not appropriate to the needs of their business.

### **Matching Apprentices and Employers**

- 2.52 Building on the approaches to engage apprentices and employers, the pilots have established systems to match apprentices to suitable opportunities. The way in which this matching role has been managed in the pilots varies to some extent and has been changed over time, in light of experience. For example, some pilots have established separate teams for employer and apprentice engagement, with referrals between the two, having previously operated with combined teams, whereas in others the opposite change has been made.

- 2.53 Where staff are handling employers and apprentices together, this can provide the benefit of efficient matching, as they have a good understanding of both parties needs and preferences. However, in other pilots, they have found that the different focus of employer and apprentice engagement means that it is more efficient to separate out the roles. The evidence from the pilots therefore suggests that there is no clear evidence of the 'right' structure through which to undertake the employer and apprentice engagement and matching functions. The most effective approach must be designed in response to the particular delivery situation. This therefore places a significant onus on the deliverers to have a clear understanding of the employers and individuals they are working with and design structures and approaches that are appropriate in this context.
- 2.54 At least three pilots have used IT-based systems to support their employer and apprentice matching function. One invested in the development of a bespoke CRM system, whilst others bought the MATE system developed in Australia. This was not found to be as beneficial as had been hoped, as it proved difficult to integrate with other systems and was not fully searchable or linked to post codes. Significant additional costs were incurred in order to make the system workable. One of the pilots estimates that around £60,000 has been spent on IT infrastructure to support delivery. In hindsight, they view their expenditure on infrastructure as having been too heavy given the scale of activities. This highlights the importance of putting in place appropriate systems to support delivery, but ensuring that they are proportionate to the nature and volume of activities being undertaken.
- 2.55 Across the pilots, especially those that have been established as freestanding services, there has been significant investment in the development of an infrastructure to support the engagement of employers and apprentices and to enable the matching of opportunities and individuals. Investment in either off-the-shelf or bespoke systems for this purpose in the context of a short-term pilot seem to have been somewhat excessive to support the planned volumes of activity over a relatively short time period.

2.56 The view across the pilots was that significant resources and time were required for the matching process, in some cases significantly more than had been expected at the outset. This has implications for the future development of the service.

## **Employment Arrangements**

2.57 The ATA pilots were innovative in that they were developed around external agencies taking on responsibility for employing apprentices who have then been placed with host workplaces. It is important, therefore, to consider the findings in relation to the employment arrangements that have been put in place for this purpose.

2.58 In considering the employment arrangements established by the ATAs, it is important to note that for some host workplaces, the opportunity for apprentices to be employed by the pilot was seen as a very significant factor. For others, whilst they made use of the ATA as the employer, the decision to make use of the ATA service was based on other factors, including the benefits of the recruitment support or links to appropriate learning providers. In these instances, therefore, the ATAs were addressing information asymmetry market failures, rather than issues around employment. That is, employers were not engaging with Apprenticeships as they had insufficient information about the way in which they could benefit their organisation, which meant that there was no demand from these organisations.

2.59 The employment arrangements implemented by the pilots have included:

- contracting and other related systems and processes;
- approaches that have been established to supervise and line manage the apprentices.

2.60 The approaches to contracting with host employers and apprentices have included:

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- the use of existing employment arrangements in place within the pilot organisation. For example, in one college-based pilot, all apprentices have been employed by the college and are subject to the standard college employment contract, with additional information provided in relation to the hosting arrangements;
- pilots have developed their own employment contracts for apprentices and agreements with host employers, supported by associated handbooks;
- pilots have bought contracts and supporting documentation developed elsewhere.

2.61 Fitness for purpose is critical in this respect. Where the pilots have developed their own employment contracts, it took considerable time and resource to get these in a form that was suitable. For example, one pilot went through multiple revisions following receipt of an initial draft contract that was 60 pages long and therefore clearly unsuitable for use with an apprentice. Others have worked through an iterative process to arrive at forms of agreement that are fit for purpose.

2.62 One of the pilots had bought 'off-the-shelf' contracts developed by others operating ATAs. Again these were not found to be suitable and needed considerable revision to enable their use.

2.63 The area of contracting is one in which considerable funds have been committed across the pilot areas to arrive at a set of documents that are appropriate to support ATA activities. It is important to consider how best to capitalise on this public investment in developing these materials and to make best use of pilot experiences to support those wishing to develop ATA approaches in future. In future, it may be possible for these materials to be made available through the network of pilot ATAs or through the pilots providing support on an individual basis.

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- 2.64 Approaches to supervision of apprentices once they are working within a host employer have varied across the pilots. In some cases, the pilots have adopted a relatively hands-off approach, with limited direct involvement once the apprentice is in the workplace. Elsewhere, there has been much more joint work between the pilot and the host employer, with regular visits and phone calls. Effective and appropriate communication is key.
- 2.65 Whilst the apprentices are employed by the ATA and subject to their terms and conditions, it is clear that in all the workplaces we visited and where we have carried out consultations they have been viewed in just the same way as employees of the business. They have not been treated as individuals undertaking work placements in the businesses. This is significant in terms of apprentices' potential progression into a permanent position with the employer.
- 2.66 In the vast majority of cases, the apprentices have been working in a single host employer. There has been very limited opportunity for apprentices to be shared across workplaces, although the potential for this remains. For example, the one ATA has been able to place apprentices with an employer that operates in a highly seasonal business and would not otherwise be able to offer Apprenticeship opportunities. However, the ATA is aware of ensuring that these provide good quality Apprenticeship opportunities and do not simply address short term staffing needs. In particular, in this context it is important to ensure that they are not simply offering condensed Apprenticeships, but looking at the potential to package seasonal opportunities with openings in other host organisations to provide a comprehensive Apprenticeship experience.

2.67 A significant proportion of the opportunities offered through the Creative and Cultural pilot have been through a single provider which has enabled the offer of the Apprenticeships, but, as discussed earlier, the sector does not provide the opportunity for participants to move into permanent employment. The pilot has, however, provided an opportunity for Apprentices to gain experience that will help equip them for potential future freelance working. This is a significant issue for consideration as similar ways of working are common in other sectors, such as the audio visual and digital media, where Apprenticeship take-up has also been traditionally limited.

2.68 In our discussions with the pilots, we found evidence of only a very small number of hosting arrangements with employers breaking down. These were for a variety of reasons and did not seem to be symptomatic of issues with the system as a whole. Reasons for hosting arrangements coming to an end included:

- one apprentice was laid off following a downturn in the business of the host employer. Following an upturn in this business, the apprentice was re-hired by the business before alternative hosting arrangements could be put in place;
- apprentices being unable to continue their Apprenticeship due to ill health;
- a breakdown in the relationship between the apprentice and the host employer. For example, one pilot encountered such a breakdown, but has since been able to place the apprentice successfully with another host employer;
- apprentices simply walking out of the host employer.

- 2.69 One provider we spoke to had found that the majority of hosting arrangements had worked well, but described involvement with one ‘rogue employer’ who had taken three or four apprentices who had all left within a period of around six weeks. Whilst we have no evidence of systemic problems of this nature, this situation highlights the importance of having robust arrangements in place to vet all potential host employers and to monitor the early period of time apprentices spend with them. In this context, it must be recognised that securing alternative hosting arrangements has potentially significant resource implications for the ATA. Any early actions that can prevent the need to find alternative host employers therefore pay dividends.
- 2.70 Where there is the potential to take remedial action, the ATA approach has the advantage that it provides a mechanism for the apprentice to continue their Apprenticeship in another context, with the structures in place to find alternative arrangements within the ATA. This therefore puts the apprentice in a very different position to somebody who is on a standard employed status Apprenticeship that breaks down.
- 2.71 There have been some examples of host employers initially expressing interest in hosting a number of apprentices and then significantly reducing the numbers when working towards the start date. For example, one pilot was initially in negotiation with one organisation that had indicated that they would take on nine apprentices but in practice only agreed to host three. This caused some issues in raising the expectations of the potential apprentices, but also meant that there was a dip in expected performance requiring additional host employers to be recruited.

2.72 The model developed by LATA includes the unique element that apprentices employed by LATA undertake an initial period of work within a business unit of the organisation to give them appropriate workplace experience before they then move on to a host employer with the ultimate aim of them moving into permanent employment. The establishment of this employment approach has been designed in direct response to identified barriers to the employment of young people in warehousing and distribution jobs. It enables familiarisation with work roles and training before going out into the host employers.

### **Charging Arrangements**

2.73 The arrangements for charging for the services offered by the ATA are based on either a percentage of the apprentices' weekly wage or on a flat rate. The levels of revenue that can be generated through a percentage based system depend to a significant extent on the sectors and job roles in which apprentices are working. For example, in one pilot, apprentices' wage rates ranged from £95 per week to in excess of £250.

2.74 In most cases, the charges levied have been in the region of 15–20% of the apprentices' wage. One pilot in particular has taken the decision to charge a fixed fee of £19 per week per apprentice, arguing that the percentage fee provides a disincentive for the host employer to increase apprentices' pay over the minimum to reward their progression.

2.75 We found generally positive views from employers that the level of charges set by the pilots were reasonable and offered good value for money. However, the revenue generated for each apprentice hosted, especially when the amount of time required to undertake recruitment, matching and ongoing support are taken into account, is relatively modest. This therefore makes the financial viability of standalone ATA services highly volume sensitive.

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- 2.76 The sensitivity of revenues to the number of apprentices employed by an ATA at a particular point in time mean that there is a need to continually replace any apprentices who move from employment by the ATA into permanent employment elsewhere. There is perhaps a perverse incentive in this context to maximise the length of employment by the ATA, whereas it could be argued that it is in the interest of apprentices to be directly employed by employers as early as is appropriate. However, we have found no evidence of this taking place across the pilots.
- 2.77 In the Essex Apprenticeship Programme, until recently the availability of a wage subsidy has provided a significant incentive to businesses who had not previously taken on apprentices to become involved. However, this is clearly only feasible with significant funding from other sources.
- 2.78 The membership fees levied by GTAs have shown a significant level of variation. For example, one of the hybrid GTA/ATAs charges an annual fee of £100 per year, in addition to any costs for apprentices who are employed on an ATA basis at a flat weekly fee. One of the GTAs has charged employers a flat fee of £750, regardless of the number of apprentices taken on. This fee also includes access to additional support. Where an employer takes on two or more apprentices, this would reflect a significant saving when compared to a percentage based on their weekly wage.

## Performance Against Expectations

- 2.79 Across most of the pilots, it was found that early progress was much harder to achieve than had originally been expected. In particular, considerable time was required to establish appropriate systems and structures and to build awareness and understanding among employers and potential apprentices. For example, it was stated that it can take up to six months to move from initial contact with an employer to them actually beginning to host an apprentice. Developing agreements and contracts with training providers also took time, which was more of an issue for models involving larger numbers of providers. Those pilots that were able to achieve rapid early progress had already undertaken some preliminary activities or were building on established structures, which meant that they were in less of a pure start-up environment.
- 2.80 A number of the pilots had to negotiate downwards their target volumes of activity. There was seen to be a lack of recognition at the bidding stage of how long it would take to generate the anticipated volumes of activity. The pilots that have performed best in relation to the original planned volumes were those where there was already an established structure to engage employers and apprentices and so it was possible to make rapid early progress.
- 2.81 The volumes of activity achieved by each of the pilots has varied to a significant degree. The latest data drawn from the ILR, which includes starts recorded against the project code up to the end of February 2011, shows that performance has ranged from 19 starts recorded for one pilot, to 680 and 552 starts recorded for two other pilots respectively.

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- 2.82 However, the starts recorded on the ILR in most cases understate the volumes achieved when compared to the volumes reported to us during our consultations and in reports provided to NAS. For example, 51 starts have been reported to have been delivered in one pilot, with a further 80 live vacancies in the system at that point in time, whilst in another pilot the total number of starts reported was 1,335. As we understand it, there has been inconsistency in recording starts on the ILR against the project code by providers, with apprentices being identified against their host employer rather than the ATA.
- 2.83 Most of the pilots have reported some shortfall against the original targets set. One pilot is a significant exception to this, with the volume achieved being almost double the target originally set. One pilot manager where there was a significant shortfall has suggested that the original proposal submitted was based on unrealistic expectations of what could be achieved within the pilot timescales.
- 2.84 Whilst there was an expectation of a shortfall against the original target in most pilot areas, there has been significant progress over recent months, reflecting a building of momentum following earlier investment in engagement and delivery activities. For example, one of the pilots reported that it had achieved 100 starts by early February 2011, but that they were delivering 30 starts per month by that point in time. In another pilot, up until December 2010, the maximum number of starts achieved per month was 12, but they were expecting to start 34 apprentices during March 2011, and were working towards a target of 40 starts per month. To achieve this, they need to be actively working with 14 potential host employers each week, which is seen by them to be achievable.

- 2.85 The volumes of Apprenticeship starts that have been achieved in several of the pilots reflected a move away from the initial target sectors or focus of activities to encompass Apprenticeships in all sectors within the target location. This raises the question of whether the need originally anticipated in the target area was actually there, or if other issues have emerged during the pilot period to limit take-up. The lack of progress in the sectors originally planned suggests that there was a need for better intelligence at the outset regarding the true level of potential demand within the target group, rather than the perceived 'need' as determined by other agencies.
- 2.86 There have been instances where there have been wide variations between pilots in their success in reaching the same types of organisation. For example, the Leicester pilot was originally targeting public sector organisations, but extended its scope due to low levels of take-up from public sector organisations. In contrast, other pilots have seen significant public sector take-up. For example, in one area, up to 350 public sector positions have been filled through Apprenticeship starts, including roles in schools, local authorities, the fire service and the police. This compares to very low levels of take-up previously.
- 2.87 In the public sector, apprenticeships have been used as an alternative to using temporary staff and to enable staffing requirements to be met during a freeze on recruitment. The ATA approach has been used by one local authority to "provide a training ground for young people to equip them better to take up job opportunities locally". The opportunities within the local authorities are not seen as necessarily leading to permanent employment opportunities. In this context, it is important to ensure that apprentices are being given genuine development opportunities and not being used simply as a cheaper alternative to temporary staff or to avoid recruitment freezes.

- 2.88 In a number of the pilots, there were changes in staffing during the pilot period. In some instances, there was a recognition that individuals who had originally been appointed to lead or undertake pilot activities did not have the right skills or attributes to undertake them. For example, one pilot originally appointed a manager with significant experience in the FE sector, but this role did not work out as had been hoped. This reflected the fact that the focus of activity was on recruitment and matching of organisations and apprentices, rather than on training management and delivery. In another pilot, they had recruited an individual to take responsibility for employer engagement and apprentice support. There was said to be a poor field of applicants for this post and the person appointed left because the role was much bigger than they had anticipated. Other pilots have also highlighted difficulties in recruiting appropriate staff. These issues must also be considered in the context of the pilots as start-up activities, in which it may take time for the specific requirements of job roles to become clear. In an on-going programme of activities, short delays in appointments may have only limited impacts on overall performance. In a short-term pilot however, any recruitment delays or issues in replacing senior staff will have a much more significant impact on what can be achieved.
- 2.89 The difficulties with recruitment have impacted on overall pilot performance, both in terms of delays during the early stages of implementation and in weaker performance than had been expected. This highlights the importance of being able to establish the right teams to lead these activities, which may be particularly challenging as the focus of activities is different to the normal business of most lead organisations.
- 2.90 Staffing difficulties and structural changes in a number of the pilots have also meant that delivery activities have not reached what could be considered to be a steady state of operations. Therefore, whilst momentum has been building, in a significant proportion of the pilots, there is still only limited evidence of the levels of activity that could be regarded as consistently achievable.

- 2.91 The performance of the pilots in relation to the expected volumes of Apprenticeship starts has significant implications for the establishment of similar services in future. It has required significant resource to generate the levels of take-up achieved. This therefore creates a potentially significant barrier to entry to other organisations doing the same unless the organisations themselves are in a position to pump prime initial development activities. It is important to stress that the ATA Framework highlights that activities should not be reliant on SFA funding, which means that funding for Apprenticeship training should not be used by providers to cross-subsidise ATA activities.
- 2.92 Pilot activities appear to 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 the ATAs are addressing some of the barriers to Apprenticeship take-up. However, there are other barriers that have also been encountered. In some instances, low levels of historic take-up have been due to a lack of awareness of how apprentices could work within an organisation, rather than fundamental systemic barriers. In others, the barriers have been linked to other issues, including the wage costs of taking on an apprentice, or the wider culture of training and employment within particular sectors. ATAs on their own would not address these barriers.

## **Sustainability and Future Developments**

- 2.93 In our consultations with the pilots, we discussed the potential sustainability of these activities. Across the vast majority of pilots, there was evidence of arrangements being established to continue activity from April 2011 onwards, although these were still to be finalised in most cases.

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- 2.94 As noted above, in recent months, most of the pilots have begun to gain momentum, with increasing volumes of activity. Whilst there was a high level of confidence that activities could be sustained in future, there still appeared to be something of a shortfall between the volumes required to cover the costs of the systems in place and the current levels of activity being achieved.
- 2.95 For example, one of the pilots had an original target to deliver 220 starts, but was expecting that they would achieve 150 over the full pilot period. They have averaged 30 starts per month over recent months and estimate that they would need to have 300 apprentices to cover their costs. However, to achieve this, they would need to average 300 apprentices employed every week of the year, which would appear to be stretching. This is based on sustaining the same levels of proactive employer engagement and apprentice recruitment activities. However, it is expected that marketing budgets could be reduced, as they now have an established profile in their sector.
- 2.96 This is significant in the context of the ATA Framework, which highlights that ATAs should be sustainable in the longer term based on commercial operations, rather than reliance on SFA funding. Whilst the continuing ATA activities will not be receiving further SFA funding, their sustainability 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.

2.97 It has been argued that there is insufficient volume to sustain a free-standing ATA in one sector, although there is some demand for such a service. However, now that systems and processes have been put in place, there would be the potential to offer the ATA employment arrangements if they were required, on a demand-led basis. There is a need to consider whether this would be feasible in practice. Much would depend on the willingness of providers to deliver with only small numbers of individual learners. It must also be recognised that appropriate mechanisms would need to be put in place to support and supervise apprentices, and to ensure that host employers are offering good quality Apprenticeship opportunities in compliance with the ATA framework. Given the need to generate a critical mass of activity in order for activities to be sustained, we would consider that a reactive service of this nature would have only very limited potential and would be likely to wither away over time.

2.98 Where the pilot ATA services had been established within a college environment, the view was expressed that activities could be sustained, but that this would rely on being able to cover the costs of operations. It is important to consider whether ATA activity can be more closely linked in to other employer engagement activities undertaken by providers, which could provide efficiencies and help integrate these services into the wider roles of the providers. The pilots have generally included dedicated resource to undertake marketing and engagement activities, which have worked with varying degrees of coordination with other similar activities in colleges in particular. This goes to the heart of the question of whether ATAs operate as freestanding services, or are an integral element of wider employer support and apprenticeship related delivery.

2.99 In our view, the delivery of ATA and GTA activities based on the pilots can be sustained in the majority of cases, although it must be recognised that this may not be with the same structures or the same levels of resource. The potential to sustain these activities must also be considered in the context of wider interest from other colleges in developing ATAs in future. Whilst there is the potential for pilot activities to continue, interest from other organisations in establishing ATAs means that there is the potential for increasing competition for host employers and apprentices. Much will depend on the geographic areas and sectors in which the planned new ATAs are being established. There is a need to consider two issues in relation to the growth of additional ATAs:

- are the pilots better equipped to undertake activities as a result of their experience to date, or do the planned new ATAs have features that mean they can perform better?
- how should NAS respond to the potential growth of ATAs – should they seek to influence or stimulate their development, or should it be left to market forces?

### 3 PERSPECTIVES FROM HOST EMPLOYERS

#### Previous involvement with Apprenticeships

- 3.1 On the whole employers had not previously been involved in Apprenticeships. Some were 'training aware', using NVQs, but others had not engaged in publicly funded training. There was a range of experiences from those working in traditional industries, having served as apprentices when they were younger, through to those who were simply not aware of Apprenticeships:

*"When we needed to recruit a new member of staff my boss (the owner) asked me to explore taking on an apprentice as he had gone through an Apprenticeship himself in the 1960s." (HR Manager at a manufacturing employer)*

*"I didn't know Apprenticeships existed, or what they were." (Managing Director of an engineering company)*

- 3.2 The pilots attracted new employers into Apprenticeships. There were many examples of employers taking on the apprentice themselves from the ATA, after around three months, when they were confident that the young person would fit in. For example, one of the host employers we visited for the evaluation had already employed the first apprentice they had taken on from the ATA. Two more apprentices had since been hosted, with the second apprentice having been given clear performance targets that would lead to the achievement of a permanent job with the company. Their involvement with the ATA was providing them with an effective route through which to recruit young people who had been matched to their requirements by the ATA and who were then supported during their early time with the company.
- 3.3 There were a small number of cases where employers had previously been employing apprentices, but had then chosen to take on apprentices through an ATA. For these employers, the reasons given for using the ATA service included:
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- wishing to extend Apprenticeships into a new area of the business where they had not been tried previously. The pilot therefore provided the organisation with a low risk means of doing this;
  - wishing to take advantage of the wider services on offer from the ATA. For example, one host employer had been recruiting apprentices as an alternative to graduate recruitment. However, they needed to find a more effective way to identify appropriate candidates, having previously tried recruiting through the Chamber of Commerce and through local providers.
- 3.4 There were a few cases where it was not completely clear if a job existed, and one where the employer was blunt that there was no certainty of a job at the end of the Apprenticeship. For example, this was the case with some of the public sector employers, where recruitment freezes were limiting the opportunities to offer permanent positions. In this context, it is important to consider the value of the experience gained by the apprentices and its contribution to future employability.
- 3.5 It is critical, however, that apprentices have appropriate expectations of the nature of the opportunity they are undertaking. It must also be recognised that such opportunities are clearly sub-optimal in the context of the ATA framework, in which there is the expectation of progression into full-time employment with the host, and in terms of strengthening the status of Apprenticeships more generally.
- 3.6 A number of the pilots have been promoting the opportunity to recruit apprentices as an alternative to using contract labour. A health warning must be applied here. This type of approach risks Apprenticeships being seen as a means of recruiting cheap labour, which is not in keeping with the emphasis on good quality opportunities for young people. There are wider implications for these organisations around supporting skills development on and off the job, which mean that taking on an apprentice is a much more significant commitment than using contract labour.
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## Rationale for working with the pilots

- 3.7 For most employers their main motivation was to recruit the right person into their business. Employers were often attracted by the nature of the training and the relevance of the Apprenticeship frameworks to their business. For example, in the case of the Apprenticeship in IT technical sales.
- 3.8 For some employers there were concerns about an aging workforce, therefore employing young people was part of a strategy to manage the development of their business. There is also evidence of employers recruiting young people, instead of graduates or other more experienced staff, either for economic reasons or to get the skills they require.
- 3.9 Marketing and promotion by the pilots played a part in prompting employers to consider an apprentice. Many referred to presentations, conferences, fliers, referrals from colleagues and tele-marketing activity. Many employers were impressed with the commercial attitude to discussing Apprenticeships:
- “[the pilot organisation] is like a breath of fresh air – their staff are very dynamic, sales focused and professional.” (Employer)*
- “they [the pilot organisation] do what they say they will and by the agreed time – and that’s unusual” (Employer)*
- “they [the pilot organisation] get quick answers to questions and often find solutions – they are very responsive” (Employer)*
- “[the pilot organisation] came to see me to undertake a discovery session, so they understood my needs” (Employer)*
- 3.10 Employers were given confidence by different aspects of pilots’ make-up and involvement of key organisations. For example, the involvement of Microsoft was a major attraction to employers in that particular GTA and the structure of Fair Train was an attraction to community and voluntary sector organisations. Similarly the involvement of recognised and respected providers with a positive reputation gave confidence to employers.
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- 3.11 In the case of ATAs a few were initially attracted by the perceived lower costs to their business from not having to employ the Apprentice. However, it is important to recognise that most saw the financial and time costs of employment as being only marginal. Most were existing employers and therefore had established arrangements for payroll, insurance, employment contracting and administration. The employment element of the ATA approach 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.
- 3.12 A small number of employers were motivated by a desire to ‘give something back’ or provide an opportunity to a young person, which they felt someone had once provided to them. Similarly some related it to their approach to corporate social responsibility and a link to the local community. This was particularly the case for voluntary sector organisations in the Fair Train pilot.
- 3.13 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 with host employers that they were looking to use the pilots to recruit to ‘real’ positions in the business. This is demonstrated by apprentices moving from employment by the ATAs through to employment by the host employers. Indeed, one of the pilots had found employers wishing to transfer apprentices into their own employment within a two-week period. In another workplace we visited, the host employer had agreed performance targets with the apprentice and the pilot, with incremental pay increases as part of the progression from employment by the pilot to employment by the host.

### **Benefits of working with the pilots**

- 3.14 In general employers felt that the experience had been positive for themselves. There were some problems which would be expected with employing any young person, which were generally resolved.
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3.15 Some employers regarded the weekly pay for apprentices as good value to their business. Others felt the pay was very low and paid more than the minimum. There were different approaches by the pilots to informing employers of the expected wage. Some felt that being up front about the £95 caused employers to use that figure, therefore the pilots would ask the employer what they felt the young person would be worth; inviting the employer to consider whether a high amount might attract better candidates.

3.16 Employers were generally positive about the recruitment and selection process. They appreciated that the screening process saved them time and were generally happy with the quality of young people put forward. This is an area where GTAs and ATAs can add value to employers. Host employers were also impressed by the preparation that the young people had undertaken in preparation for the interview (supported by the pilot staff). The following quote was typical:

*“I could have taken any one of three on, they were all equally good, but I had to make a choice” (employer).*

3.17 One employer had previously experienced problems with young people not staying with the business due to unsociable hours and manual work in a warehouse. He felt the recruitment process carried out by the pilot had helped identify someone who was aware of the circumstances and prepared to undertake the work, reflecting the effectiveness of the pilot’s matching to their specific needs. The employer felt that the willingness of the apprentice to work (for a modest wage) demonstrated dedication which he admired.

3.18 In one IT business visited, they had previously used other agencies to try to recruit young people, including the local Chamber of Commerce and local training providers. Whilst they had provided clear job descriptions and person specifications, the candidates referred to them were found to be largely unsuitable. In contrast, their work with the pilot had led to them receiving applications from a small number of candidates, all of whom had a clear interest in the opportunities provided and were seen to be of a high calibre. The work of the pilot therefore provided them with clear efficiencies in the recruitment process.

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- 3.19 Employers were generally happy with the systems operating in the case of ATAs where the apprentice is employed externally. They generally describe communication as effective, with only a few minor issues arising (such as confusion over holidays and being informed about sickness). However, one host employer we visited had found communications from the ATA to be poor in relation to the arrangements for the apprentice's work with an external provider, including expectations in relation to the number and timing of visits by provider staff to their premises and arrangements for attendance at off-site training.
- 3.20 Elements of the process linked to the pilot (employment/pastoral support) and/or the training provider (delivery/tutoring) were generally regarded positively by employers. Employers particularly valued flexibility of visits to the apprentice and understanding of business priorities in scheduling of appointments. This is an area where an appropriate balance needs to be achieved. As employers, the ATAs need to be operating in a way that provides appropriate support to the apprentices, whilst avoiding unnecessary intrusion in the host's business and enabling the apprentices to be integrated within the workforce, rather than being seen as different to other employees. In the main, the pilots appear to have achieved this balance, which was also reflected in apprentices being regarded no differently to other staff.
- 3.21 A good proportion of employers either would consider recruiting an apprentice again through an ATA if a vacancy arose or are intending to recruit another apprentice; a few have already done so. In the smallest businesses, apprentices had been recruited to meet a specific need, but there was often no anticipation of further recruitment. For example, one of the host employers we consulted was an independent retailer. They had no previous experience of Apprenticeships, but had used the ATA to fill a specific role. No further recruitment was anticipated.

3.22 Some businesses have advocated on behalf of pilots to encourage other businesses to participate. One recruitment company has seen a commercial opportunity with the link to the pilot being presented as an additional offer to their client businesses. Whilst the ATA is in many respects offering similar services to their core business, the recruitment company recognised that the ATA provided them with access to specific expertise and experience in relation to Apprenticeships that they did not possess.

### Difficulties or issues

3.23 Most employers regarded the costs of taking on an apprentice (such as protective clothing and time spent by staff inducting and managing the apprentice) as normal and not an undue burden. Most regarded off the job training time as an investment in the young person's development, although some suggested that the time spent off the job was an excessive cost. However, it must be recognised that these issues relate to the appropriateness of Apprenticeships more generally to these businesses, rather than specific issues with the appropriateness of the ATA or GTA approach.

3.24 Where employers (a small number) reported problems with day to day communication it tended to be related to lack of proactivity: *"we have to drive the process forward"*. This therefore relates to the expectations that host employers have of the on-going communication and contact. The level of ongoing contact varied significantly across the pilots. This is another area where there is no absolute right approach. Rather, organisations must build effective relationships with the host employers they are working with to establish what is the most appropriate approach to ongoing contact and communication.

- 3.25 Where employers (a small number) were concerned about preparation of candidates at interview it was generally that they were not briefed on the true nature of the job and the host employer's business. There has been variation in the extent to which the pilots have explicitly focused on preparing candidates for interviews or have gone through a rigorous pre-screening/interview process. There is a need for balance here, as there is a risk of 'spoon-feeding' candidates, rather than enabling them to act on their own initiative.
- 3.26 Some of the smaller businesses we consulted have found it difficult to give apprentices experience of all aspects of their framework due to the way departments or work flows are organised. This is an area where it would be expected that ATAs should be putting arrangements in place to enable this to be achieved effectively. This is one of the challenging elements of the ATA framework, as it clearly states that employment should be offered that supports the apprenticeship framework. Where a host is not able to offer opportunities to cover all elements of the framework, the ATA should be seeking to make alternative arrangements. This is perhaps one of the areas in which an ATA/GTA hybrid can prove beneficial, with arrangements in place between members of the GTA to offer experience across all framework elements.
- 3.27 A small number of employers experienced problems in respect of training providers. For example, not knowing what to expect and in some cases being dissatisfied with the training delivered. In one such case there was direct, timely dialogue between the pilot and employer which led to action being taken to improve the provision. In other cases employers felt their concerns were not addressed. The credibility of the ATA or GTA is closely linked to their responsiveness in this respect.

3.28 There is a need to build understanding and buy-in to the ATA approach at a number of different levels within host employers. This is a particular issue in larger organisations, where managers who had been approached to take on an apprentice through the ATA or GTA had found it difficult to sell the concept to senior staff or owners. Similarly, there is a need to ensure that the staff who will be responsible for day-to-day supervision of apprentices within the host workplace have an understanding of the status of the apprentice and the respective roles of the ATA and the host employer. In the workplaces we visited, this had generally worked well.

## 4 PERSPECTIVES FROM APPRENTICES

4.1 In this Section, we consider views from the apprentices consulted during the evaluation. These provide a perspective based on their experiences in undertaking their Apprenticeships. However, it should be recognised that these young people were generally only able to speak from experience of one Apprenticeship route, and so were unable to make comparisons of different approaches.

### Routes into their Apprenticeships

4.2 Apprentices had become aware of their Apprenticeship through a wide variety of routes. Examples include:

- some had left college or school sixth form during their A Levels or after they had completed their AS Level;
- some had come via Connexions after leaving school;
- some were undertaking short term programmes with providers (such as CV writing and interview preparation);
- some had just made enquiries to a college or provider which led to the opportunity;
- some had been pursuing level 2 training at college in sectors where they were unlikely to find employment, for example, construction;
- some were already employed without training;
- some had been unemployed;
- a few were changing their Apprenticeship for a different framework.

4.3 Their awareness of Apprenticeships prior to the opportunity through the pilot varied considerably. Some young people felt they had received no information from their school; while others had received presentations at school from Connexions. In a few cases friends or relatives suggested the Apprenticeship route to them.

- 4.4 Awareness of their route into a pilot Apprenticeship as different to a 'mainstream' Apprenticeship was limited; they just regarded themselves as 'doing an Apprenticeship'.
- 4.5 A few apprentices had used pilot websites and smaller group had used the national Apprenticeship vacancy website.

### **Benefits of working through the pilots**

- 4.6 The main attraction to those participating in Apprenticeships was employment with training and a chance to develop their career. Most people felt an integral part of the host employer, including those employed by ATAs.
- 4.7 Awareness of the pilots as something unique was limited. Some referred to the name of the pilot and knew they were their employer (where this was the case). There was often confusion between the pilot and the provider (where a dominant provider existed or where providers undertook the selection) as this was their main point of contact at the early stages.
- 4.8 One apprentice explained that he had struggled to find an employer (as advised by a local college) prior to making contact with an ATA. Therefore, the fact that the opportunity was linked to a real job was highly valued.

### **Effectiveness of recruitment, employment and management arrangements**

- 4.9 Generally apprentices were very positive about the recruitment and selection process. They particularly valued the support they were given in preparation for the job interview. They were aware they were competing for a job and this acted as motivation to succeed.
- 4.10 Most were happy with their employment, excepting the low pay; training and experience were their priorities. They felt an integral part of their employer organisation; describing themselves as being part of the team and being welcomed by fellow members of staff.

- 4.11 Most expressed the view that they were doing a real job and learning new skills. However, some were frustrated that their training had not taken place early enough, thus limiting what they could do. For some of these, this was due to providers having set points for admissions, for example, in one college twice per year, which meant they were waiting for elements of their training to start. This issue arose because the ATA was based within a college which was providing all the training, when there would have been the potential to address this by the ATA creating links with alternative providers. This raises the question of whether an ATA that is based within a provider is able to challenge the body that hosts it. There is clearly a different dynamic where an ATA or GTA is independent of a particular provider and can therefore operate in an independent brokerage role. In other cases apprentices felt the provider moved too slowly through material, especially where they held partial or full Level 3 academic qualifications such as A Levels.
- 4.12 Relationships with provider and pilot staff who monitor their development was generally very positive. Pastoral/line management support was particularly valued within the ATA models.

### **Satisfaction with the Apprenticeship experience**

- 4.13 Most Apprentices were happy with their Apprenticeship, the following quotes characterise the views of many:

*“It’s a brilliant service.” (Apprentice)*

*“I’m really happy with the Apprenticeship. I have nothing bad to say. My assessor is great and I have learnt a lot.”  
(Apprentice)*

- 4.14 In one case an apprentice described feeling like “cheap labour” but this is not the experience of the majority.
- 4.15 Many apprentices have secured or have expectations of permanent employment and in some cases employers plan to offer them support to a Level 3 Apprenticeship.
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4.16 For some it had helped them identify what they wanted to do in their future, based on the sector they worked in; especially those who might have changed sectors.

4.17 In most cases issues relating to employment issues such as holidays and sickness have been dealt with smoothly between the host employer and the pilots. In one case an apprentice was unhappy about employment arrangements, with evidence of differing expectations. For example, not being paid for lunch breaks, no paid travel to work, no paid sick leave and no job at the end of the year.

## **5 LEARNING PROVIDERS**

- 5.1 In this Section, we consider the way in which the pilots have sought to work with learning providers and consider the perspectives of the providers who have been involved in delivery within the pilot context.

### **Relationships with Providers**

- 5.2 The diversity in the pilot structures and features is also reflected in their relationship to training providers. Some of the pilot organisations are direct providers, others are working in partnership with providers and others have been established as independent of particular providers, either as part of a managing agency or brokerage organisation. There are advantages and disadvantages to both arrangements. 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 by the ATA are limited to the clients of that provider. In contrast, where the pilot services are offered by an organisation that is independent or at arms' length to a particular provider, this can enhance the Apprenticeship offer of a number of providers. This applies to both ATA and GTA models.
- 5.3 Where the pilot activities have not been established within a particular training provider, in some cases training delivery has been undertaken by a specific group of providers, whereas elsewhere the pilot has operated in a brokerage role, seeking out appropriate providers to meet delivery needs. In one pilot, arrangements had originally been made to work with a group of colleges that offered appropriate provision. However, there were found to be difficulties in getting them to deliver appropriately flexible workplace delivery at a reasonable cost. This pilot has therefore recruited a pool of freelance trainer/assessors who can provide appropriate support including delivering one-to-one work-based training. The scope to operate in this way will depend to a significant extent on the nature of the apprenticeships being undertaken and the associated need for specialist training facilities.

- 5.4 The relationships between the pilots and training providers have offered the capacity to deliver the range of Apprenticeship frameworks that the pilots have been established to deliver. In some cases, the pilots have also led to providers implementing new frameworks in order for identified demand to be met. In the Essex Apprenticeship Programme, the wider funding available has enabled support for the establishment of new training facilities to meet needs in priority areas and sectors.
- 5.5 The evidence from the pilots indicates that ATA and GTA activities can work whether they are positioned within a particular provider or are independent of specific providers. The nature of these provider-links must be appropriate to the targets and needs of the pilots.
- 5.6 In some pilots, providers are charged a fee for their involvement, either as an annual fee, or as a percentage of the training cost. This has the potential to generate additional revenues for the pilot, but also makes working with an ATA or GTA less attractive to providers. For example, one pilot manager expressed the view that the charges to providers were limiting their willingness to engage in ATA related delivery and encouraging some providers to consider establish their own ATA arrangements.
- 5.7 Where the pilots operated across a number of different sectors, they have worked in a brokerage capacity to identify training providers. In these circumstances, it is important that the organisation has confidence in the providers they are linking employers to (especially where employers have limited previous experience of provider sourcing). At least one of the pilots has introduced a quality assurance and kitemarking system for the providers they are working with. However, concern has been expressed that the ATAs should not be replicating or duplicating the role played the SFA in this respect and any such activities would be stepping outside of the ATA's remit.

- 5.8 In relation to quality assurance, it is important to consider the potential for providers to quality assure the activities of ATAs or GTAs. Where pilot activities were being undertaken as an integral part of the activities of a college, with all training delivery being undertaken by the college, there was a natural reciprocal quality assurance arrangement. However, this was not the case in other pilots and there is a question of whether other providers could provide a more proactive quality assurance role. It would be expected that providers would refuse to engage with ATAs or GTAs if they were unhappy about the quality of the support offered. It would be important to consider how the potential quality assurance role of providers could be formalised in future, especially with the establishment of new ATAs with no formal involvement of NAS.
- 5.9 In the case of one pilot, it had been anticipated that delivery would have been undertaken through an established network of providers linked to a National Skills Academy. In practice, a significant proportion of all opportunities were being undertaken within a single host organisation with all training delivery by a single provider. This level of concentration had not been originally anticipated and reflects that pilot delivery has been significantly different from what had been expected when the original bid was prepared. There was said to have been a lack of understanding among the bid writers of the practicalities of operating an ATA, which required significant pragmatism in implementation.

### **Perspectives from Providers**

- 5.10 The response of providers to the establishment of 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.

- 5.11 Independent learning providers are operating in a very competitive market. Some of these providers have regarded the ATAs as giving preferential treatment to the providers with which they have clear links, seeing it as offering competitive advantage in working with employers and expressing concern that it will turn employers away from providers with whom they have established relationships. However, the extent of this issue clearly depends on the extent to which the pilots have been engaging employers that would not have been engaged with 'traditional' Apprenticeships otherwise.
- 5.12 Our consultations with providers involved in working with the pilots have shown that their receptiveness to the ATA approach has varied. Some, particularly independent training providers, have seen it as providing an opportunity to extend the range of Apprenticeship related delivery. One consortium of training providers had found, however, that their larger FE college members were initially much less willing to be flexible in response to opportunities developed through the pilot, although in some cases it had led to developing more 'roll-on roll-off' delivery, rather than offering set enrolment points.
- 5.13 As noted above, the pilots have varied in their approaches to charging providers. With significant cuts in funding rates in future, the potential to levy such charges will be reduced to a considerable degree. The value of the matching service provided by ATAs and GTAs will therefore need to be more clearly identifiable if providers are to be willing to engage on this basis.
- 5.14 One college manager we consulted said their involvement in delivery for one of the ATA pilots was changing their views on Apprenticeship delivery and particularly the way in which they have worked with employers. They were beginning to work much more proactively to engage new employers, rather than adopting a more passive approach, which had been the case previously.

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5.15 The potential opportunities presented to providers by the ATA model in particular is reflected in anecdotal reference to a number of colleges who are now considering or are actively in the process of establishing their own ATAs. In some instances, these developments are seen as a potential alternative to existing programme-led Apprenticeships.

## 6 CONCLUSIONS AND RECOMMENDATIONS

- 6.1 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.
- 6.2 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.
- 6.3 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.
- 6.4 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.

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- 6.5 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.
- 6.6 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.
- 6.7 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.
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- 6.8 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.
- 6.9 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.
- 6.10 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.
- 6.11 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.

6.12 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.

6.13 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.

- 6.14 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.
- 6.15 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.
- 6.16 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:

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- 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.

6.17 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.