
DECEMBER 2022

Construction apprenticeships. Challenges. Opportunities. Support.

A CITB analysis



Contents

- 03 Foreword
- 05 Executive Summary
- 07 Eight good reasons to hire an apprentice
- 08 The apprenticeship work CITB is involved in - how we can help
- 09 Apprenticeship starts, participants and completions
- 11 Recruiting apprentices: The difference between large and small companies
- 12 Employers' perspective of apprenticeships
- 13 Barriers to employing apprentices and effectiveness of schemes like the
Government Apprenticeship Levy
- 15 Capacity to deliver more apprenticeships
- 16 Policy and funding differences between England, Scotland and Wales
- 18 Appendix

As a former apprentice I know about the transformative power of apprenticeships, both for young people and employers.

Learning new skills can set a young person or an older worker with transferrable skills, on the path to a fulfilling career in construction.

My career began in South Yorkshire the early 1980s when I started work as an apprentice service engineer.

Since then, I've enjoyed diverse roles learning a huge amount about skills and apprenticeships along the way.

When I became CITB Chief Executive, in September 2021, I spoke to small and micro construction business owners to hear their views on skills, training and apprenticeships.

Three months into my job, I went on record saying that small businesses, the soul of the UK construction industry, are at the heart of my plans for CITB.

Key

The key message I've taken from this report is on the take-up of apprenticeships.

Small companies, with two-to-nine employees represent 79% of the construction industry. However, just 18% of them employ apprentices.

Clearly, this must change because participation of micro and small firms is key to unlocking growth in starts.

There are numerous reasons for the low take-up figure.

For example, one size does not fit all; every SME is unique, which makes the challenge of meeting their needs greater.

The task of helping small and medium size employers (SMEs) is increased by regional differences. There can be a gulf between national and local pictures, and how to address their differing skills needs.

Benefits

I would like to emphasise two key points to encourage employers to recruit apprentices.

The first point is that apprentices can benefit businesses in numerous ways. Reasons to hire an apprentice include the following: it's a more cost-effective way to recruit staff; employers say apprentices improve productivity; fresh talent brings new skills to the workforce.

Apprenticeships also offer the opportunity for more diversity and inclusion in the construction industry and this is being seen across some organisations.

Support

The second point I'd like to convey is the range of support CITB offers to employers.

CITB's [Business Plan](#), which was published in May, outlines how we will try to increase apprenticeships and skills in the construction industry.

Take grants. Through CITB, a typical two-year trade or technical apprenticeship will attract £8.5K in support grant direct to the employer. On top of that, if an apprentice must travel, or has overnight stays at the place of training, we will meet 80% of that cost.

CITB is about to introduce an apprenticeship taskforce across England. This team will work directly with employers on their apprentice needs, helping them get the widest possible access to fresh talent for their business.

I urge employers to visit the [CITB website](#) where they will find all they need to know on employing an apprentice. From types of apprenticeships and courses to the grants, supporting core construction skills, available in England, Scotland and Wales.

CITB offers all kinds of practical support: from assisting employers with time-consuming paperwork to financial help.

Vital

I hope this paper gives readers a clear overview of the challenges and opportunities in hiring apprentices and the support on offer to businesses. Apprenticeships are vital to the future of the construction industry. A hard-working apprentice is a fantastic asset to any business, as the inspiring case studies in this paper show.

If industry, government and education providers work together, CITB is not the only player in the skills arena, we can make a big difference to people's lives by increasing apprenticeships.

I hope this publication helps employers, policy makers and industry. Thank you to everyone involved in putting it together.



Tim Balcon

CITB Chief Executive
December 2022



In 2022, CITB made an additional £14m available to support employers recruiting apprentices.



Employers now receive an extra £400 for individuals completing a rainscreen cladding qualification.



We've increased the amount of grant employers receive for drylining apprentices - an additional £2,000 on top of the existing grant.



We've launched 11 short courses in leadership and management with grants between £70 and £120 available for employers.

Executive Summary

The aim of this paper is to encourage construction employers to hire apprentices by:

- Highlighting the challenges and opportunities of increasing apprenticeship starts in England, Scotland and Wales
- Showing how employers can access CITB support
- Drawing on a range of research highlighting how important apprenticeships are to employers and industry.

Apprenticeship starts, participants and completions

Skills shortages and record vacancies.

CITB's latest Construction Skills Network (CSN) forecast, for 2023–27, estimates that 255,000 additional workers will be required to meet construction demand.

That's 45,000 workers per year, down from last year's figure of 53,200.*

Apprenticeship starts declined in 2020 due to the pandemic, however we are now seeing apprenticeship starts pick up again and start to increase.

More than 33,000 people started construction apprenticeships in Great Britain in 2021/22.



To meet employers' needs CITB estimates that, in terms of apprentices, the number of starts required each year needs to be two to three times current levels due to poor completion rates and the loss of older workers.

While that target is ambitious, improvements in completion and conversion rates is clearly in industry's, and the nation's interest. This is because construction sits at the forefront of Britain's economy, contributing 8% of output and expected to employ around 2.69 million people in 2022.

The big challenge industry faces on apprenticeships is take-up, particularly amongst SMEs.

Most employers (60%) say it is unlikely they will recruit an apprentice in the next 12 months.

Recruiting apprentices: the difference between large and small companies

Large employers are more likely to hire an apprentice than SMEs.

Small companies, with two-to-nine employees represent 79% of the construction industry. Of these, just 18% employ apprentices.ⁱ

To increase starts in apprenticeships we need to look at incentivising and supporting smaller companies.

The challenge with small and micro employers is that these firms are:

- Hard to reach
- May not have the capabilities to hire an apprentice
- Lack confidence in the pipeline of new work.ⁱ

Employers' perspective of apprenticeships

83% employers are satisfied with their apprenticeship programme.

Apprenticeships are preferred to other forms of training due to their on-the-job training and the affordability of hiring an apprentice.ⁱ

Employers also say apprenticeships are a good way to upskill staff (31%) and to help young people (16%). Increased productivity is another benefit cited.ⁱ



Barriers to employing apprentices and effectiveness of schemes like the Government Apprenticeship Levy

Grants could increase recruitment of apprentices.

The most common reason for not offering an apprenticeship is that employers aren't recruiting at any level (24%).ⁱ

Grants to support apprenticeship training could increase recruitment, with 19% of employers citing this.ⁱ

Growth in starts will be limited by the capacity of providers. While the Apprenticeship Levy has encouraged higher level apprenticeships, participation in entry level apprenticeships is falling which is significant when trying to attract new people into the industry and to apprenticeships.ⁱ

Policy and funding differences between England, Scotland and Wales

Policies vary greatly between the nations.

England's focus is an apprenticeship standard rather than an apprenticeship framework as seen in other nations. Standards in England are assessed using an end point assessment.

The greatest opportunity for apprentice starts and completion rates is in England. This is because in relative terms, in Scotland and Wales, starts and completions are already very high.

To improve apprentice completion rates there needs to be a renewed focus on employer support and achievable targets.

Eight good reasons to hire an apprentice

- 1 It's a more cost-effective way to recruit staff
- 2 Improves productivity
- 3 They inject a breath of fresh air in your business
- 4 Develop specific skills your business needs
- 5 An extra pair of hands allows you to take on more work
- 6 Apprenticeships can be flexibly tailored to the needs of your business
- 7 Employing an apprentice can teach your workforce new skills
- 8 Attract the very best in future talent.

The apprenticeship work CITB is involved in — how we can help

The Apprenticeship Task Group

In January 2022 CITB set up an apprenticeship task group in the north of England.

Their aim is to tackle issues faced by small and micro employers. There are three branches who sit within the task group, one of those being the New Entrant Team (NET).

The NET focusses on offering an enhanced support service to employers employing or considering taking on apprentices.

Support offered by the NET includes:

- Helping employers register their vacancy on portals (Go Construct, Talentview) to attract quality applicants
- Ensuring they understand their responsibilities in the delivery of the apprenticeship or setting up their apprenticeship digital account
- Supporting employees to retain an apprentice by linking employers to local provision
- How to deal with internal and external complaints.

These are just a few ways the group will support employers before the scheme runs across England from March 2023.

The Apprenticeship Levy Pledge

Developed by CITB with industry and government, the Apprenticeship Levy Pledge was introduced in September 2021 to allow large employers that pay into the Apprenticeship Levy to transfer up to 25% of their levy funds each year to other businesses.

This will allow larger businesses to transfer funds to smaller businesses who aren't required to pay into the Apprenticeship Levy.

The funds can be used to pay for apprenticeship training for a new apprenticeship start only, although this doesn't mean the apprentice needs to be new to the business.



To help meet industry's annual recruitment requirement of 53,200 workers per year, two to three times the number of current apprenticeship starts are needed.



SkillBuild 2022 finalist and apprentice Courtney Maddison has worked closely with her employer, Samantha Murphy, the owner of Smart Design.

"Throughout the past two years she's made me feel like her equal," says Courtney. "I've never been made to feel like 'just a young apprentice.' She asks me for advice, which then allows me to be more independent and make my own decisions."

Apprenticeship starts, participants and completions

There are approximately 74,000 construction apprentices enrolled in learning across Great Britain.

It's estimated that about 48,000 apprentices (65%) will complete their apprenticeship.

Not all those who complete their apprenticeship will enter employment. Only about six in ten (55%) immediately enter work although others will continue in training.

Apprenticeships are the longest standing and most well-known vocational training for construction businesses.

70% of employers retained successful apprentices 15-25 months after they had completed. Meanwhile, 58% reported all their fully qualified apprentices were still with the organisation.ⁱ

Almost half (45%) of companies, of all sizes, claim to offer apprenticeships. However, starts in apprentices have typically fallen short of this despite increasing levels of funding.

Only one in five (21%) employ an apprentice and one in ten (11%) had recruited anyone from outside their organisation to start an apprenticeship in the previous 12 months (September 2020 to September 2021) with starts either from progression or existing workforce (table 1 in appendix).ⁱ

During the pandemic the number of companies employing apprentices declined, this was especially the case for smaller companies. Overall starts across GB were down approximately 20%.ⁱ The East Midlands saw the biggest percentage decrease in starts of all the regions in England during the pandemic whilst Yorkshire & the Humber was the only region to see an increase in starts during 2020/21.^{vii}

Apprenticeship starts, Great Britainⁱⁱⁱ

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
28,525	29,555	31,225	31,255	30,445	27,250	35,290

- 45% of companies offer apprenticeships
- One in five (21%) employ an apprentice
- One in ten (11%) recruited from outside their organisation
- Apprenticeship starts were down around 20% due to the pandemic
- 24% of firms are likely to take on an apprentice
- 60% said it was not likely they would take on an apprentice
- The industry needs a cohort of apprentices two to three times the current size to meet ARR requirements.

This suggests that although demand and difficulty finding suitably skilled staff is increasing, most continue to be cautious about recruiting apprentices.

The biggest barriers to recruitment are the need for market certainty/pipeline of work (50%).ⁱ

To boost the number of starts and completions industry could look to showcase the success stories of apprenticeships, perhaps by using video case studies and social media to highlight to industry the benefits of hiring an apprentice.

Employers are cautious about recruiting apprentices, but when they do, satisfaction rates are high.

To help small firms CITB has set up an Apprenticeship Task Force.

It aims to provide support for smaller firms who may find the process of setting up a digital account challenging or who may struggle to find the right contacts to find an apprentice.

CITB also offer support for apprenticeships through the grant system which should make an apprentice a more attractive opportunity by reducing the cost.





Following a career in the armed forces, Craig Foster wanted a new challenge.

Craig joined construction firm B Price Ltd in 2015 as an apprentice carpenter. His time was split between his employer, where he gained hands-on experience, and classroom-based learning at college.

Craig says: "Once the apprenticeship was completed, it became obvious that I wanted to pursue a career in construction. B Price offered me training to become a site supervisor which is the role I have now."

Libby Price, from B Price Ltd, said:

"Throughout his apprenticeship both he – and B Price – were supported by CITB in terms of getting the relevant qualifications for Craig, and access to funding and advice for the business.

"Since qualifying Craig has progressed well and is now supervising other apprentices and running projects on site."

Recruiting apprentices: the difference between large and small companies

The likelihood of employing apprentices increases with company size.

While the average number of apprentices in large construction companies has recovered to pre-pandemic levels (of 25 per employer) further increases are unlikely given the various headwinds the economy is facing (table 3 in appendix).¹

The participation of micro and small firms is key to unlocking growth in starts.

77% of employers felt apprentices became an asset within two years.²

Firms of two-to-nine employees represent 79% of all employers, yet only 18% of them employ apprentices.¹

Challenges in apprenticeship take-up among small firms include:

- SMEs are hard to reach and the majority don't have a history of taking on apprentices
- Small firms are unlikely to be digitally enabled (for example, managing online accounts – apprenticeships in England are managed through the apprenticeship service digital account)
- Smaller firms average one apprentice. Often, they don't take on another apprentice straight away, which leads to gaps in recruitment
- The administrative burden faced by SMEs
- The time it takes to manage an apprentice
- To a lesser degree, the cost of an apprentice.

Employers' perspective of apprenticeships

- Employers who had started providing apprenticeships in the last five years were motivated to do so because they thought it was a good way to upskill existing staff and recruit new staff
- Overall, employers are satisfied with apprenticeships with 85% of employers citing this and 63% are very satisfied
- There may be some issues with the Apprenticeship Levy from an employers' perspective
- Apprenticeships offer the opportunity for more diversity and inclusion in the construction industry and this is already being seen across some organisations.

There is a wide variety of reasons employers offer apprenticeships rather than (or on top of) other forms of training. These include recruitment, upskilling staff and for altruistic reasons (helping young people).ⁱ

Hiring an apprentice can be seen as a productive and effective way to grow talent and develop a motivated, skilled and qualified workforce as you can adapt their training according to the specific needs of the business and expand and upskill the workforce with 78% of employers say apprentices improve their productivity.

One in five (20%) construction businesses thought their apprentice(s) were positively contributing within six months of being recruited and three-quarters (77%) felt they became an asset within two years.^v



“We’ve grown a more diverse workforce. We’re bringing in people from different backgrounds all the time now. Apprenticeships really enable us to bring people in who aren’t from the sector. As an organisation, we were 88% male, 12% female, but our apprentices are 62% male, 38% female. Over several years, that will make a considerable change.”^{iv}

Andy Raynor

Head of Apprenticeships
at Travis Perkins

Barriers to employing apprentices and effectiveness of schemes like the Government Apprenticeship Levy

Barriers to Employing an Apprentice

- The most common reason for not offering apprenticeships tend to be that the company is not recruiting at any level (25%)
- Growth in starts may be limited by capacity of providers
- Employers are less likely to take on an apprentice due to the cost-of-living crisis.

Effectiveness of the Apprenticeship Levy in meeting construction skills needs

- Substantial changes to the funding of apprenticeships were introduced from Spring 2017 with most employers aware of the introduction of the Apprenticeship Levy
- A third (31%) of those eligible for the Apprenticeship Levy said they had introduced new apprenticeships
- Growth in higher level apprenticeships cannot be at the expense of level 2 and 3 starts.

Awareness of the introduction of the Apprenticeship Levy was high with over half of all employers aware of this policy (56%), compared to 66% aware of the changes overall.





Fewer were aware that the levy applies only to employers with a wage bill of over £3m (42%), and that the levy is 0.5% of the employer's total wage bill (38%).ⁱ This could represent an educational opportunity to show the value of the Apprenticeship Levy to firms, if firms are willing to invest the long-term benefits outweigh the initial cost to employers.

The introduction of the Apprenticeship Levy has resulted in a marked shift with apprenticeships increasingly used by older, employed, and higher skilled workers – at the expense of younger, less skilled workers looking to enter the workforce.

Among those apprentice employers eligible to pay the Apprenticeship Levy, a quarter (24%) reported that, as a result of the reforms, they had increased or started apprenticeships for existing employees while around one in six had increased

apprenticeships for managers (18%) or outside core business activities (17%). A third (31%) of those eligible to pay the Levy said they had introduced new apprenticeships.ⁱ

Employers who are not eligible to pay the Levy, didn't report any substantial changes in response to apprenticeship reforms. This supports the idea that numbers are largely stagnated.ⁱ

This presents a challenge for industry which is trying to get more smaller and micro companies to take on apprentices.

Benefits such as financial assistance from unspent Apprenticeship Levy is open to these companies, this is particularly important as small and micro companies make up 79% of the construction industry and play a key role in the supply chains of larger contractors who are liable for the Levy.

The benefits of graduate apprenticeships

Graduate apprenticeships offer practical experience with an industry-recognised degree at the end of it.

P&M Sinclair Ltd, a Scottish building company employing 70 people, share the benefits of the programme.

Why the Graduate Apprenticeship route?

"It was an opportunity to train our existing staff to degree level, whilst retaining their involvement in our day-to-day work. Being a small company, this model works well."

In what way has Craig, your graduate apprentice, contributed to the workplace and business?

"Craig is progressing well. He is showing enthusiasm to his studies and is building skills to apply in the workplace."

How do you feel about Craig's future?

"We feel positive about the opportunities having a degree from Heriot Watt University, the provider, will open for Craig and ourselves."

Would you employ another Graduate Apprentice?

"Once Craig has completed his programme, we hope to employ another Graduate Apprentice as we develop our workforce."

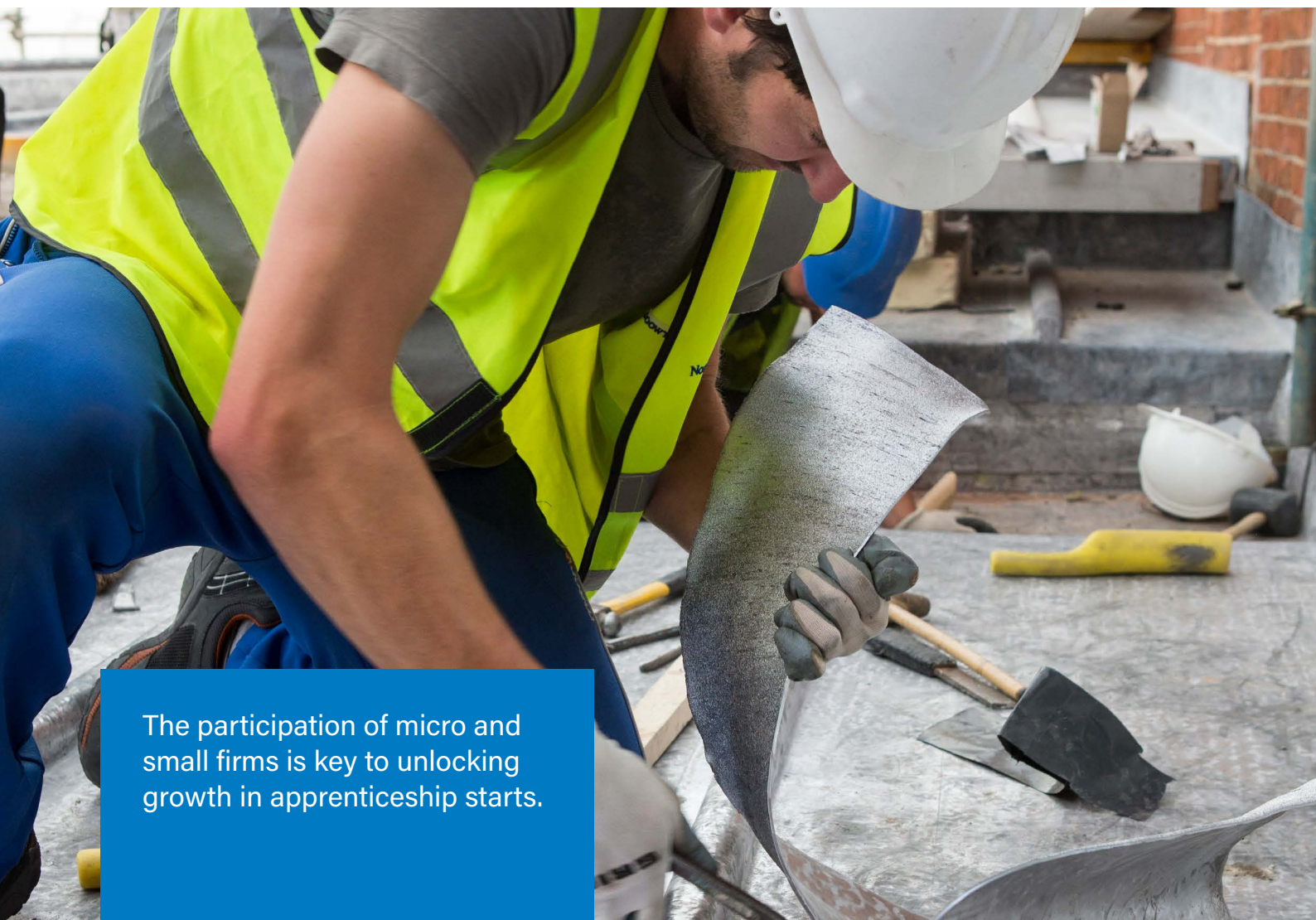
Capacity to deliver more apprenticeships

The growth in starts might also be limited by the capacity of providers to deliver them. We need to take actions to address gaps in capacity and give providers the confidence to invest.

We have seen that encouraging more apprenticeships might also lead to further growth of higher-level apprenticeships (Level 4 and above) however we need to ensure this is not at the expense of much needed entry-level apprenticeships at Level 2 and 3 in skilled trade roles.

CITB Levy-paying employers replacing their existing professional development programmes with apprenticeships has already been detrimental to Level 2 starts amongst 16 to 18 year olds with employers spending their levy on existing, and generally older, workers.¹

The cost-of-living crisis that has swept the UK may also become a barrier to apprenticeships as young people turn to work rather than training. For businesses, the increased operational costs further exacerbate the issue in addition to worrying about their pipeline of work for the future.



The participation of micro and small firms is key to unlocking growth in apprenticeship starts.

Policy and funding differences between England, Scotland and Wales

- In England apprenticeships are measured using apprenticeship standards whereas in Wales and Scotland apprenticeship frameworks will continue to be based on National Occupational Standards (NOS)
- The Apprenticeship Levy is a UK-wide policy with which employers across all nations must comply
- In England employers can use funds for apprenticeships in any subject, if it meets the conditions of an approved apprenticeship
- The greatest opportunity to increase construction apprenticeship completions is in England.

Following a drop in starts because of the Covid pandemic, numbers have recovered to or exceeded pre-pandemic levels across all the GB nations as Wales and Scotland are currently seeing higher completion rates.¹



How apprenticeships are delivered in England, Scotland and Wales

In England, apprenticeships are delivered and assessed against apprenticeship standards which are a set of core skills, knowledge and behaviours required for a job role.

In Wales and Scotland apprenticeship frameworks will continue to be based on NOS. The Welsh apprenticeship strategy makes clear that qualifications are a key component in apprenticeship frameworks.ⁱⁱ

All nations must comply with the Apprenticeship Levy.

In England employers are able to access their levy funds via a new apprenticeship service digital account. Employers then decide which training provider they want to spend their money with and the funds are taken from the account.ⁱⁱ

In contrast, the Welsh Government deliver its Apprenticeship Programme via the Welsh apprenticeship provider network.ⁱⁱ

In Scotland, funding is administered by Skills Development Scotland through contracted training providers and direct employer contracts. (In England, employers can use funds for apprenticeships in any area – if it meets the conditions of an approved apprenticeship).ⁱⁱ

Opportunity to increase apprenticeships in England

On balance, the evidence suggests that the immediate and greatest opportunity to increase the contribution of apprenticeships towards meeting skills shortages is to focus on starts and completions in England.

In comparison, achievements in Scotland and Wales are already high and have less room for improvement.

Despite strong progress in Wales there is scope to expand the proportion of government funding to increase construction apprenticeship starts by ensuring construction continues to be a priority industry, especially through the Regional Skills Partnerships.

There are further opportunities in Wales to increase degree apprenticeships, where provision remains low despite the market demand.

As Wales and Scotland appear to see more success in their apprenticeship schemes than England there may be an opportunity for England to take on some of the policies seen in the other nations. For instance, in Scotland young people can qualify for an apprenticeship from the school leaving age of 15 which is slightly younger than in England.^{vi}

This may make apprenticeships more enticing as at this age there is no trade-off between going to work or doing an apprenticeship which may increase start numbers.

Apprenticeships in Scotland are known as Modern Apprenticeships which may also be more appealing to younger people as it suggests they are tailored to this audience.^{vi}

While in England most of the cost of an apprentice is a cost to the employer, in Wales the Welsh Government pays for most of their training making hiring an apprentice a more attractive opportunity in Wales compared to in England.^{vi}

This is particularly true in light of the cost-of-living crisis where companies may not have the extra resource to hire an apprentice.

CITB proposes setting targets to increase apprenticeships completions for England to 70%, although under current conditions have set a target of 67%. Apprenticeship completion rates for Wales and Scotland should be, at least maintained at existing levels.ⁱ

Appendix

Table 1ⁱ
Apprenticeships: usage over time (construction only)

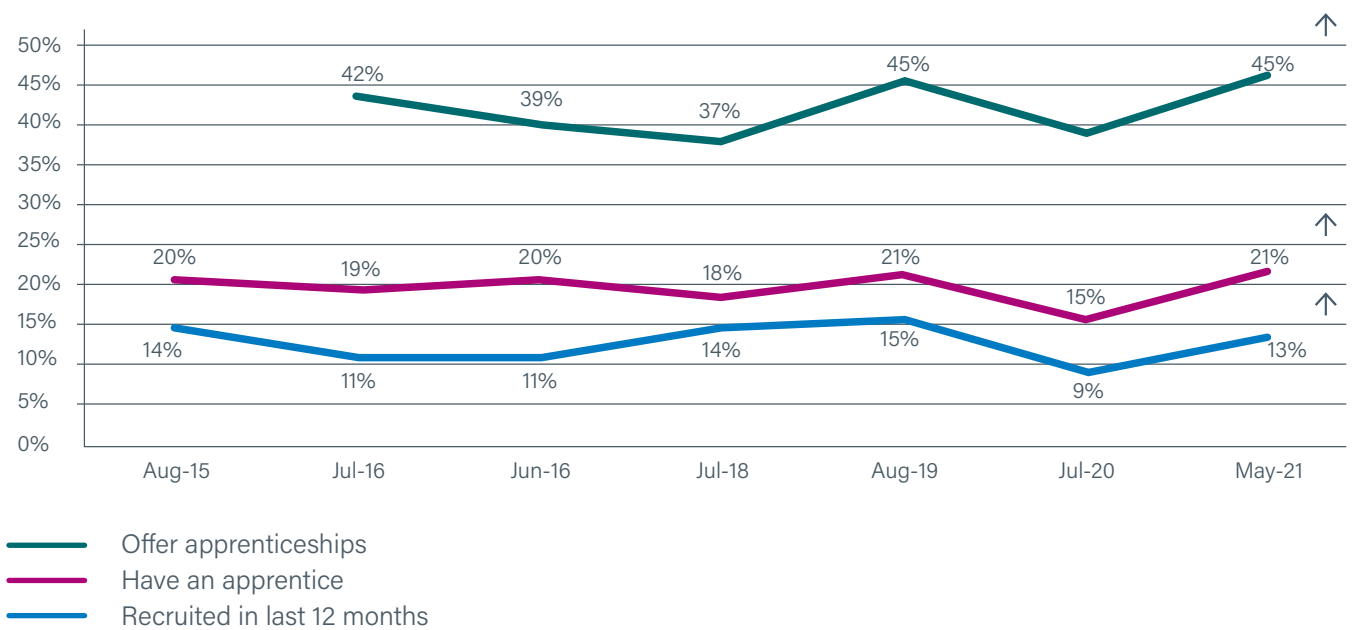


Table 2ⁱ
Starting people on apprenticeships in the next 12 months: long term trends

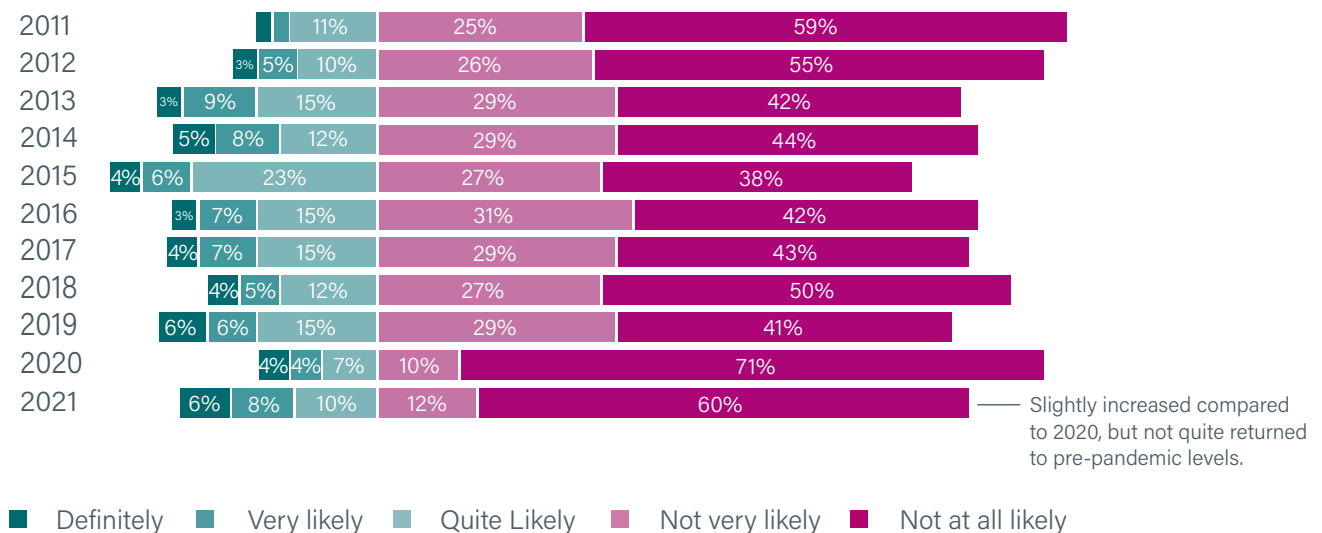
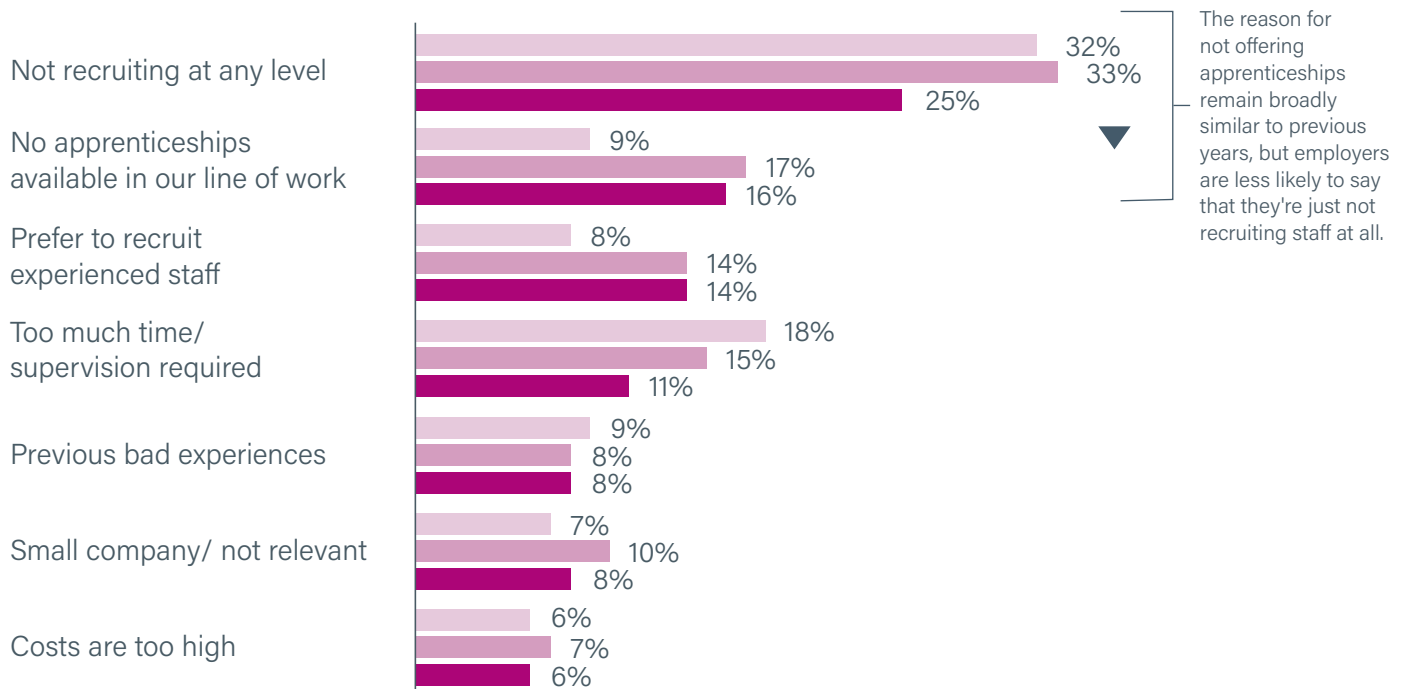


Table 3ⁱ
Percentage of Construction firms employing apprentices, by size

	All	2-4 employees	5-9 employees	10-24 employees	25-99 employees	100+ employees
	%	%	%	%	%	%
2021	21	16	27	36	52	73
2020	15	9	19	31	46	82
2019	21	16	25	33	54	74
2018	18	11	24	39	54	79
2017	20	12	27	43	49	76
2016	19	12	27	42	53	67
2015	19	11	33	43	56	85

Table 4ⁱ
Barriers to offering apprenticeships



■ 2021 ■ 2020 ■ 2019

Table 5^{viii}

Apprenticeship starts by region in England from 2017/18 to 2020/21

Starts Region	Academic Year			
	2017/18	2018/19	2019/20	2020/21
North West	3,600	3,600	3,450	3,450
Yorkshire and The Humber	3,100	3,000	3,000	3,150
South West	2,600	2,950	2,750	2,700
South East	2,950	2,750	2,450	2,350
West Midlands	1,900	1,900	2,000	1,700
North East	2,000	1,850	1,750	1,650
East Midlands	2,100	2,100	2,400	1,550
London	1,750	1,800	1,750	1,550
East of England	1,950	2,000	1,800	1,500
Grand Total	21,950	21,950	21,350	19,600

-
- ⁱ CITB Employer Panel Employer: Attitudes and Motivations regarding Learning and Training (September 2021).
 - ⁱⁱ Apprenticeships Across the UK (March 2017) <https://www.iffresearch.com/sharing-learning-apprenticeships-across-uk/>
 - ⁱⁱⁱ Department for Education (England), Skills Development Scotland, and Welsh Government.
 - ^{iv} FE News (May 2022) <https://www.fenews.co.uk/skills/inclusivity-diversity-and-inclusion-within-the-apprenticeships-inside-some-of-the-uks-biggest-employers/>
 - ^v What are the benefits of hiring an apprentice? <https://www.apprenticeships.gov.uk/employers/benefits-of-hiring-apprentice>
 - ^{vi} Understanding trade apprenticeships in England, Scotland, Wales & Northern Ireland (August 2016). <https://www.directlineforbusiness.co.uk/public-liability-insurance/knowledge-centre/tools-of-the-trade/apprenticeships-around-the-uk>
 - ^{vii} DfE

Looking to hire a construction apprentice?
Please visit www.citb.co.uk for practical
information and support.

For further information contact:

Amelia Pipe
Industry Insights Analyst
CITB

amelia.pipe@citb.co.uk

