

Executive Summary

“ The food retail and funeral sectors provide quite different perspectives on how apprenticeships can be better developed to accommodate employment and skills trends. Despite the significant contrasts... there are important similarities in workforce development trends, and how apprenticeships can be used to help the economy ‘build back better’. ”

Employment in the food retail and funeral sectors

The two sectors differ markedly in a number of regards. Compared to the funeral sector, food retail employs far larger numbers of people, who are more likely to be female, older and work part-time, and work in smaller businesses. The characteristics of the workforce and employers can influence the dynamics of demand for apprentices, such as the age and job status of workers.

Employment forecasts (pre-COVID-19) are not available for the two specific sectors so the broader retail and other personal service sectors have been used. In the ten years to 2017, employment in retail fell slightly whilst it rose in other personal services. However, the number of jobs in both sectors is forecast to rise in the years leading up to 2027. There will be occupational shifts in both sectors in the coming decade but most of these changes will be driven by replacement demand (younger people replacing older people) rather than other drivers (such as technology).

Within occupations there is forecast to be an increase in skills levels. Currently, workers in the food retail and funeral sectors are likely to have lower or no skills compared to the workforce as a whole. Therefore, there will be increased demands across all occupations for training young people to replace predominantly older people as they leave the labour market. But there will also be the need for training existing employees across all occupation groups as demand for their skill levels rise.

Apprenticeships in the food retail and funeral sectors

There are far more apprentices in retail (10,885) than funerals (782). However, the number of retail apprentices has fallen by about a quarter since 2014/15 whereas funeral sector apprentices have doubled over the same period. Almost nine out of ten funeral sector apprenticeships were at Intermediate level compared to 59% in retail. Around one in five retail apprenticeships are higher level (Level 4+). Funeral sector apprentices tend to be older and more likely to be female than retail apprentices.

Drivers of employment and skills change

The broad drivers of employment and skills changes have been differentially affected by the COVID-19 pandemic. The main determinants of change in the retail sector are: domestic consumer demand (affecting overall job numbers); the impact of Brexit (especially on the retention and recruitment of overseas workers); the impact of technology (especially the rise of e-commerce and online shopping); and an ageing workforce. Using the broader other personal service sectors as a proxy for the funeral sector, the main drivers are: demographic changes (in particular the increasing age of the population); skills polarisation within jobs; and the impact of technology (for organisational processes and customer communication).

Sector employment and skills trends

Stakeholders were asked about key employment, skills and apprenticeship trends. They were asked to focus on Intermediate and Advanced level funeral and food retail apprenticeships and the jobs roles they support.

Employment trends within food retail and implications for skills

Food retail is the largest private sector for jobs. Employment has grown throughout the last decade, and stakeholders expect it to rise during the current decade. However, the nature of job roles is expected to change. There will continue to be a need for greater flexibility, not just in part-time work but also the breadth of those roles. The most significant driver of employment trends is changing consumer shopping patterns driven by technological change i.e. an increase in online shopping, the variety of ways people can shop and pay, and increasing consumer sophistication. Furthermore, organisations are digitising their business functions and processes. Stakeholders expect the knowledge, skills and behaviours of job roles to remain the same but with greater digital content.

An important dimension to future employment trends was the notion of 'good work'. Corporate social responsibility (CSR) is a priority for food retailers in particular, especially the importance of social mobility within their workforce. Good work also helps raise the profile of the sector and enhance recruitment and retention strategies.

Employment trends within the funeral sector and implications for skills

The funeral sector workforce is much smaller than food retail, and employees are likely to be older, male and work full-time. However, the trends in the funeral sector are similar to those in food retail: the job role is broadening, there is increased workforce flexibility, and digital technology is impacting. Part-time and temporary working is likely to continue to rise, staff are undertaking a wider range of job functions, and there will continue to be an increase in digitisation of organisational processes, customer communication and facilitating remote access to funerals (which increased due to lockdown). Whilst the skills, knowledge and behaviours required in the job roles are also likely to remain the same, they will increasingly require a digital dimension. An added issue for the funeral sector is the older average age of the workforce who are less likely to be ICT literate. The nature of recruitment of the funeral sector is also changing and this will require progression routes within the industry so people can develop in line with their career expectations.

Apprenticeship delivery models

Retail apprenticeships are long standing whereas funeral sector apprenticeships are relatively new and compete with a number of well-established and well-used training and development routes. Stakeholders were generally positive about the apprenticeship programmes, especially: their recruitment processes overall; the delivery of blended training; the speed with which apprenticeships have moved to online learning due to COVID-19; the support to apprentices provided by line managers; the move to End Point Assessment (EPA); and the progression of apprentices.

Stakeholders also raised a number of areas where apprenticeships could be better developed:

- The need for employers to monitor apprenticeship recruitment to develop a more diverse workforce
- Getting the commitment of business managers to promote and support apprenticeships when this impacts on the availability of their staff
- The ability of apprenticeships to be used for flexible workers
- The agility of the standards development, amendment and updating process to reflect expected changes in workforce development needs
- The need for the standards setting process to accommodate smaller employers
- The 20% off-the-job training requirement and how it can be better supported in certain job roles where it impacts on other staffing costs
- The cost of additional learner support, including providing training that does not currently count towards 20% off-the-job training
- The need to enhance progression into, within and beyond apprenticeships
- The need for greater flexibility in what levy funding can support to reflect the different costs of apprenticeships for employers, and to contribute to wider Government agendas.

The impact of COVID-19

The main short-term impact of the pandemic was a pause to apprenticeship training followed by a halt on new recruits. During the lockdown significant efforts were made to transfer apprentice training and the EPA online. Employers in both sectors recruited large numbers of staff on temporary contracts and provided induction training and other introductory courses. Since Autumn 2020 some employers' apprenticeship plans were almost back to normal. However, others were assessing the impact of the pandemic on their businesses and what this implied for their apprenticeship programmes.

There were mixed views on the longer term impacts of the pandemic. Some believed they would need to change their plans - for example, to have different levels of training and move to different frameworks. In the funeral sector, many employers were awaiting the outcome of the CMA investigation.

In both sectors, a corollary of COVID-19 was to accelerate longer term trends requiring an increase in digital and technology skills for all levels of staff. However, the precise nature and impact of these changes are currently being explored.

Recommendations

The food retail and funeral sectors provide quite different perspectives on how apprenticeships can be better developed to accommodate employment and skills trends. Despite the significant contrasts between the two sectors, there are important similarities in workforce development trends, and how apprenticeships can be used to help the economy 'build back better'.

The main requirement is for greater flexibility in key aspects of the apprenticeship programme:

- The COVID-19 pandemic has accelerated a number of existing employment and skills trends changing the requirements and demands of apprenticeships in the short- and medium-term. This requires a **standards** setting and updating process that is more agile and responsive to the quickening pace of technological change. Communication is a particular issue, translating employer needs into the language of the standards.
- Employment involvement in **Trailblazers** requires considerable resources which serves as a barrier to the involvement of smaller firms (who make up a considerable contribution to both sectors). Making the standards setting and updating processes more agile and responsive will make it easier for smaller employers to participate.
- **Flexibilities in funding.** There are considerable flexibilities within the apprenticeship model but less so in the ways funding can be used. Employers would like to see greater flexibility to:
 - **address specific cost barriers** to expanding provision in particular standards. Currently, the funding model accommodates and supports certain sectors and job roles more than others because of different patterns of working and the flexibility with which apprentices can train. This significantly adds to the cost of some apprenticeships which require the presence of certain staffing levels, and also employ large numbers of part-time workers. Flexibility to support these true costs of training would enable employers to expand their provision.

- **to better support apprentices** to overcome barriers to learning (e.g. through pre-apprenticeship support), support that is funded through other Government skills programmes but difficult or not possible to combine with apprenticeships. The two sectors employ above average proportions of people with no or lower level skills and qualifications. They can therefore be at the forefront of skills policies aimed at increasing workforce skill levels.

- Greater **flexibility in funding** and **off-the-job training** requirements will also help employers accommodate increasing numbers of part-time workers. The current apprenticeship model makes it difficult to train part-time workers as apprentices, yet part-time workers are likely to play an increasing role in the workforce in both sectors.
- Create **progression** momentum within apprenticeships by enabling them to be used for future job roles, by enabling pre-apprenticeship training and/or incorporating units from higher level or other apprenticeships. Apprenticeships can be better developed to create progression routes and career opportunities within both sectors and so contribute to employers' skills needs as well as enhancing social mobility.

By adopting these flexibilities, apprenticeships will not only be better able to meet the needs of employers and their developing workforce and skills needs, but also in meeting the main objectives for the programme set out in the Government's vision for apprenticeships, and other important policy agendas.