



The 5% Club

A manifesto for skills across a
lifetime of “Earning & Learning”



About The 5% Club

The 5% Club is uniquely an employer-led not-for-profit organisation founded in 2013. It works with UK employers and key influencers to inspire, educate, and retain a growing body of people into “earn and learn” placements in order to increase the number of apprentices, sponsored students, and graduate trainees.

The purpose of The Club is to inspire positive employer action for increased and accessible workplace learning for all. This is realised through our work with members to increase the employment and career prospects of today’s youth and equip the UK with the skilled workforce it needs to compete globally. Members aspire to having at least 5% of their UK work force in “earn and learn” positions within five years of joining.

In setting up The 5% Club, we wanted to encourage leading firms of all sizes to invest in a generation – to put their money where their mouth is and set a clear example for many more employers to follow. We believe that the aim should be to build a much broader way for people to enter the job market or reskill, moving away from the entrenched university focus and creating a world-class vocational system in the UK that is on a par with, if not better than, systems such as that in Germany.

The 5% Club believes that employers are best placed to identify the skills that the economy will need in the future and best placed to drive high quality, relevant training which can be the bedrock to a long and fulfilling career. By joining The 5% Club, employers demonstrate to Government, investors, their customers, employees, wider society, and potential recruits that they are a business committed to developing their workforce and building the skills the UK economy will need to thrive.



Leo Quinn

The 5% Club Founder & Balfour Beatty Group Chief Executive



Mark Cameron OBE

CEO, The 5% Club



Executive Summary – Our Ask of the UK Government



As part of an ongoing consultation and in response to the Skills White Paper published in January 2021, The 5% Club manifesto for skills calls on the UK Government to:

1. Implement a Unified National Approach (UNA) for skills

- Form a cross-Whitehall Skills Taskforce to coordinate policy development and activity.
- Create a centralised Employment and Skills Hub for employers to access all schemes.
- Work with the devolved administrations to simplify and harmonise policy where possible.

2. Provide a more targeted application of the Apprenticeship Levy Funding

- Simplify the system and make it more employer friendly.
- Ease the time limitations of Levy funding spending.
- Provide greater flexibility in the way the funding can be used.
- Target expenditure in areas central to the Plan for Growth and/or critical skills deficit.

3. Drive “levelling-up” through a lifetime of learning

- Fully integrate the new National Skills fund into the UNA and accelerate its roll-out.
- Ensure Standards, course content and associated administration stays ahead of change.
- Harness the synergy between professional development and personal learning.
- Support the creation of career pathways that anticipate multiple learning interventions across a career – upskilling, reskilling and new skilling.
- Ensure an inclusive approach to all initiatives and take bold steps to correct digital and space inequality.

4. Pursue Equality of Access to the Right Workplace for all

- Work to facilitate a national regime of virtual and accessible work experience and training.
- Revitalise the Level 2 Intermediate Apprenticeship.
- Reintroduce balance within the overall skills system to address the spectre of “Graduate Underemployment”.
- Facilitate search/access to training opportunities for employers and candidates [online].
- Work with employers to create a national assessment framework of “employability skills”.
- Encourage greater neurodiversity including those with Special Educational Needs.
- Create support for all across the broad range of application processes, not just those for university places.

5. Create genuine parity of esteem across all educational and career pathways

- Launch a multi-platform advertising campaign to drive awareness and value of earn and learn.
- Expedite the plans for the Lifelong Loan Entitlement.
- Improve the quality, relevance and impartiality of advice in schools across the country.
- Consider a review and radical reform of Further Education Provision.



Foreword

Our Members are driving change. They aspire to have 5% of their workforce in ‘earn and learn’ positions (including apprentices, sponsored students, and graduates on formalised training schemes) within five years of joining. As a collective, they currently achieve 6.1% - but we want to go further.

The 5% Club is a constant champion for increased levels of inclusive workplace learning. This action is a driving force in growing the UK skills base, increasing quality employment, and ultimately improving our national prosperity. These skills also close the productivity gap, increase social mobility, drive inclusive growth, and help to boost the economy.

While Government action in this area has been welcome, including the recent publication of the Skills White Paper and further measures announced within the Budget, it is clear there is more that can be done. Our members want to ensure that current schemes deliver the skills that employers need, where and when they are needed most. And this must be realised in a way that truly benefits the individual, their employer, and the country as a whole.

The Prime Minister has made clear that following our departure from the European Union, the Government will focus on levelling up Britain and spreading opportunity across the whole country. “Earn & learn” schemes are central to this goal and will be crucial to ensuring every worker is skilled and able to contribute. This requires the removal of bias in our education system. It is not just about top achievers – levelling-up is key to ensuring parity of investment and esteem across all skills and learning pathways. This has only become more vital in the wake of COVID-19.

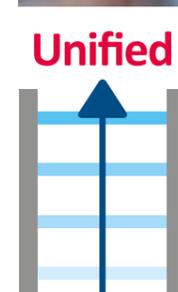
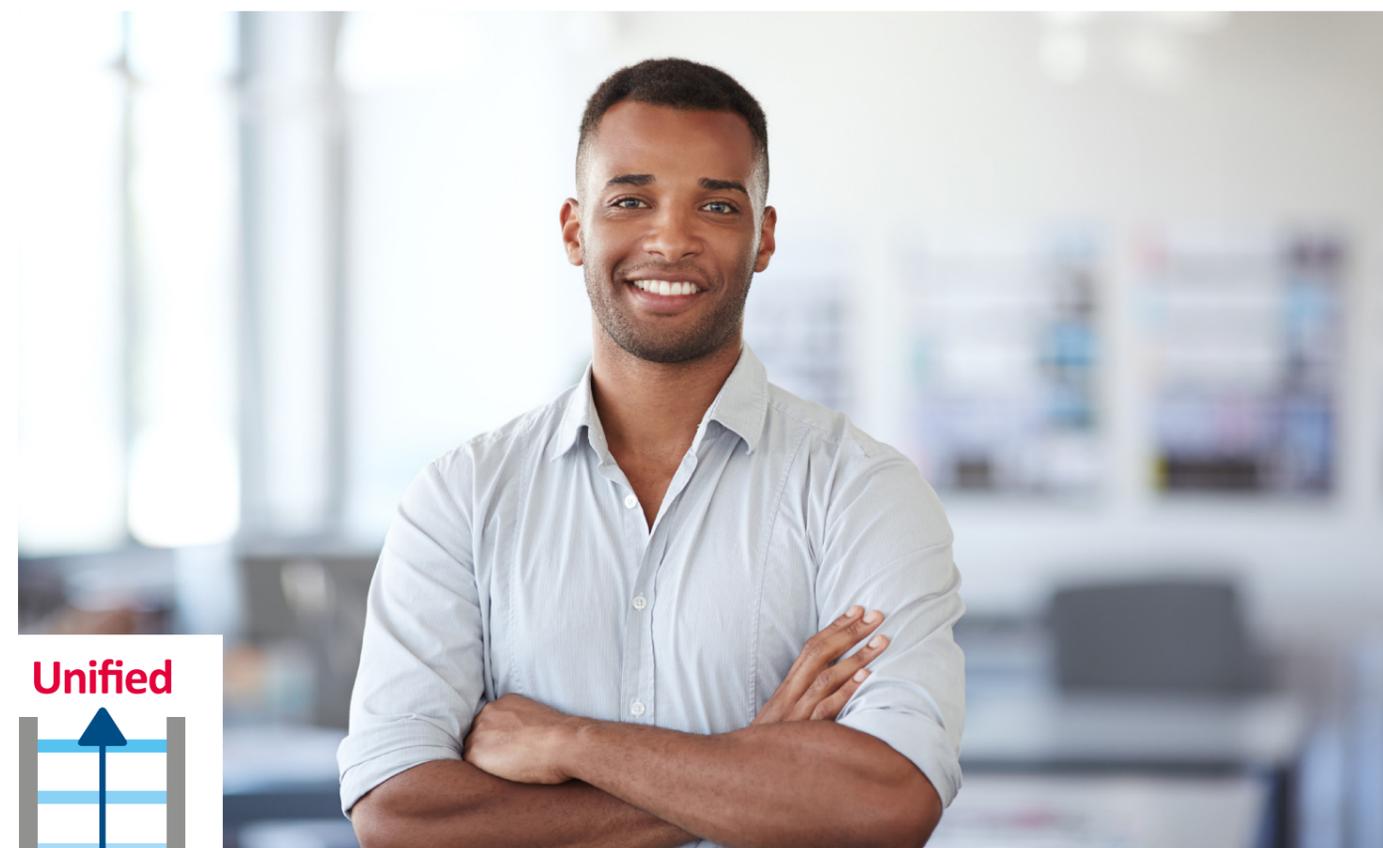
There is no doubt that the COVID-19 pandemic has had a disproportionate impact on young people and their prospects. From school closures to the disruption of the transition from education into work, millions of young people have seen their life chances and earnings potential damaged by this global crisis. It will take years to put this right. But The 5% Club firmly believes that organisations like ours can work with Government to ensure that we avoid a ‘lost generation’ who deserved better help and support.

Workplace Learning schemes will provide and drive opportunity across the nation and help to tackle the inequalities that undermine our society and its cohesion. They will turbocharge the economy by creating a new generation of workers ready to take on the jobs of the future, at every level. They will ensure that a post-COVID UK, outside of the EU, has the means to “Build Back Better”.

The 5% Club welcomes the measures announced in the recent Skills White Paper, which will greatly improve post-16 technical education and training in England. In addition, the measures announced in the Budget around further support for apprenticeships are positive and show that ministers recognise the importance of this route into work. Successive Governments have made significant progress in this area since 2010, but there is still much to be done to create a system which allows every worker – but especially those entering the workplace for the first time - to fulfil their potential.

The 5% Club is therefore proposing 5 policy interventions which we wish to see considered by Government, to ensure we realise fully - and go beyond - the ambition set out in the Skills White Paper. This will ensure everyone in our society can participate, harness new opportunities, and ensure that companies across the country have the skilled and energetic workforce required to succeed – now and in the future.

The scale of the challenges facing young people in the wake of the COVID-19 pandemic cannot be overstated. The decisions that the Government takes now will be life-defining for millions of young people across the country. Building Back Better after the pandemic will only succeed if we address the skills gap that currently exists in our society. Our country came together with an incredible spirit of social responsibility to get through the last year. It is now time to come together as a nation and ensure that we are doing all we can to support the younger generation who will be so crucial to our national recovery for many years to come.



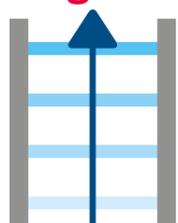
1. A Unified National Approach (UNA)

Employment and skills funding is currently overseen by eight different Whitehall departments and agencies across over 20 schemes in England, all with different eligibility criteria and administrative arrangements. This creates confusion for employers, particularly SMEs who lack the resources to keep track of this policy and its continued evolution. This fragmentation in turn leads to low take-up and therefore poor realisation of the expected benefits for those people looking to access earn and learn schemes. And this is compounded for the many businesses that operate across the UK, who face the added confusion of the devolved variants of policy, which can compound misunderstanding and risks unintended, negative impacts upon the worker-learners. While The 5% Club welcomes the commitment in the Skills White Paper to update the National Careers Service website to become a single source of government-assured careers information for young people and adults, more can be done to ensure employers are also best-placed to take advantage of the schemes on offer. The 5% Club therefore calls on the UK Government to:

- Create a cross-Whitehall Skills taskforce which leads the development and coordinates the implementation of all aspects of employment, skills and workplace learning policy. Coherent and practical application of these essential policies is vital if the country is to recover fully from Covid-19 and “Build Back Better”. Recognising the importance of Skills by having a single taskforce operating and overseeing the system in a cohesive way would be a vital way to ensure that the Government is united on this issue, and that employers and potential employees are getting the most out of the initiatives on offer.
- Create a centralised Employment and Skills Hub, to be the “one-stop shop” so that employers (and their Intermediaries such as The 5% Club) looking to access schemes can simply find out what initiatives are available, what they can apply for, and how to navigate the process simply and easily. This employer perspective must complement that provided to the individual via the National Careers Service website.
- Work with the Devolved Administrations to simplify and harmonise strategies and policies, to ensure that national empowerment and self-determination is not at the expense of any individuals who learn, or businesses that operate on a pan-UK basis. We ask for greater unity of effort and alignment to optimise the benefit for both individuals, their employers, and the wider UK economy and society.



Targeted



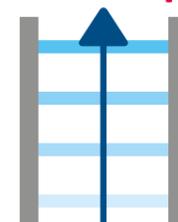
2. A more targeted Apprenticeship Levy

Apprenticeships are a vital part of the Government’s pledge to “Build Back Better”. But currently the way apprenticeships operate in practice, and particularly get access to vital Apprenticeship Levy funding, does not work for business in England - it is too bureaucratic and unresponsive to the needs of employers. The 5% Club supports the Government’s efforts to deliver apprenticeships and welcomes announcements made in the Budget, as well as the commitment in the Skills White Paper to look further at the way the Levy operates. These reforms could have a significant positive impact on the take-up of Apprenticeships, particularly following the COVID-19 pandemic. To improve this system not just for employers, but for a new generation of potential apprentices, The 5% Club calls on the Government to:

- Simplify the system by making it employer friendly. The current system must be made more responsive so that it works for the varied types of businesses across England, particularly smaller firms. Businesses need simple, easy, and timely access to funding, to ensure it flows into schemes without impacting on liquidity – a particular concern for SMEs.

- Ease the time limitations for Levy Funding spending. The current two-year period for expenditure causes significant issues for employers and risks distorting spending behaviour. The risk is that the more expensive programmes become preferred as the means to “claw back” funding, often to the detriment of the less costly Apprenticeship – especially those at the Intermediate Level. We call for a temporary relaxation on these time limitations, thereby enabling employers to invest in the skills programmes that meet their business needs.
- Give employers greater flexibility in the way funding can be used. Government should ensure that the support reflects the overall cost to the employer, including training provision, administrative costs, employee travel, and – to some extent – salaries. We accept that full salaries for Apprenticeships should not be borne by the Levy, but we do believe that some provision – perhaps matched by an equal contribution from Employment Support funding and the Employer – will lead to an increase in Apprenticeships. We see this as a short-term, Covid-19 recovery initiative, especially given the juxtaposition of growing Levy Funds and falling Apprenticeship numbers.
- Target apprenticeship funding and incentivise those skills which are central to the Plan for Growth and focused on those areas of critical national skills deficit.

Level-Up



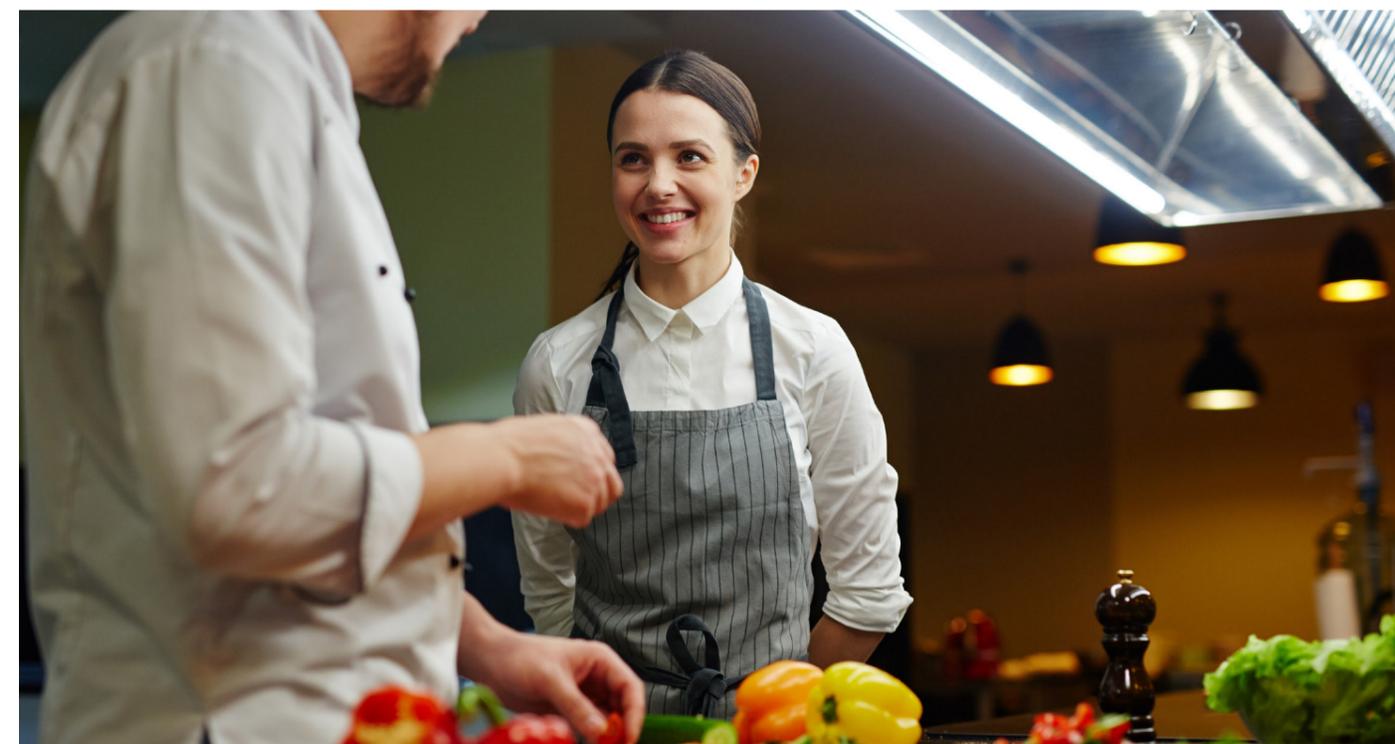
3. Levelling-Up across a Lifetime of Learning

The post-COVID-19 labour market is going to be very different. COVID-19 has fast-tracked skills evolution, accelerating the inevitable technology-driven changes to the way we live and work in the

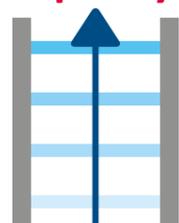
Information Age. This growing pace of change is a significant risk to many organisations, with many of the familiar, traditional types of jobs being replaced due to a mix of automation and artificial intelligence. The “green economy” will also drive change, as carbon fuel technologies are replaced by alternatives, and the UK’s world leading Bio-science Industries will remain in obvious high demand. We therefore need a skills system that can respond in an agile, dynamic, and targeted manner, and with its emphasis shifted from “early careers” to “Lifelong Learning”. Such an approach will ensure that those entering work are able to contribute fully, and that those in work refresh and update their skills to match the prevailing need. The 5% Club therefore calls on the Government to:

- Fully integrate the new National Skills Fund into the Government’s broader skills approach and accelerate its rollout. In particular, begin a formal and regular consultation with business, facilitated by intermediaries such as The 5% Club, to provide recommendations to the Government on locations and sectors with the highest priority for the next wave of skills boot camps and courses.

- Ensure standards, workplace learning courses and their administration keep pace and stay ahead of change – this might demand a different approach, to ensure those in learning develop the right, contemporary skills; not those from a bygone era or which significantly lag technological advances. It is also vital to sustain and expand the involvement of the employer in the development, challenge, and review processes.
- Harness the synergy between professional development (often delivered in the workplace in partnership with professional bodies) and personal learning (that pursued to develop life skills or for personal fulfilment, such as evening classes) to develop the whole worker. Use the Lifetime Skills Guarantee as the cornerstone of this policy, bringing forward its implementation.
- Encourage and support the creation of career pathways that anticipate multiple learning interventions to feed progression across a career, that include Traineeships, Apprenticeship, Graduate Schemes, and which develop and sustain the core transferable employability skills (i.e., digital, analytical and communications abilities) that form the cornerstone of broad employability.
- Ensure Equality of Access to all initiatives and take bold steps to correct digital and space inequality. Such an approach demands that schemes are viewed from all perspectives with considered measures implemented to “level-up” in those areas of most disadvantage. The 5% Club believes such a comprehensive approach must be radical and think beyond the traditional workplace or working from home. Remote working and learning demands investment in digital skills and equality of access to high-quality digital solutions, through subsidised home improvements or – more likely – investment in digital hubs in municipal facilities (schools, colleges, libraries) or through re-use and re-invention of our High Streets.



Equality



4. Equality of access to the right workplace

The education and subsequent access to employment opportunities for a generation of young people has been badly hit by the COVID-19 pandemic. It has heightened awareness of inequality – including

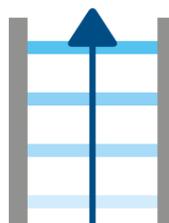
such issues as digital and space poverty – which have negatively impacted on the ability of many to participate in remote working and/or learning. Whilst imperfect, prior to the pandemic, most workers were afforded and experienced the same working environment. As workers were encouraged to work remotely, each experience was unique and shaped by their own private circumstances and financial situation, which for many has proven to be exceptionally challenging. Should this become the norm, we need a fresh perspective for “inclusive remote working” to ensure we reduce - rather than magnify - inequality within our working practises. Remote/Home working can be beneficial in many ways, but this cannot come at the risk of fewer opportunities for young people to go into office environments for training or work experience programmes.

The ongoing economic downturn will also disproportionately impact those young people from disadvantaged backgrounds. As competition for places (work, college, and University) increases, there is a risk that traditional credentials are used as a coarse filter to reduce application numbers. Many of these credentials are based on qualifications, prior experience, and broader development (such as participation in youth and/or sports organisations), and are not held by the disadvantaged, meaning they risk being overlooked for many opportunities. The Government must find new ways to support and encourage employers to provide opportunities for young people to obtain work experience, employment, and training opportunities during this difficult period to optimise transition to the workplace and give every young person a foothold on the employment ladder.

The 5% Club calls on the Government to:

- Work with a range of industries including construction and infrastructure, tech, financial services, IT - to facilitate a national regime of virtual and accessible work experience and training. While businesses want to offer work experience and training opportunities, resources are scarce, so companies need Government support to source candidates from all over the country.
- We are concerned with the slow demise of the Intermediate Level 2 Apprenticeship and would urge its continuation and revitalisation as a key means of access for those who lack educational qualifications.
- Reintroduce balance within the overall skills system to address the spectre of “Graduate Underemployment”, resulting in individuals employed in roles that do not build on their investment in academic achievements. This may require a rebalancing of higher-education supply and demand, and support in challenging the relevance – from an employer perspective - of some of the courses on offer.
- The Government has already taken positive action in this area, for example the announcement of the Kickstart scheme in 2020 and SWAP, the Sector-based Work Academy Programme. However, many businesses are struggling to understand what schemes are available to them and when. The Earn and Learn Hub suggested above should also include a dedicated hub for work placements and training schemes, to make it easier both for employers and young people to find and access training opportunities.
- We would welcome a national approach to the assessment of wider employability skills, which we see as critical to understanding the full potential of every individual and in turn aiding the resolution of the inequalities in our society – the key is that this approach takes a broader view on an individual, beyond their performance in examinations.
- This should include a more comprehensive approach to neurodiversity and the identification of those with Special Educational Needs, as many of the related issues which impact on education outcomes and employment prospects are going unrecognised until they emerge in, or during transition to the workplace.
- We would also welcome support across the broad range of application processes, not just those for University Places. This support providing pertinent advice and coaching, with practical assistance with CVs, applications, and interview preparation.

Esteem



5. Genuine parity of esteem for vocational education

The vocational education system has declined in recent years, with the overall budget for post-16 provision experiencing significant funding cuts. Furthermore, although the direction of travel is extremely welcome, there

remain inequalities between university education and vocational routes. The plan to introduce the Lifelong Loan Entitlement contained in the Skills White Paper is welcome and would significantly boost post-18 education in England. However, The 5% Club is concerned that under the current plans, this loan scheme will only be introduced from 2025. In the wake of the COVID-19 pandemic, the skills shortages faced by businesses are more acute than ever. Reforms such as the Lifelong Loan Entitlement are needed to drive adoption of earn and learn schemes at this critical time, both for businesses and the millions of young people who have been denied opportunities due to the COVID-19 crisis. As new schemes are developed, we would wish to see overall coherence, and no internal competition (such as the risk of that between T-levels, A-Levels, and the Level 3 Advanced Apprenticeships). Lastly, there needs to be a culture change whereby a non-university path is not considered subordinate to a degree. University is not for everyone and young people need to feel reassured and encouraged that an alternate path can present them with more potential. The 5% Club calls on the Government to:

- Launch a multi-platform advertising campaign to drive awareness of earn and learn opportunities and, crucially, paint a positive picture of how vocational careers can be attractive, rewarding, exciting and of huge benefit to wider society. A campaign modelled on, for example, the Navy’s “Made in the Navy” or British Army’s “Be The Best” campaigns would be a tangible way of showing a generation of young people (and hundreds of thousands of employers) that vocational earn and learn schemes are a vital part of a post-COVID-19, modern workforce. Such an approach must also be inclusive, and appeal and have relevance to the most diverse audience – it must be “free of judgement” and encourage an individual to choose the path most relevant to them, without fear of disapproval or criticism fed by misguided perceptions.
- Expedite the plans for the Lifelong Loan Entitlement, bringing the start-date forward from 2025 in recognition that this reform is desperately needed in the aftermath of the COVID-19 crisis.

- The Government needs to focus on improving the currency, relevance and impartiality of advice given in schools across the country. While The 5% Club welcomes the commitment in the Skills White Paper to continue the rollout of the careers infrastructure as recommended by the Augur Report and to continue to extend coverage of Careers Hubs to communities in England, more can be done to ensure school-age pupils are getting the best advice possible, which must continue and be coherent with that provided in Universities. Currently less than half of state sector schools and colleges in England are covered by the Careers Hubs scheme. The Government should commit to extending funding for the Careers Hubs programme this year to ensure that the programme covers all state sector schools and colleges – and take steps to ensure the advice is valid and reflects the current/future workplace.
- The Government has promised a “radical shakeup” of adult education, but what is required is radical investment in Further Education colleges. Government should look to address this issue urgently.



Conclusion

The 5% Club vision is that of a “prosperous and skilled Nation supported by universally available and esteemed workplace learning opportunity for all”.

Our members sign The 5% Club charter precisely because they believe passionately in the social and economic benefits of radically increasing high quality “earn and learn” opportunities which are accessible to all, including young people, the unemployed and the most disadvantaged.

That the UK Government shares that ambition to “level-up” on opportunity through nationwide in-work training is exemplified in its Skills White Paper and 2021 Budget.

The 5% Club was created to help deliver the full power from this synergy between employers and policy makers. Never has this been more relevant than in turning the extreme challenges posed by the pandemic into a shared prosperity for the UK’s people. This is a prize of such consequence that we urge Government to accelerate its achievement by adopting the recommendations drawn from our Member experience and laid out in this Manifesto.

Together we can create a UK known across the world for its talent, innovation and social cohesion.



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