Apprenticeship SME Brokerage Pathfinder: Early Evaluation

Research Report

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Contents

This research report was written before the new UK Government took office on 5 July 2024. As a result, the content may not reflect current Government policy.

Acknowledgements

List of abbreviations

Abbreviation	Definition
DfE	Department for Education
DWP	Department for Work and Pensions
EPA	End Point Assessment
EPAO	End Point Assessment Organisation
ERB	Employer Representative Body
GSR	Government Social Research
HMRC	His Majesty's Revenue & Customs
HR	Human Resources
ILR	Individualised Learner Record
IT	Information Technology
LDM	Learning Delivery Monitoring
LEPs	Local Enterprise Partnerships
MCA	Mayoral Combined Authority
NEET	Not in Education, Employment, or Training
RAA	Recruit an Apprentice

Executive Summary

The SME Brokerage Pathfinder

The Small and Medium Enterprises (SME) Brokerage Pathfinder aims to overcome barriers faced by SMEs in hiring apprentices, including: (i) not understanding where to begin in the hiring process, (ii) struggling with perceived complexities of the apprenticeship landscape, and (iii) lack of information and support more generally. The Pathfinder operates in four areas, selected based on apprenticeship starts declining locally in recent years, and to support the levelling up agenda: Greater Manchester and East Lancashire (North West), Merseyside and Northwest Lancashire (North West), West Yorkshire and South Yorkshire (Yorkshire and the Humber), and the North East. Within the Pathfinder, four sectors are of interest, deemed a priority due to experiencing a decline in apprenticeship starts: construction, manufacturing, adult social care, and digital.

The SME Brokerage Pathfinder is one model among many being delivered both geographically and by Employer Representative Bodies in England. Brokers were organisations commissioned by DfE to support SMEs within the four priority sectors of the SME Brokerage Pathfinder in order to access apprenticeships. Brokers identified and supported SMEs by providing them with information on apprenticeships and their benefits, setting up the Apprenticeship Service account, choosing the Apprenticeship Standard that best suits the needs of their business and the appropriate training provider for the qualification, and recruiting the candidate for the role. Each broker operated in one of the four areas within the Pathfinder, having four brokers in total for the Pathfinder.

Research aims & methodology

Alma Economics was commissioned by the Department for Education (DfE) to conduct an evaluation of their Apprenticeship SME Brokerage Pathfinder. As the take-up of the Brokerage offer by Small and Medium Enterprises (SMEs) has been lower than anticipated, a critical first step for the evaluation was to understand the reasons for low uptake.

Research took place over autumn/winter 2023 and into early 2024. Following a desk-based review of policy documents and monitoring data related to the SME Brokerage Pathfinder, researchers conducted interviews with stakeholders of the SME Brokerage Pathfinder (SMEs, training providers, and brokers), and a survey of SMEs in relevant geographic areas.

Interviews, focused on understanding regional and sectoral challenges and barriers, and each stakeholder group's experience with engagement, onboarding, and apprenticeship starts, were undertaken with:

- The four brokers (one per area).

- Four training providers (one from each area the SME Brokerage Pathfinder was operating in).

- Six SMEs, whereas a written submission was also received.

In addition, a survey was conducted to understand the perspectives of SMEs in the relevant geographic areas. Given the relatively limited awareness and take-up of the SME Brokerage Pathfinder, it asked hypothetical questions exploring interest in the type of support offered within the former. The survey was hosted by [Opinium](#) in November 2023, and reached 250 senior decision-makers recruited through their specialist business-to-business online panel. The survey findings support the qualitative interview findings and full survey findings can be found in Annex A.

Key findings

Awareness and uptake of the SME Brokerage Pathfinder

Awareness of the SME Brokerage Pathfinder is still low among the target businesses. Brokers noted that not having an upfront marketing budget limits their ability to raise awareness of the Pathfinder, and accurately target eligible employers. Recruitment for the current research supports this, with some SMEs marked as engaged or onboarded mentioning being unfamiliar with the SME Brokerage Pathfinder. This unfamiliarity could be based on low awareness generally, varying strength of the SME Brokerage Pathfinder's marketing in different areas, or the use of subcontractors, where the SMEs engaged or onboarded may not have ever engaged with the broker organisation themselves. Additionally, as some of the research fieldwork required the use of public contact details to boost the recruitment of participants, the requests could have reached employees in the SME with no knowledge of the Pathfinder.

Most brokers and training providers felt that levels of engagement with SME Brokerage Pathfinder were lower than expected and attributed this slow start to engagement with needing time to make local connections, and to understand the nuances of the sectors involved; one broker also noticed that the economy was perceived to be in a precarious position by business owners, leading to an unfavourable context for the Pathfinder.

Methods of engagement brokers used to reach SMEs included leveraging existing connections (such as promoting apprenticeships through Local Authority employer engagement teams, sector representative bodies, and ambassador networks), social media and other online channels, and face-to-face engagement (such as door knocking, with brokers discussing visiting office parks and industrial estates to identify businesses that did not have an active online presence). Most brokers thought the most fruitful method of engagement with SMEs was face-to-face engagement.

However, business pressures faced by SMEs make it difficult for them to follow up with the onboarding process for the SME Brokerage Pathfinder. This was especially pertinent

with micro-SMEs, where one decision-maker manages everything and there is no HR department or staff, making it difficult to find time to focus on apprenticeships or other longer-term arrangements in the face of competing priorities. Further barriers to onboarding SMEs included: the complexity of the apprenticeship landscape and navigating the different apprenticeship and skills pathways available; and misconceptions of SMEs about what the Pathfinder could offer or negative perceptions of apprenticeships more generally. Barriers to engaging with training providers were also identified by brokers and SMEs, such as challenges in getting training providers onboarded and engaged in the Pathfinder, attributed to training providers having competing priorities, and not being proactive about Pathfinder activities.

Nonetheless, SMEs interviewed had almost exclusively positive experiences to share about the onboarding process and their interactions with the brokers. Examples included the brokers' support in working through the logistics associated with the Apprenticeship Service registration, and deciding which qualification or training provider would be the optimal choice for their business. In the same vein, training providers largely also found value in the brokers' initial research on and interactions with the SMEs. Reasons provided for this included, introductions being made already before the training provider contacts the SME, and the training provider having in advance a good understanding of each employer's needs and what to offer to a particular SME.

Eligibility criteria and the brokerage model

Some of the eligibility criteria associated with the Pathfinder resulted in interested businesses not being eligible. Specifically, brokers mentioned having to turn down businesses based on not having been trading for a minimum of 12 months, having had an apprentice in the last two years, or being outside of the geographic scope of SME Brokerage Pathfinder. Additionally, some brokers noted challenges regarding restrictions around working within priority sectors, feeling that they may be missing out on opportunities to engage with employers who are not coming from eligible sectors, or that they had employers from sectors out of scope express interest that they could not support through the SME Brokerage Pathfinder.

Apprenticeship starts

Generally, SMEs who had apprenticeship starts were happy with their experience and were satisfied with the support the broker and the training provider had provided. However, while SMEs valued support in choosing the right apprenticeship qualification and getting assistance registering with the Apprenticeship Service, the SME Brokerage Pathfinder has faced significant challenges, including the number of starts being much lower than projected, meaning alternatives should be explored.

Other barriers and challenges identified by the research included concern from brokers around entry points as set by training providers leading to delayed starts and not being compatible with the schedules of employers. However, examples of flexibility were

identified, including apprentices receiving training on-site from the employer, and training providers offering entry points on a monthly basis. Lack of suitable candidates was identified as a potential barrier to starts, with challenges in finding the right person to take on the apprenticeship. SMEs also struggled with the administration associated with starting an apprentice, including registration for the Apprenticeship Service account. This is especially the case for micro-organisations where all staff members are multi-functional, and there is no dedicated administrative or HR staff to handle onboarding requests.

Recommendations

A set of recommendations for the SME Brokerage Pathfinder as well as the delivery of similar programmes in the future stemmed from the findings of interviews and the survey conducted as part of this research, including:

1. Dedicating more resources to publicising similar programmes and making SMEs aware of the types of support available to them. This could include allocating area-specific up-front funding for marketing, publicity, and research to raise awareness, and better identify relevant local businesses.

2. Brokers who already have a good understanding of the area and the sectors in scope are best placed to identify and offer guidance to SMEs. While most brokers delivering the Pathfinder do have an in-depth understanding of the local area, brokers themselves spoke of the importance of local partnerships and understanding, and being able to communicate the local benefits of the SME Brokerage Pathfinder.

3. Establishing a targets-based monitoring framework that can facilitate progress of programmes operating across different areas. In the early stages of the Pathfinder, brokers were set an overall target ambition for total starts and DfE have taken a flexible approach to monitoring performance outcomes at each of the three payment stages acknowledging that as this is a pathfinder some activities will be more successful than others. A more structured monitoring framework could be considered for similar programmes in the future. An example of an alternative monitoring framework could be DfE agreeing with brokers quarterly, termly or annual (depending on the scale of the programme) targets for SMEs to be engaged, onboarded and having apprenticeship starts, specific per area and informed by local specificities such as the number of local SMEs in the sectors of interest and the skills gaps identified per sector. This could provide greater clarity to brokers and training providers regarding their performance expectations, and prompt actionable reflections in review meetings or when submitting review forms. However, there may be challenges with this approach if some areas have difficulty meeting their targets and need further flexibility and support.

4. Exploring alternative models of support for similar programmes in the future, following the challenges faced by the SME Brokerage Pathfinder. One alternative option to explore could be to provide support through training providers, based on feedback from the SME survey and the more positive experience of the broker who was also acting as a training provider. Where starts have been identified, the current model where the broker offers hands-on support in the initial stages, with the training provider taking over the relationship after that point seems to be working well for the stakeholders interviewed. Within this model, however, more involvement from the broker may be useful where challenges with starts are identified or barriers with the apprentice or training provider are noticed once the apprenticeship has begun.

5. Making sectoral criteria less restrictive or tailored to the needs of specific areas to encompass locally relevant qualifications and sectors. Including additional sectors in scope and allowing for local variation could increase engagement and uptake of similar programmes.

6. Allowing for flexibility in the geographic eligibility criteria so that interested businesses are not being denied support.

Introduction

Alma Economics was commissioned by the Department for Education (DfE) to conduct an evaluation of their Apprenticeship SME Brokerage Pathfinder (hence forth SME Brokerage Pathfinder). As the take-up of the Brokerage offer by Small and Medium Enterprises (SMEs) has been lower than anticipated, a critical first step for the evaluation was to understand the reasons for low uptake. Alma Economics conducted this research over autumn/winter 2023 and into early 2024.

The SME Brokerage Pathfinder

The SME Brokerage Pathfinder aims to overcome barriers faced by SMEs in hiring apprentices, including: (i) not understanding where to begin in the hiring process, (ii) struggling with perceived complexities of the apprenticeship landscape, and (iii) lack of information and support more generally. Specifically, brokers identify SMEs within the priority sectors and areas (see below), and provide them with support through all stages of the apprenticeship process, including setting up the Apprenticeship Service account, selecting the appropriate training provider and qualification, and recruiting the candidate for the role.

The SME Brokerage Pathfinder operates in four areas: Greater Manchester and East Lancashire (North West), Merseyside and Northwest Lancashire (North West), West Yorkshire and South Yorkshire (Yorkshire and the Humber), and the North East. These areas were selected based on apprenticeship starts declining locally in recent years, and to support the levelling up agenda[1]. Within these areas, support is available for SMEs who have not had an apprentice within the last two years and are in the construction, manufacturing, or adult social care sector, or an employer across any sector looking to hire a digital apprentice. More information on the SME Brokerage Pathfinder is provided below.

Policy and Pathfinder background

The apprenticeship system is a crucial component of the UK's skills strategy, helping individuals gain valuable skills and qualifications while addressing the labour needs of various industries. However, apprenticeship starts have been decreasing. To address this decreasing uptake and wider barriers that SMEs face to hiring apprentices, DfE launched the Apprenticeship SME Brokerage Pathfinder in 2022. The SME Brokerage Pathfinder fits into the wider plans around SME engagement and is situated in a complex and changing policy landscape.

The SME Brokerage Pathfinder is one model among many being delivered both geographically and by Employer Representative Bodies in England. While there are

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[1] See: https://levellingup.campaign.gov.uk/regional-projects/

common goals across the different brokerage models in terms of delivery, it is important to recognise the distinct differences when evaluating their effectiveness in promoting apprenticeship engagement among businesses. These distinctions include eligibility requirements, funding mechanisms, as well as sector-specific and regional considerations.

In order to support more people to start apprenticeships and help employers, the SME Brokerage Pathfinder appointed brokers in areas with relatively high levels of deprivation and falling apprenticeship starts. The brokers reached out to unengaged SMEs and supported them in identifying apprenticeship opportunities and in completing all the necessary parts of the process. More specifically, the brokers were contracted to:

- Help SMEs to better understand how the apprenticeship system works, how funding can be secured (including levy transfers and government's contribution to the cost of training and assessment), and what the benefits of employing an apprentice can be.

- Support SMEs to identify appropriate training providers to deliver the required "off-the-job" training of the apprentices in a way that meets the needs of both the SMEs and apprentices and creates synergies with the "on-the-job" part of the training.

- Provide an end-to-end service from registering on the digital apprenticeship service, reserving funding and registering onto Recruit an Apprentice (RAA) – the official government service for posting and managing apprenticeship adverts – to facilitating the End Point Assessment (EPA) of the apprentices and finding the right End Point Assessment Organisation (EPAO).

- Ensure that participating SMEs are confident engaging with the apprenticeship services in the future without requiring brokerage assistance.

- Give advice independently of their role as an apprenticeship provider (if applicable).

Challenges had been faced throughout the SME Brokerage Pathfinder, including apprenticeship starts being lower than anticipated. The early evaluation has identified these challenges, with research findings informing recommendations about the SME Brokerage Pathfinder and other similar programmes operated in the future.

Aims of the research

The specific aims of the research were to understand the successes and challenges of the SME Brokerage Pathfinder. Specifically, the research explored:

- The experiences of stakeholders (brokers, training providers, and SMEs involved in the SME Brokerage Pathfinder),

- Uptake and engagement with the SME Brokerage Pathfinder thus far, and ways to improve uptake in the delivery of similar programmes in future,

- Lessons learned and challenges experienced by stakeholders involved in the SME Brokerage Pathfinder, and

- Sector-specific and regional insights and challenges, associated with the sectors and areas in scope.

Methodology

The research involved three primary activities: i) scoping, ii) interviews with stakeholders of the SME Brokerage Pathfinder, and iii) a survey of SMEs in relevant geographic areas.

For the purposes of scoping, a desk-based review of policy documents and monitoring data related to the SME Brokerage Pathfinder was undertaken. This included reviewing key documents and data including sample onboarding documents, contracts between DfE and the brokers, and data regarding the brokers' activity engaging and onboarding SMEs across different sectors and areas from the first year of the SME Brokerage Pathfinder. During scoping, Alma Economics also carried out one scoping interview with a policy colleague from DfE to further understand the context of the SME Brokerage Pathfinder within the wider apprenticeship and skills landscape.

To understand in more detail the experiences of SMEs, training providers, and brokers, interviews were undertaken with:

- The four brokers (one per area).

- Four training providers (one from each area the SME Brokerage Pathfinder was operating in).

- Six SMEs, and a further written submission was also received.

Interviews with brokers were undertaken first, with contacts provided by DfE. Brokers then provided the contact information for a training provider in the area they had worked with, and a list of approximately 20 SMEs. SMEs were then sampled from this list, balancing size, sector, area, and the stage they had reached within the SME Brokerage Pathfinder.

Of the SMEs interviewed, three were from Greater Manchester and East Lancashire, two were from Yorkshire and the Humber, and one was from Merseyside and North West Lancashire. In addition to the interviews, we received one written submission from an SME from the North East. In terms of sectors represented, three were in manufacturing, two were in the adult social care sector, one was in the construction sector, and one was a business looking to recruit a digital apprentice.

Interviews were semi-structured based on interview guides created collaboratively with DfE for each group of interest and tailored during the interview process according to the input each participant could provide. Interview scripts focused on understanding regional and sectoral challenges and barriers, and each stakeholder group's experience with engagement, onboarding, and apprenticeship starts.[2] Most interviews took place through Microsoft Teams, with one taking place over the phone, and one SME responding through a written submission. Interviews ranged from 30 minutes to 1 hour dependent on the stakeholder group and each interviewee's experience within the SME Brokerage Pathfinder, and to accommodate the busy schedules of those engaged through the research. Interview transcripts and notes were then analysed to identify key themes.

Finally, a survey was designed in close collaboration with DfE, to understand the perspectives of SMEs in the relevant geographic areas. Given the relatively limited awareness and take-up of the SME Brokerage Pathfinder, it asked hypothetical questions exploring interest in the type of support offered within the former. Specifically, it asked the following questions:

- If the SME had previously hired an apprentice.

- Whether the SME would be interested in support and guidance to onboard and hire an apprentice, e.g. one-to-one or online guidance on apprenticeship funding, apprenticeship standards, identifying a training provider and the registration process, or financial support.

- Who the SME would like guidance and support from e.g. an independent private local organisation or a third-party intermediary, Local Authority, training provider, Employer Representative Body (ERB), Local Enterprise Partnerships (LEPs), Mayoral Combined Authority (MCA) or job centre.

- How likely the SME would be to engage with the type of support offered through the SME Brokerage Pathfinder.

- Why (or why not) would the SME be interested in accessing this type of SME brokerage support.

The survey was hosted by Opinium in November 2023. It reached 250 senior decision-makers recruited through their specialist business-to-business online panel. The sample included 50% of respondents from the North West and 50% from the North East and

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[2] Discussion guides can be found in Annex B.

Yorkshire and Humber. The sample was designed to give an even spread of micro, small and medium-sized businesses, while it covered all industries and allowed for a natural fallout of these.

Methodological limitations and considerations

Engaging SMEs for the purposes of this research proved highly challenging. Despite the brokers providing an initial list of contacts, only one broker had obtained consent to share contact details for all the SMEs on the list, leading to significant delays in engagement efforts. To overcome this, publicly available contact details were used to reach the majority of SMEs on the list, and additional businesses outside the original sample were contacted. However, use of public contact details led to challenges including: (i) reliance on gatekeepers to pass on information about the research to the relevant contacts, and (ii) requests directed to individuals who had less knowledge or awareness of the SME Brokerage Pathfinder, potentially contributing to lower engagement with the research.

Overall, 70+ businesses were contacted in total. Some SMEs who had been onboarded or who had starts and were included in the original sample were unable to be contacted based on having no website or publicly available contact details. This was the case in construction more than other sectors.

Of the SMEs reached who chose not to participate in an interview, reasons given included: (i) being too busy and having no capacity to take part, (ii) having only briefly engaged with the broker and not feeling like they had any information to add, or (iii) not being familiar with the SME Brokerage Pathfinder or not remembering engaging. Surprisingly, two SMEs who had been onboarded noted being unfamiliar with the SME Brokerage Pathfinder when invited to contribute to the research. Of the requests for interviews that were directed beyond a gatekeeper, seven businesses explicitly said they had not heard of the SME Brokerage Pathfinder. However, this could be on account of the research invitation reaching the wrong parties, the SME Brokerage Pathfinder being referred to by different names in different areas, or some SMEs engaging with sub-contractors rather than the brokers themselves when being onboarded.

As a result of the challenges with recruiting SMEs, the small sample sizes, and the self-selecting nature of the SMEs interviewed (by deciding whether to respond to the invitation to take part in the research), it is important to bear in mind that the evidence presented in this report may not represent the full views of SMEs engaged with, or in scope of, the Pathfinder.

Considerations and limitations associated with the SME survey are presented in Annex A.

Contents of the report

The following report contains thematic findings from interviews on key topics including the implementation of the SME Brokerage Pathfinder across each area of interest, Pathfinder progress, and challenges with uptake and achieving Pathfinder targets. Findings from the SME survey are juxtaposed with interview findings where useful throughout the report, whereas the complete findings are included within Annex A. Based on the findings from the survey and interviews with stakeholders, recommendations for improving uptake and the delivery of future programmes are provided within the conclusion.

Motivations and Implementation of the Apprenticeship SME Brokerage Pathfinder

Brokerage models

Brokers were organisations commissioned by DfE to support SMEs within the four priority sectors to access apprenticeships. Brokers supported SMEs by providing them with information on apprenticeships and their benefits, setting up the Apprenticeship Service account, and choosing the Apprenticeship Standard that best suits the needs of their business. Each broker operated in one of the four areas within the Pathfinder.

Within the Pathfinder, two of the four organisations acting as brokers were local membership organisations of training providers, further education colleges, and universities; one was a think tank; and one was a partnership between a local training provider and a membership organisation made up of enterprise and development agencies. Three of the four brokers were primarily based within the area they were operating in for the Pathfinder, and all of them had previous experience working with training providers.

Local partnerships

All brokers touched on the importance of partnerships with other local organisations in delivering the SME Brokerage Pathfinder. They used local partnerships to publicise information and share the benefits associated with apprenticeships, and to identify interested and eligible employers. Key partners mentioned by the brokers included training providers, chambers of commerce, sector bodies, and Local Authorities. One broker added that partnership with Local Authorities and sector bodies has been more challenging than anticipated, as there is some perceived "apprenticeship fatigue" within these organisations after having been provided a breadth of information about apprenticeship opportunities previously, by other organisations.

Within one area, the broker and the training provider sat within the same organisation and worked closely with one another, communicating on a regular basis. While the broker mentioned other key partners, the broker and the training provider sitting in the same organisation allowed the broker to refer to their own organisation, potentially reducing delays in the process. Another broker also noted that there has been poor engagement within one specific authority, who are running a very similar programme and see the SME Brokerage Pathfinder as direct competition.

Local skills needs & priority sectors

Stakeholders noted several sectors in which there were high levels of need, both within and out of scope for the SME Brokerage Pathfinder. When specifically asked about sectors in scope for the SME Brokerage Pathfinder, brokers made reference to high levels of need within the adult social care, construction, and manufacturing sectors. One

local training provider also noted that there is a significant skills shortage for engineers in their area, with many businesses interested in taking on new members of staff.

Outside of the sectors of interest within the SME Brokerage Pathfinder, one broker noted a significant need for workers in small businesses within the retail, tourism, and hospitality sectors. A training provider in a different area identified growth in sectors such as hospitality, health care, and property maintenance, and also noted hospitality was growing again post COVID-19. The same training provider also found that a high number of employees in the area moving onto qualifications within the provider struggled with maths and English skills.

Stakeholders also identified sectors and roles where there was high demand from young people and potential apprentices. One local training provider interviewed, noted that young people or potential apprentices are more often drawn to roles such as project management, human resources (HR), digital, or accountancy, with less interest in sectors such as customer service, and health and social care, despite the need for workers in these sectors. Awareness of apprenticeships varied across sectors. Another local training provider interviewed noted that while in the construction industry young people interested in an apprenticeship may already have an employer they can approach, in other sectors, young people do not have much awareness of apprenticeship programmes or what they entail.

A few brokers noted challenges regarding restrictions around working within priority sectors, feeling that they may be missing out on opportunities to engage with employers who are not coming from eligible sectors, or that they had employers from sectors out of scope express interest that they could not support through the SME Brokerage Pathfinder.

Profile of local employers

Stakeholders offered less information on the profile of local employers. However, across most areas brokers and training providers noted a high number of SMEs, with as many as 90% of businesses in one area being small or micro organisations. Within another area, the broker noted that while apprenticeships are relatively common among levy-paying organisations, there are far fewer SMEs that have apprentices. Another broker furthermore noted that a high number of SMEs are known to need back-office support (e.g., accountants, administrators, customer service staff), which often are not the focus of programmes like the SME Brokerage Pathfinder, which place a larger emphasis on frontline staff.

Motivations to participate in the SME Brokerage Pathfinder

Brokers were commissioned and paid by DfE to deliver the SME Brokerage Pathfinders. Brokers, training providers, and SMEs also had a range of other motivations for participating in the SME Brokerage Pathfinder. Motivations replicated across interviews are discussed below.

Supporting smaller businesses in accessing and supporting apprentices

Several brokers noted they were motivated to participate in order to support smaller businesses in accessing apprenticeship programmes. Despite there being lots of policy directed at larger businesses, one broker thought there was a gap for support for SMEs in the apprenticeship space. Others discussed that this was particularly important post levy reform, where the number of SMEs engaging with apprentices was perceived as lower.

Opportunity to leverage existing connections in the local area

Several brokers and training providers discussed how the goals of the SME Brokerage Pathfinder were in line with their existing institutional priorities. They thought that the SME Brokerage Pathfinder provided good opportunities to network and discuss the skills landscape with employers, and, in the case of sub-contractors, getting paid to do so. One training provider specifically spoke of an existing goal within their organisation to reach more employers who had not previously had an apprentice.

Another broker spoke of their experience having previously carried out a similar programme in another area, with the SME Brokerage Pathfinder providing a good opportunity for them to test the approach in other areas of the country and draw on relationships with training providers with national presences.

Supporting apprentices and young people

Several stakeholders also spoke of a motivation to participate in the Pathfinder in order to give opportunities to young people and those with less experience, especially people who may not be in education, employment, or training (NEET). One broker shared their perception that schools and young people were currently more engaged with apprenticeship programmes, and more students were asking about apprenticeships compared to previous years.

> "I think the schools are becoming a lot more engaged as compared to where it was a few years ago…I think it's come from the students saying they want to do apprenticeships because they're seeing it on social media maybe more than the schools are seeing it" – *Feedback from a broker interview*

SMEs engaged through the research who had been onboarded or had an apprenticeship start had a positive view of apprenticeships and were somewhat motivated to engage based on a desire to give opportunities to young people. Two SMEs also noted that they thought an apprentice (as opposed to a more experienced hire) would be a good fit based on the uniqueness of the role or their specific business needs. The two SMEs liked the idea of taking on someone with less experience, who could be trained in their specific ways of working, and eventually take on more responsibility. For example, one SME in the care sector who was onboarded and currently looking for an apprentice noted that

because they wanted to take on an individual who would have a split of administrative and caring responsibilities, it worked best for their business to be able to train them from the ground up.

Implementation of the Apprenticeship SME Brokerage Pathfinder

The broker's role

Most stakeholder groups were aligned in what they saw as the broker's role, and how the broker added value.

Brokers saw themselves as an objective resource for SMEs, highlighting that they would never try to "sell" an apprentice to a business that is not right for them, and would turn down interested businesses if they felt there were larger health and safety concerns, or the broker felt the business did not have adequate systems in place to support an apprentice. This was confirmed by an SME in the manufacturing sector, participating in the research, who was advised that their business premises were not suitable for an apprentice.

Training providers found value in the broker's initial research on and interactions with the SMEs. One training provider noted that because the broker did initial research on the employer's business needs and decided what providers would be a good fit, it gave the training providers a better understanding of what to offer the employer, limiting the amount of up-front research they had to do themselves. Additionally, a few training providers noted that they found the broker making introductions to the employer useful, as the SME was then aware that the training provider would be contacting them. However, another training provider noted that while the SME Brokerage Pathfinder is an added bonus, it should be the responsibility of the training provider to sell and publicise their programming.

SMEs who had been onboarded or who had apprentices start through the SME Brokerage Pathfinder shared that they found the brokers useful in helping them work through the logistics associated with the Apprenticeship Service registration (e.g., where to attach specific documents, dedicating time to set up the account) and make a decision around which qualification or training provider would be the optimal choice for their business. For example, one SME within the construction sector found the broker's support most beneficial in choosing a training provider to offer a more general administrative apprenticeship, as there were a number of different providers offering the same qualification. However, when recruiting for a technical role within the organisation (where there were fewer relevant providers), they thought the broker's support was less needed.

> "I didn't feel like I was being bombarded at all. […] It was very much like I had somebody to give me advice and support, as opposed to somebody that was just trying to sell a service to me." – *Feedback from an SME interview*

The training provider's role & its interplay with the broker's role

While most training providers spoke positively about brokers, the nature and intensity of the relationship differed across areas. For example, one broker was a training provider themselves, meaning they could self-refer. The training provider contact within the organisation spoke of their close working relationship with the broker, noting that they spoke several times a week. This broker also had the highest number of starts of any area, suggesting that this close relationship was beneficial. However, brokers from other areas had less intensive relationships with training providers, usually working with providers from within a local network, or building on existing relationships.

One training provider noted they thought their relationship with the broker could be improved by the broker engaging more closely with the training provider to understand how their organisation operates and what qualifications they offer, in order to make more informed recommendations to employers about which training providers to engage with. For example, they highlighted that it was important for brokers to know and be able to communicate to employers their ability to offer rolling monthly inductions onto standards.

Generally, brokers were responsible for initial research, filtering appropriate SMEs to training providers, and then the training provider proceeded with determining what each employer needed to progress to an apprenticeship start, advertising for the learner, and identifying suitable candidates. One training provider commented that the broker made sure to get detailed information from the SME to understand what they were looking for with regard to the apprentice or qualification. This was helpful to inform their first meeting with the employer. Training providers also thought the brokers were useful in making soft introductions to employers, limiting the amount of cold calls training providers had to make.

SMEs who had apprentices or were in the process of finding an apprentice noted that while the broker provided information at the early stages, helped identify relevant training providers, and made introductions, once the apprenticeship had begun, they had more regular contact with the training provider, with the broker checking in only periodically. When SMEs were asked in the survey about what type of organisation they would like to receive support from, the most popular organisation to provide support was a training provider.[3] In the SME Brokerage Pathfinder, brokers are only contracted to support the SME up until the apprenticeship starts, at which point the relationship sits with the training provider. While this approach seems to be effective for SMEs, this could be the result of SMEs interviewed having had positive experiences with apprentices and training providers. More involvement from the broker may be useful if there were barriers with the apprentice or training provider once the apprenticeship had begun.

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[3] 39% of respondents were interested in support from a training provider, with only 18% interested in support from an independent private local organisation or third-party intermediary. See Annex A for further details.

Some barriers to engaging with training providers were identified by brokers and SMEs. Two brokers noted having challenges in getting training providers onboarded and engaged in the SME Brokerage Pathfinder. This was attributed to training providers having competing priorities, and not being proactive about SME Brokerage Pathfinder activities. A broker shared that they found that some training providers were "nervous about brokerage programmes" in general, based on past negative experiences. Such past negative experiences included, for example, training providers having recruited SMEs on behalf of brokers, but then brokers not referring back to that provider.

Payment model

Payment for brokers for the Pathfinder is dependent on evidenced outcomes with SMEs at three stages. A 25% payment is made when the broker engages with an eligible SME. Upon completion of onboarding, where the SME has been equipped with the knowledge and support needed to make an informed decision about recruitment, a further 50% payment is made. A final 25% payment is made when the SME recruits their first apprentice. Two brokers noted challenges they had experienced with this payment model, specifically a lack of up-front payment. This made it difficult to invest in marketing to raise awareness of the SME Brokerage Pathfinder and research to better understand which employers to target. For example, one broker noted that the SME Brokerage Pathfinder needs specific and local marketing, considering employers are unlikely to engage with central DfE marketing or national campaigns as they do not offer information about how the said brokerage Pathfinder benefits specifically the local community or local employers. The same broker mentioned that they have raised awareness for the SME Brokerage Pathfinder in tandem with other programmes for which they have a larger budget. A third broker noted that while out of scope, campaigns on local news or radio channels to widely disseminate information on the SME Brokerage Pathfinder would be beneficial in raising awareness of the Pathfinder. Generally, brokers thought that some of the low awareness and uptake of the SME Brokerage Pathfinder could be attributed to a lack of marketing.

Furthermore, one training provider, who acted as a sub-contractor for the broker, also identified issues with the sub-contractor payment model their broker was using. As described by the training provider, the training provider or sub-contractor received an initial payment for identifying eligible employers, received a second smaller payment for engaging with said employer, and then received a third payment (equal to the size of the first) for an apprentice starting with that employer. They thought that while this payment model would be appropriate for a programme aimed at gathering information about eligible employers, because of the effort associated with an apprenticeship start, the payment should be more weighted towards the start itself.

Progress and challenges within the SME Brokerage Pathfinder

Methods of engagement with the SMEs

Within the SME Brokerage Pathfinder, SMEs were considered "engaged" by the broker if the broker could provide contact details of the employer engaged, and how they were engaged in the SME Brokerage Pathfinder (e.g., email, event, door-knocking), or via registration on the Apprenticeship Service.

SMEs reached through the research were engaged in the SME Brokerage Pathfinder through a range of methods, including via email and networking events. Despite one broker feeling that businesses were more open to discussing topics like apprenticeships than prior to the COVID-19 pandemic, another noted that identifying businesses that could be a good match for apprenticeship programmes can be difficult. The latter broker also felt that because smaller organisations were less likely to be active on LinkedIn or reading business magazines, they might be less aware of the positive outcome that could stem from apprenticeships.

> "I wouldn't say there's been one method [of engagement] that has actually been more popular because what you find with the SME market, and more so the micro market, is you have to be available when they're available, not the other way around." – *Feedback from a broker interview*

Methods of engagement replicated across interviews are discussed below, with a focus on successful approaches.

Leveraging existing connections

Three brokers spoke of successfully reaching SMEs via leveraging existing connections. This included promoting apprenticeships through Local Authority employer engagement teams, sector representative bodies, and ambassador networks. One broker noted that partnerships were particularly important as, without them, it was difficult to elicit which businesses had not previously had an apprentice. Another broker spoke of their successful relationship with Skills for Care; because they have close relationships with adult care providers across the area of interest, it allowed them to publicise the SME Brokerage Pathfinder directly to care home managers. One SME who was in the process of hiring an apprentice also shared that their first engagement with the broker was through an event held for Skills for Care. This indicates the importance of making connections with organisations that already have a presence or reputation in the sector.

SMEs found support from other businesses useful when making decisions about whether to take on an apprentice or move forward with the SME Brokerage Pathfinder. For example, despite never having received any other formal support outside of the SME Brokerage Pathfinder with regards to hiring an apprentice, an SME in the construction

sector spoke of reaching out to other business owners who had experience with apprentices to get their opinion. Another SME who initially engaged with the broker through an event spoke of being swayed by hearing other business owners at the event speak about their positive experiences with apprentices in the past.

> "I think the event I went to that [the broker] ran was really useful and informative and made me change my mindset because I saw actual businesses that had apprentices…so I thought if you get that real life, sort of scenarios and information of where it works and how it works in everyday business, it makes it seem a little more real and accessible" – *Feedback from an SME interview*

Engagement via social media and other online methods

Brokers and training providers had mixed success when engaging with employers via social media and other online channels. Two brokers thought that mailshots were ineffective in reaching SMEs, with one hypothesising that because SMEs were less likely than other businesses to join employer representative bodies and do not engage as regularly with the Local Authority, they were less likely to be on mailing lists. One broker spoke of doing an initial data purchase to send out information to relevant businesses, but found this did not leverage a high number of responses.

Brokers and training providers had differing opinions on the effectiveness of LinkedIn as an engagement tool. While one found LinkedIn to be better than other social media platforms, a training provider thought that micro-organisations (and sole-traders in particular) were less likely to be active in LinkedIn, leading them to focus on personalised Facebook campaigns.

In-person events and door-knocking

Most brokers thought that the most fruitful method of engagement with SMEs was face-to-face engagement. This included door knocking, with brokers discussing visiting office parks and industrial estates to identify businesses that did not have an active online presence. Although most brokers found events to be useful, they commented on how marketing events around business growth or development were more successful than events targeting apprenticeship opportunities specifically or suggested tailoring events to a specific group of businesses.

Specifically, brokers found that the market felt crowded, with lots of organisations wanting to speak with SMEs about apprenticeships. One broker thought that this was causing some amount of "apprenticeship fatigue" amongst businesses, especially within large sector bodies. They found they had more success when engaging with smaller, more niche sector organisations, who were more receptive to publicising the SME Brokerage Pathfinder to their members.

Another broker also mentioned having limited success with engagement in relation to another training provider in the area delivering a very similar contract, suggesting that some low take-up could be attributed to overlapping provision.

Challenges in engaging with SMEs

General challenges and barriers

Most brokers and some training providers felt that levels of engagement with SME Brokerage Pathfinder were lower than expected. At the time brokers were interviewed, some of them attributed this slow start to engagement with needing time to make local connections, and to understand the nuances of the sectors involved. One broker also noted that the economy was perceived to be in a precarious position by business owners, leading to an unfavourable context for the SME Brokerage Pathfinder.

Many of the challenges associated with engagement identified by stakeholders were related to the size of the business. This was especially pertinent with micro-SMEs or sole-traders, where one decision-maker manages everything and there is no HR department or staff, making it difficult for them to find time to focus on apprenticeships or other longer-term arrangements in the face of competing priorities. This reflects findings from the survey that micro-SMEs were less likely to have hired an apprentice.[4]

> "They have one decision maker, who's responsible for everything, including HR and recruitment. It's not like a large employer where you got all these different departments that can deal with different parts of it. Finding the time to have the onboarding meetings… it's very, very difficult if you get a one man, one woman, band for a micro-organisation." – *Feedback from a broker interview*

Another broker thought that public sector programmes generally struggle to reach micro-organisations, as they may not be registered as limited companies, or have a formal physical presence.

Generally, barriers to engagement mentioned by SMEs were consistent with those mentioned by brokers, and SMEs felt that they received adequate support from brokers. For example, one SME noted that delays in engagement or communication were largely on their part, as they had trouble finding time to respond to the broker's requests, or answer emails.

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[4] Most SMEs surveyed had hired an apprentice before, with only 32% responding that they had not. However, micro businesses were less likely to have hired an apprentice than larger organisations, with 68% of micro-SMEs having not hired an apprentice before. See Annex A for further details.

Geographic challenges

Some of the challenges related to onboarding noted by the brokers were specific to the geographic areas they were operating in. Two brokers spoke about the high number of vacancies in seasonal sectors (such as tourism and hospitality) in their local areas, meaning many opportunities or employers potentially interested in apprenticeships in these areas were out of scope under the SME Brokerage Pathfinder.

Another broker noted the challenge of working in a geographically diverse region, balancing the needs of areas with very sparse populations to larger cities, as well as more and less affluent areas. They also noted that in their experience, deep rural areas had a higher proportion of micro-organisations, as compared to the rest of the country, exacerbating some of the challenges experienced related to business size.

Finally, a fourth broker spoke about challenges relating to the exclusion of one specific location from the eligibility criteria under the SME Brokerage Pathfinder. Specifically, they noted it was difficult to run a programme where some areas in their location are eligible for support and some are not.

Sector-specific challenges

Some brokers and training providers also identified sector-specific challenges. Generally, challenges identified in the construction and manufacturing sector related to those businesses largely being non-office based, and brokers struggling to find appropriate times and places to engage with SMEs. Further, one broker mentioned that because apprenticeship pathways are already well-established within these sectors, it can be more difficult to identify businesses that are interested in having an apprentice that has not already had one (i.e. for an SME to be eligible for the SME Brokerage Pathfinder, they should not have had an apprentice within the last two years).

In the adult social care sector, the primary challenge identified by brokers was time pressure. This was confirmed by an SME in the care sector, who noted they had very little time to have calls during the day, and often would use out of work hours to reply to emails from the broker or training provider. One training provider also shared their view that most care companies interested in taking on an apprentice already had one.

In the digital sector, stakeholders interviewed noted some uncertainty around what businesses and qualifications were in scope under the digital criteria of the SME Brokerage Pathfinder. One broker provided the example of digital marketing previously being categorised within the SME Brokerage Pathfinder as sales rather than digital –

which was eventually changed for digital marketing to be in the scope of the SME Brokerage Pathfinder [5].

> "The digital sector has unfortunately been one we've been struggling with, just purely down to the criteria of the project, and trying to get a definitive in terms of what is digital and what isn't digital." – *Feedback from a broker interview*

Challenges and successes with onboarding

Within the context of the SME Brokerage Pathfinder, SMEs were considered "onboarded" once the Onboarding engagement document had been completed and signed by the broker and the SME. The document provides a checklist of information that the broker should have provided to the SME including what taking on an apprentice entails, information about local training providers, information about bursaries and financial options available (including the levy transfer) and confirmation that the employer will be able to engage with the Apprenticeship Service in the future.

While this document was used to evidence onboarding in the majority of cases, one broker noted that because this felt very formal, they were able to use a series of emails to evidence onboarding in one instance.

Complex nature of the apprenticeship landscape

The complexity of the apprenticeship landscape was seen as a barrier to onboarding SMEs. One broker noted that they thought that navigating the different apprenticeship and skills pathways available (e.g., targeted work T-levels, work experience, study programmes, etc.) was confusing for small businesses, and that the skills system was overly complex. The same broker mentioned that the skills system is disjointed and could be improved by offers being less conflicting and better connected. Another broker shared that they ran a survey of their members to understand their views on apprenticeships, and it emerged from their results that businesses perceive that there is a high level of bureaucracy associated with the apprenticeship system.

> "We've actually run a survey of our members on apprenticeships, and different aspects like the levy…and one of the things that's coming back very clearly and does apply in this project, is the level of bureaucracy that's involved in the system." – *Feedback from a broker interview*

Brokers and training providers noted that employers also struggled with the Apprenticeship Service. Specific examples cited by brokers included SMEs having trouble with tasks such as where to attach specific documents, finding the time to sit

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[5] In the first year of delivery, the eligibility criteria for creating digital apprenticeship opportunities were aligned with categorisation by the Institute for Apprenticeships and Technical Education, However, in response to feedback regarding the standards that SMEs needed to access to meet their skill demands a decision was made to bring the Digital Marketing Standard in scope.

down and complete the form, and waiting for a levy transfer. One broker added that they complete most of the forms on behalf of the SME on a regular basis. A training provider also spoke of having success with team members going out to the employer's place of work with a computer and walking them step by step through the process. The same training provider added that beyond signing up for the account in the first place, it can be difficult for businesses in the construction and manufacturing sector to manage another system.

SME misconceptions and previous experiences with apprenticeships

Another challenge to onboarding was said to be misconceptions of SMEs about what the SME Brokerage Pathfinder could offer or negative perceptions of apprenticeships more generally.

Brokers noted that negative perceptions can stem from previous negative experiences with apprenticeships, such as businesses not having been ready to take on apprentices, having engaged a young person lacking the necessary social skills, conflicts with the training provider, or an inappropriate delivery model for training. One broker thought that some mindset change was required, as they had found that older employers in the construction sector in particular had a negative perception of apprenticeships. One SME also noted that while they were personally in favour of apprenticeships, they did think there was some stigma surrounding them based on perceptions about pay and working conditions.

One training provider noted that there is a misconception among employers that apprenticeships are only for school leavers. They suggested that more experienced employees could also undertake an apprenticeship qualification alongside their normal working responsibilities. This could be a way to overcome some barriers faced by SMEs around the additional burden of having to integrate and train a new employee.

A misconception identified about the SME Brokerage Pathfinder specifically was around funding for the apprentices' wages. One training provider gave an example of a sole trader who was eager to hire an apprentice, but disengaged from the Pathfinder once they realised they had to pay the apprentice's wage themselves. This indicates that affordability of apprentices could be a barrier, depending on the size of the SME. This was corroborated by an SME in the care sector, who noted that because of the financial pressure on care providers, a financial package to support employers to take on an apprentice would be welcome. Similarly, in the SME survey, when SMEs were asked what kinds of support they would be interested in, financial support was the most commonly selected option[6].

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[6] 36% of SMEs were interested in this support – see Annex A for further details.

Eligibility criteria

Most brokers felt that the eligibility criteria itself posed a challenge to onboarding SMEs onto the SME Brokerage Pathfinder, with the latter being more targeted than they expected. However, different brokers struggled with different criteria.

Two brokers noted that they engaged a few businesses that they only later realised were ineligible due to having an apprentice in the last two years. One mentioned that this was particularly challenging considering it is not public information whether a business had previously had an apprentice, and thought this was information DfE could support with so as to target the SME Brokerage Pathfinder more effectively. Another broker also mentioned that they had engaged with businesses that were later understood to be ineligible due to not having been trading for a minimum of 12 months.

Brokers also identified a few challenges with the geographic criteria, with one broker noting they thought that more ineligible SMEs were coming from areas rather than sectors that were out of scope.

A few brokers struggled to onboard businesses based on the sectoral criteria, with one stating that because the sectors were decided nationally[7], they may be less relevant to the particular area that the broker was operating in, based on differences in demand and existing opportunities. Furthermore, a training provider thought that the sectors in scope for the SME Brokerage Pathfinder had particularly high barriers to entry for apprentices.[8] However, the training provider gave the example of including apprenticeships in warehouse, retail, and customer service roles, where there is a widespread need for workers, and very few barriers to entry.

Sector-specific criteria

A few sector-specific challenges and barriers to onboarding were identified through the research.

Similar to challenges associated with engagement, brokers and training providers again spoke of a lack of clarity around what was in scope for the digital qualification. There was some interest in digital marketing and social media qualifications, which were initially not in the scope of the SME Brokerage Pathfinder. Further, one training provider found that SMEs that were initially interested in digital often were looking for someone to take on a much broader role, such as running a business's information technology (IT). Furthermore, small businesses often lacked experienced members of staff to provide on-the-job training to the apprentice in the digital sector.

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[7] The SME Brokerage Pathfinder focuses on four sectors that were deemed a priority due to them experiencing a decline in starts and being considered sectors where supporting growth was important.
[8] Note though that including sectors with a high barrier to entry was part of the intention of the Pathfinder.

Within the adult social care sector, it was stated that many social care businesses are within larger organisations or trusts and thus do not fit under the SME label. Further, in non-residential social care roles, there is often an inconsistent number of hours per week, making it difficult to offer apprenticeships due to their standardised or inflexible requirements.

Successful onboarding

Despite challenges and lower rates of onboarding than anticipated, the research identified a few examples of good practice in onboarding SMEs, including some brokers experiencing an increase in rates of onboarding in more recent months. As part of onboarding, brokers walked SMEs through specific steps in the process, (such as choosing the appropriate Apprenticeship Standard, picking the right training provider, and setting up the Apprenticeship Service account) and offered them a dedicated resource to answer their questions, which they saw as key to sustained engagement with the employer.

> "Now we've got that dedicated resource that goes out and sits with them [the SME] and goes through it, person to person, that step-by-step hand holding, all the way through." – *Feedback from a broker interview*

> "Some of our technical team have to physically go out to local garages, local engineering companies, and take the laptop and help and support them that way, because they're not at a laptop." – *Feedback from a training provider interview*

When SMEs themselves were asked about the onboarding process, they had almost exclusively positive experiences with the broker, mentioning how the broker walked them through the entire process, taking on tasks such as assisting with paperwork and answering ad hoc questions. One SME noted that they had been interested in taking on an apprentice for a long time but did not know where to start until their involvement in the SME Brokerage Pathfinder. Another mentioned that the SME Brokerage Pathfinder made the prospect of taking on an apprentice much less daunting.

> "I don't think I could have done the process without them…they've got the expertise, they've got the knowledge, and they've got the contacts. It was very helpful from our point of view, we've wanted to do it for a long time, and just didn't know where to start" – *Feedback from an SME interview*

Another success among SMEs who had an apprentice start or were currently looking for an apprentice, was in how they appreciated the broker's support in identifying relevant qualifications and introducing them to relevant training providers. Two SMEs noted that the broker helped them choose between multiple training providers. One SME, while initially interested in one type of qualification, was advised by the broker to choose something else, the latter ultimately more useful for the business. While the employer was aware of what they wanted the apprentice to do, they were not aware of the

appropriate Apprenticeship Standard for the role they had in mind. This finding was corroborated by the SME survey, which indicated a high interest in support for identifying a training provider[9].

Some challenges related to the SME Brokerage Pathfinder itself were also identified by brokers. Two brokers found that they had trouble evidencing onboards or starts to DfE based on the set requirements for the SME Brokerage Pathfinder. One broker spoke of the signed onboarding document feeling too formal, and welcoming DfE's acceptance of an exchange of emails as proof of onboarding.

Apprenticeship starts

Within the context of the SME Brokerage Pathfinder, evidence of an apprenticeship start was recorded through the submission of an Individualised Learner Record (ILR) by the training provider. One broker noted that training providers face difficulties in entering the Learning Delivery Monitoring (LDM) code which can lead to a delays in the actual start, and being able to provide the necessary evidence to DfE[10].

Barriers to starts

A few barriers to apprenticeship starts were identified by stakeholders. One significant barrier to starts was mentioned to be the difficulty in finding high-quality candidates to fill roles. One SME, drawing on experience in a previous role with apprenticeships noted that it can be more difficult than filling other positions because the apprentice does not have any experience with the position they are applying for. A training provider from a different area also noted that there is a misconception among businesses that there is a large pool of applicants to draw from. However, a broker from a third area noticed that recently schools had become more engaged in apprenticeship opportunities, with more students asking about them.

Off-the-job training requirements and rigidity around entry points can also be a barrier to starts. Training providers may run courses on a yearly basis, meaning the start cannot be initiated immediately. However, it was mentioned that this can be overcome by selecting the right training provider. Additionally, a broker identified that small business pressures and tight timescales mean that time away from the job site can be a significant sacrifice. On the other hand, one SME provided an example of an apprentice whose tutor came to the job site to deliver the training, rather than the apprentice travelling to a college or the training provider's premises, possibly overcoming this barrier.

> "I think the kind of off-the-job training requirements are a barrier, and some of that is real in that if you're running a small business, particularly in an environment

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[9] 39% of SMEs were interested in support from a training provider. See Annex A for further details.
[10] In order to evidence a start, the training provider is required to enter a LDM code onto to ILR to signal that the start is the result of the SME Brokerage Pathfinder.

where, you know, if you have kind of rotas you have to stick to, or particular quotas of staff to clients and all those kinds of things, there's an element to that challenge which is real." – *Feedback from a broker interview*

SMEs also struggled with the administration associated with starting an apprentice, including registration for the Apprenticeship Service account, with the learner not being able to start their apprenticeship until this is completed. One broker shared an illustrative example of SMEs struggling to attach required documents to the application. In addition to technical challenges associated with the Apprenticeship Service account, SMEs (especially those with non-office-based work) struggled to find time to focus on registration. This is exacerbated for micro-businesses where employees are multi-functional, and especially for sole-traders where they must set up the apprentice as their first PAYE employee. While setting up a PAYE employee is a process that sits with His Majesty's Revenue & Customs (HMRC) and not DfE (and is thus not within scope for the SME Brokerage Pathfinder), it was still noted as a pertinent barrier. Additional barriers mentioned by SMEs included time pressures, specifically not being able to find the time to send a candidate description to the training provider, not having appropriate working premises for an apprentice, and ultimately looking for a candidate with more experience. For example, one SME noted that they ultimately chose a more experienced hire over an apprentice, as they did not have the capacity to train someone. They did mention, however, that as their business had slightly grown since and had additional capacity at the time of the interview, they would be interested in taking on an apprentice in the next year.

Sector-specific barriers

There were some sector specific barriers to apprenticeship starts identified by stakeholders.

With regards to adult social care, one broker identified that SMEs in the care sector face specific pressures in the wintertime. Because of these variations in demand for labour, they often cannot accommodate course-specific starting times (e.g., waiting until a training course starts in September). Further, the lack of consistent hours in some care jobs common in the sectors of interest makes meeting some requirements for off-the-job training courses or meeting a minimum number of hours difficult. The same broker also identified that most of the interest in the care sector is from SMEs looking for support with administrative roles, rather than for caring roles primarily. Finally, one training provider noted that it can be difficult to attract young people to health and social care roles, as there is still some stigma associated with working in that sector based on perceptions of poor pay and working conditions.

One broker identified that construction standards in their area were not fit for purpose, leading to a mismatch between what qualifications are available and what skills a business would be typically looking for. They gave the example of joinery standards,

where the standards are focused on new builds, as opposed to stone, which is more relevant in the area. This was supported by an SME in the same area in the manufacturing sector, who had apprentices who were put on an off-the-job training course that did not match the business's work, leading to some difficulty in them obtaining the qualification. This was ultimately resolved with the support of the training provider.

Best practice in supporting SMEs and apprentices with starts

Despite numerous challenges identified, there were also examples of best practice in supporting SMEs and apprentices to start an apprenticeship. Consistent and open communication between the SME, the broker, and the training provider was identified as a theme among good practice examples. SMEs appreciated the broker as an objective resource to which they could go to for questions or things they were unsure about. For example, one broker operated an open-door policy where they encouraged SMEs to visit the facilities of associated training providers to understand more about the qualifications process. Another SME spoke about a training provider arranging a group interview for potential apprenticeship candidates on-site to allow the business owner to meet them face to face, with minimal interruption to the workday.

The tone and frequency of communication from the broker were also important to establishing good relationships. However, different SMEs preferred different communication styles. For example, one SME mentioned they preferred that the broker's communication style was relatively light touch, making them feel like they were not being sold something. Another SME appreciated the broker taking initiative, as they were too busy to do so themselves. This indicates that the broker should tailor communication to the needs and capacity of that particular business, in order to maintain a good working relationship.

Generally, SMEs engaged as part of the research who had been onboarded or who had a start as part of the SME Brokerage Pathfinder had a largely positive experience. Those who had taken on apprentices were keen to continue to do so, and those who had not done so yet were open to taking one on in the future.

Conclusions and recommendations

Several key themes and findings emerged from the research around awareness and uptake, the brokerage model and the eligibility criteria of the SME Brokerage Pathfinder, as well as challenges, barriers and best practice surrounding apprenticeship starts.

Awareness and uptake

Importantly, awareness of the SME Brokerage Pathfinder is still low among the target businesses. Brokers noted that not having an upfront marketing budget limits their ability to raise awareness of the Pathfinder, and accurately target eligible employers. Recruitment for the current research supports this, with some SMEs marked as engaged or onboarded mentioning being unfamiliar with the SME Brokerage Pathfinder[11]. This could be based on low awareness generally, varying strength of the SME Brokerage Pathfinder's marketing in different areas, or the use of subcontractors, where the SMEs engaged or onboarded may not have ever engaged with the broker organisation themselves. Additionally, as some of the fieldwork required the use of public contact details to boost the recruitment of participants, the requests could have reached employees in the SME with no knowledge of the Pathfinder.

While brokers did not speak to the branding of the Pathfinder specifically, a few brokers attributed the low awareness and uptake partially to a lack of budget for local marketing, with one broker noting that SMEs were unlikely to engage with central DfE marketing of the SME Brokerage Pathfinder.

Business pressures faced by SMEs also make it difficult for them to follow up with the onboarding process for the SME Brokerage Pathfinder. This is especially the case for micro-organisations where all staff members are multi-functional, and there is no dedicated administrative or HR staff to handle onboarding requests. In particular, SMEs struggled with getting registered with the Apprenticeship Service and filing the relevant paperwork associated with starting an apprentice. This acted as a barrier for businesses, especially for sole traders and non-levy paying employers, as well as non-office-based businesses.

Eligibility criteria and the brokerage model

Some of the eligibility criteria associated with the Pathfinder resulted in interested businesses not being eligible. Specifically, brokers mentioned having to turn down businesses based on not having been trading for a minimum of 12 months, having had an apprentice in the last two years, or being outside of the geographic scope of SME

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[11] Specifically, two SMEs who had been onboarded noted being unfamiliar with the SME Brokerage Pathfinder when invited to contribute to the research. Seven businesses in total explicitly said they had not heard of the SME Brokerage Pathfinder.

Brokerage Pathfinder. Additionally, some brokers thought that the sectors within scope were not wholly relevant to their local area, citing other sectors where there was more demand.

Apprenticeship starts

Generally, SMEs who had apprenticeship starts were happy with their experience and were satisfied with the support the broker and the training provider had provided. However, while SMEs valued support in choosing the right apprenticeship qualification and getting assistance registering with the Apprenticeship Service, the SME Brokerage Pathfinder has faced significant challenges, including the number of starts being much lower than projected, meaning alternatives should be explored.

Other barriers and challenges identified by the research included concern from brokers around entry points as set by training providers leading to delayed starts and not being compatible with the schedules of employers. However, examples of flexibility were identified, including apprentices receiving training on-site from the employer and training providers offering entry points on a monthly basis. Lack of suitable candidates was identified as a potential barrier to starts, with challenges in finding the right person to take on the apprenticeship.

Recommendations

A set of recommendations for the SME Brokerage Pathfinder, as well as the delivery of similar programmes in the future, stemmed from the findings of interviews and the survey conducted as part of this research. These recommendations are:

1. **More resources could be dedicated to publicising similar programmes and making SMEs aware of the types of support available to them.** Based on findings from interviews with the brokers, and experience from SME interview recruitment, there continues to be low awareness of the SME Brokerage Pathfinder. Awareness could be increased by allocating area-specific up-front funding for marketing, publicity, and research to raise awareness, and better identify relevant local businesses.

2. **Organisations with well-established local links and existing knowledge of areas and their specificities should be chosen to act as brokers** (where brokers are preferred). While most brokers delivering the Pathfinder do have an in-depth understanding of the local area, brokers themselves spoke of the importance of local partnerships and understanding, and being able to communicate the local benefits of the SME Brokerage Pathfinder. Brokers who already have a good understanding of the area and the sectors in scope are better placed to identify and offer guidance to SMEs.

3. **Establishing a targets-based monitoring framework that can facilitate progress of programmes operating across different areas.** In the early stages of the SME Brokerage Pathfinder, brokers were set an overall target ambition for total starts during the programme and were asked to regularly forecast their expected number of apprenticeship starts based on the local context. DfE have taken a flexible approach to monitoring performance outcomes at each of the three payment stages (engaging an eligible SME, completion of onboarding and SME recruiting first apprentice) acknowledging that as this is a pathfinder some activities will be more successful than others. Reflections on forecasts did not come up in the interviews, though, and considering the low number of starts, a more structured monitoring framework could be considered for similar programmes in the future. An example of this could be DfE agreeing with brokers quarterly, termly or annual (depending on the scale of the programme) targets for SMEs to be engaged, onboarded and having apprenticeship starts, specific per area and informed by local specificities such as the number of local SMEs in the sectors of interest and the skills gaps identified per sector. This could provide greater clarity to brokers and training providers regarding their performance expectations, and prompt actionable reflections in review meetings or when submitting review forms. However, there may be challenges with this approach if some areas have difficulty meeting their targets and need further flexibility and support.

4. **Despite positive feedback from SMEs, challenges faced by the SME Brokerage Pathfinder mean alternative models of support should be explored for similar programmes in the future.** While SMEs value support in choosing the right apprenticeship qualification and registering with the Apprenticeship Service, evidence on whether the SME Brokerage Pathfinder is the right model is mixed, particularly given the low number of starts recorded. One alternative option to explore could be to provide support through training providers, based on feedback from the SME survey and the more positive experience of the broker who was also acting as a training provider. Any alternative provider should have in-depth local and sectorial knowledge. Where starts have been identified, the current model where the broker offers hands-on support in the initial stages, with the training provider taking over the relationship after that point seems to be working well for the stakeholders interviewed. Within this model, however, more involvement from the broker may be useful where challenges with starts are identified or barriers with the apprentice or training provider are noticed once the apprenticeship has begun.

5. **Sectoral criteria could be made less restrictive or tailored to the needs of specific areas to include locally relevant qualifications and sectors.** Several brokers spoke of additional sectors not in the scope of the SME Brokerage Pathfinder where there was high demand for labour and would be well suited to apprenticeships. Including additional sectors in scope and allowing for local variation could increase engagement and uptake.

6. **Geographic eligibility criteria could also be made more flexible such that interested businesses are not being denied support.** Brokers spoke of instances where specific geographic criteria led to them being able to offer support to some businesses in the area and not others, and the exclusion of some geographic areas leading to a high number of potential SMEs not being in scope for the SME Brokerage Pathfinder.

Annex A: SME Survey

Background section

This Annex provides a summary of the results from an SME survey conducted by Opinium on behalf of Alma Economics.

This Annex: (i) sets out the methodology of the survey, including limitations; (ii) presents the results from each of the five survey questions; and (iii) provides a summary of key insights drawn out from the findings, with a particular focus on how these relate to the SME Brokerage Pathfinder.

Methods section

This section sets out the methodology for designing and delivering the SME survey, which Alma Economics worked in partnership with Opinium to deliver.

Questionnaire design

The survey questionnaire was designed by Alma Economics in close collaboration with DfE. Given the relatively limited awareness and take-up of the SME Brokerage Pathfinder, the survey asked hypothetical questions exploring interest in the type of support offered by the Pathfinder, as opposed to exploring SMEs' direct experience of the Pathfinder. It explored whether SMEs would be interested in support and guidance in onboarding and hiring an apprentice, the type of support of most interest, and why.

The survey started with firmographic questions on the headcount size, turnover, sector, and location of the organisation. As discussed in detail below, screening questions were included to limit respondents to the region and size of interest. It then asked:

1) If the SME had previously hired an apprentice.

2) Whether the SME would be interested in support and guidance to onboard and hire an apprentice, e.g. one-to-one or online guidance on apprenticeship funding, apprenticeship standards, identifying a training provider and the registration process, or financial support.

3) Who the SME would like guidance and support from e.g. an independent private local organisation / third party intermediary, Local Authority, training provider, Employer Representative Body (ERB), Local Enterprise Partnerships (LEPs), Mayoral Combined Authority (MCA) or job centre.

4) How likely the SME would be to engage with the type of support offered through the SME Brokerage Pathfinder.

5) Why or why not would the SME be interested in accessing the type of support offered through the SME Brokerage Pathfinder?

Further details on the questionnaire design can be found in Annex A.

Survey hosting and recruitment

The survey was hosted by Opinium through an online portal and was open for one week at the end of November 2023. Opinium recruited 250 senior decision-makers to complete the survey through their specialist business-to-business online panel. This panel is a group of opted-in, pre-screened qualified businesses willing to participate in research. Respondents from this group were recruited via invitation, allowing them to be pre targeted on common characteristics to build nationally representative panels in each market and to boost representation of specific audience groups, in this case, SMEs.

Members of the panel earn points for completed surveys that are transferrable to loyalty rewards or Amazon vouchers. All respondents undergo a double opt-in process to confirm their identity. This is undertaken using Captcha technology to counter the risk of automated survey software usage. All panel member activity is stored and tracked, and members are assigned a unique ID number, which stays with the panellist throughout their entire panel membership. These tracking records consist of profile information provided during enrolment, profile updates, survey screeners, past survey participation, and client feedback. This enables Opinium to target specific respondents for surveys based on previous behaviour.

In terms of location, the sample of respondents was designed to be representative with 50% from the Northwest and 50% from the Northeast and Yorkshire and Humber. This is aligned with the distribution of SMEs across these locations in ONS SME statistics. In terms of size, the sample was designed to give an even spread of micro, small and medium-sized businesses. This is not representative of ONS SME statistics, which show that 95% of SMEs in our locations of interest fall into the micro category. As such, a representative sampling approach would have been sub-optimal in this context, as it would have provided very few responses from small and medium businesses to draw insights from for the SME Brokerage Pathfinder. Finally, it was not possible to target the survey by industry. As such, the sampling approach allowed for the natural fallout based on the interest in the survey from the online panel.

Limitations

While this method provides a robust and efficient way to survey SMEs, there are various limitations in this approach that should be considered alongside the survey findings. Key limitations include that:

- Given the relatively limited awareness and take-up of the SME Brokerage Pathfinder, the survey asked hypothetical questions exploring interest in the type of support offered by the Pathfinder, as opposed to exploring SMEs' direct experience of the Pathfinder. Therefore, the findings of this survey do not directly evaluate the SME Brokerage Pathfinder.

- The sample was designed to give an even spread of micro, small and medium-sized businesses, which is not representative of the SME population. Of all the SMEs in the UK in 2023, 95% of these were micro sized businesses, with the remaining 4% and 1% small and medium sized businesses respectively[12]. As such, greater weighting should be given to the responses from micro-SMEs when considering the results. This is of particular interest given the large differences in responses by business size.

- It was not possible to target the survey by industry. As such, the response rates are not equally distributed across sectors of interest. As outlined in detail in the next section, of the total 250 responses, only 51 responses were from our sectors of interest (construction, manufacturing and social care). The social care sector comprises a significantly smaller percentage of respondents for this category. However, given that the digital brokerage offer is sector-agnostic, these wider survey responses can provide insights into this element of the SME Brokerage Pathfinder.

- SMEs were recruited for this survey from a pre-existing panel. There are limitations associated with this approach, including selection bias, panel conditioning and response fatigue. For example, SMEs that choose to participate in panel surveys may not be representative of the broader population, leading to biased samples. SMEs in the panel may become accustomed to the survey process, which can influence their responses. This may impact the validity results, especially if participants are asked to respond to similar questions in various surveys. Finally, SMEs who are part of a panel may experience survey fatigue, which can affect the overall quality of data collected.

- Given the small sample for this survey and that it is not representative of the SME population, the results should be treated with caution. As such, we have not conducted significance testing of the results. We instead discuss the broad findings from the survey.

Survey results

This section outlines the results of the survey. It begins by outlining the response rates and then sets out the results for each of the five survey questions followed by further segmentation analysis by SME size and sectors of interest. A detailed description of the survey questionnaire can be found in Annex A.

Response rates

As shown in Table 1, we received a total of 250 responses to the survey. This comprised of 51 responses from our sectors of interest (construction, manufacturing and social care)

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[12] Business population estimates for the UK and regions 2023.

and 181 responses from other sectors[13]. For the rest of this report, we provide analysis for all sectors, given that the digital brokerage offer is sector agnostic, so this overall category is also of interest, and then for the sectors of interest. We have not reported the breakdown of results for each sector of interest, given that the response rates for each were under 30 and it is Government Social Research (GSR) practice to suppress results under this count in order to protect the confidentiality of respondents.

Table 1: Summary of response rates by region, size and sector

Metric	Count	% of total respondents
Region		
North West	125	50%
North East	50	20%
Yorkshire & Humberside	75	30%
Size		
Micro (0-9)	91	36%
Small (10-49)	80	32%
Medium (50-250)	79	32%
Sector		
Sectors of interest (construction, manufacturing and social care)	51	20%
Other sectors	181	80%

Q1. Have you hired an apprentice before?

As shown in Table 2, **most SMEs surveyed had hired an apprentice before,** with only 32% responding that they had not. This result was consistent across regions.

Table 2: Have you hired an apprentice before?[14]

	%[15]	Counts
Yes - in the last two years	52%	129
Yes - more than two years ago	17%	42
No	32%	79

[13] Agriculture, Business services, Education, Hospitality & Leisure, Financial Services, Food & Drink, Healthcare, IT / Computing, Legal Services, Marketing / Advertising / PR / Market research, Media, Professional services, Real estate, Transport, Utilities, Wholesale, retail and franchising, Other
[14] 91 micro, 80 small and 79 medium-sized SMEs responded to this question.
[15] Of the total 250 responses

As shown in Figure 1, micro businesses were much less likely to have hired an apprentice than larger organisations. 68% of micro SMEs responded that they had not hired an apprentice before, compared with 13% and 9% of small and medium-sized firms who had not hired an apprentice before, respectively. This finding that smaller firms are less likely to have hired an apprentice also holds by turnover.

Figure 1: Have you hired an apprentice before? Disaggregated by SME size.
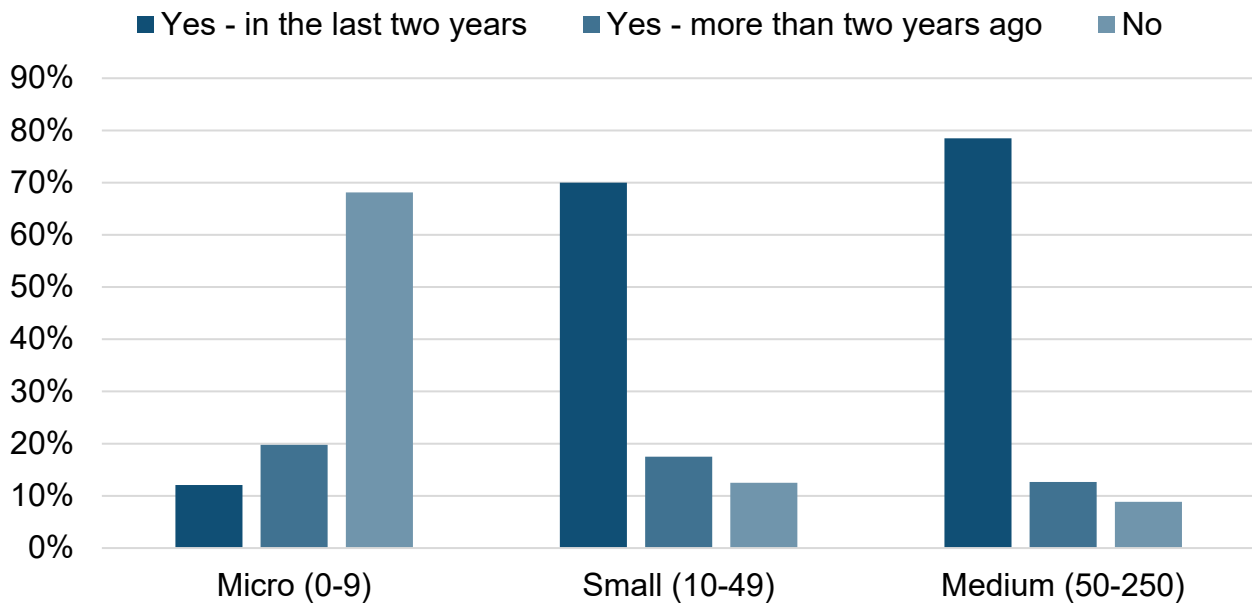

The results for our sectors of interest were relatively consistent with the overall findings. 78% had previously hired an apprentice (61% in the last two years and 18% more than two years ago).

Q2. Would your organisation be interested in any of the following forms of support and guidance to onboard and hire an apprentice?

As shown in Figure 2 and Table 3, the most popular type of support requested was financial support, with 36% of SMEs selecting this option. Interest in other support/guidance was fairly similar, ranging from 28% interest in online guidance on apprenticeship funding to 21% interest in one-to-one support with the registration process. **22% of SMEs surveyed reported that they did not need any support or guidance** to onboard and hire an apprentice.
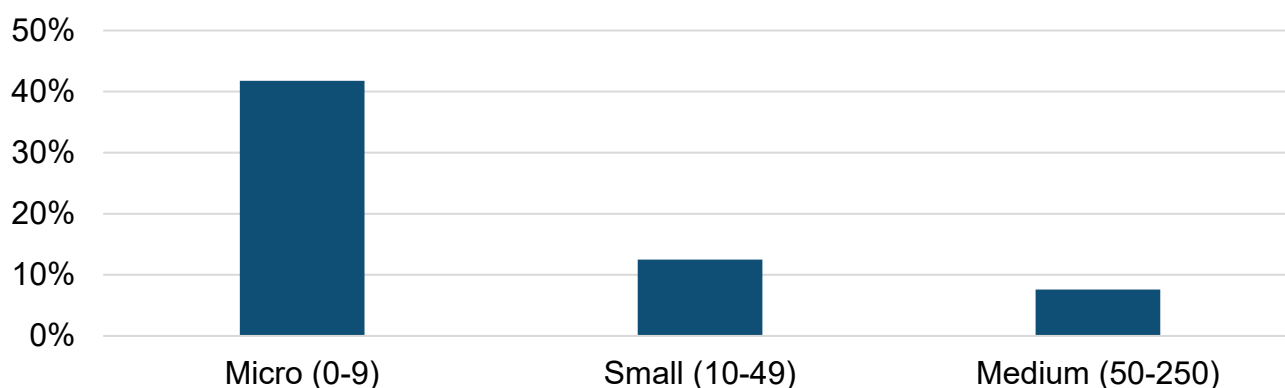
Figure 2: Would your organisation be interested in any of the following forms of support and guidance to onboard and hire an apprentice?[16]
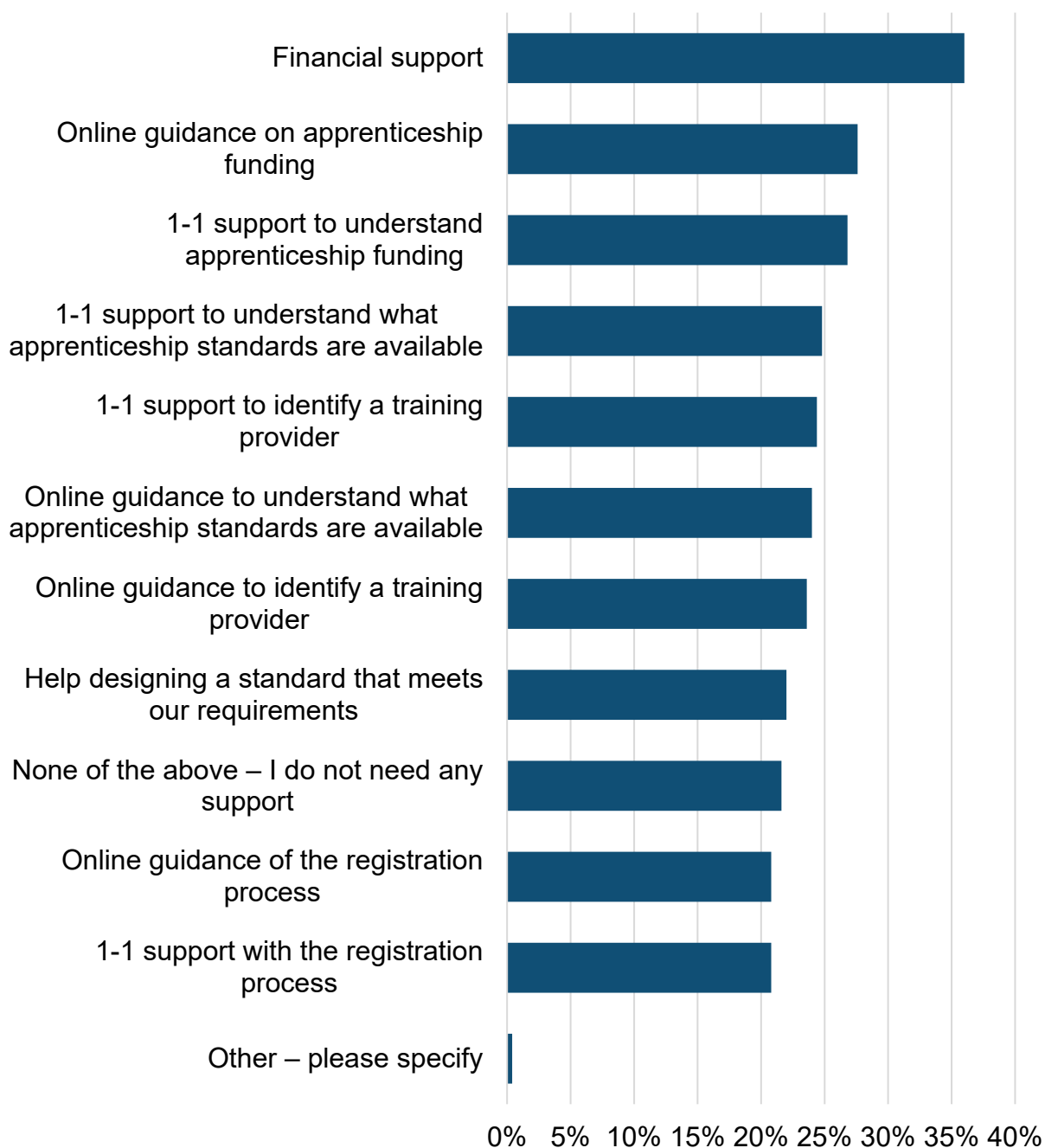
As shown in Figure 3, **micro businesses were less likely to want support** with 42% not interested in any support or guidance. A similar pattern also holds for turnover as measured by the total monetary value of the sale of services or goods per year split into the following categories of under £500M, £500m-£5M and £5M+.

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[16] 250 SMEs responded to this question.

Figure 3: Percentage of SMEs who were not interested in any support and guidance to onboard and hire an apprentice - by size[17].

Across our sectors of interest, more of these SMEs were interested in support relative to the average respondent. Only 16% of SMEs from the sectors of interest did not need any support (compared to 22% on average across all sectors). Across these sectors, the most popular type of support was financial support (41%).

Table 3: Would your organisation be interested in any of the following forms of support and guidance to onboard and hire an apprentice?

|	All	Counts
Financial support	36%	90
Online guidance on apprenticeship funding	28%	69
One-to-one support to understand apprenticeship funding	27%	67
One-to-one support to understand what apprenticeship standards are available	25%	62
One-to-one support to identify a training provider	24%	61
Online guidance to understand what apprenticeship standards are available	24%	60
Online guidance to identify a training provider	24%	59
Help designing a standard that meets our requirements	22%	55
None of the above – I do not need any support	22%	54
One-to-one support with the registration process	21%	52
Online guidance of the registration process	21%	52

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[17] 250 SMEs responded to this question.

Given the relatively high percentage of SMEs not interested in any support, we have conducted further disaggregation to explore the reasons behind this. Of the 54 SMEs that were not interested in support, 43 of these **had previously not hired an apprentice** and 38 were micro SMEs. Of those who had not hired an apprentice, the top two reasons for not being interested in support were that they either **did not perceive apprentices as beneficial** (20) or **could not afford an apprentice** (12). This is discussed further in question 5.

Q3. Who would you like guidance and support from to onboard and hire an apprentice?

As shown in Figure 4 and Table 4, **most respondents were interested in support from a training provider** (39%), with **only 18% interested in support from an independent private local organisation** or third-party intermediary. The preference for support from a training provider was consistent across regions and for small and medium-sized businesses. However, the preferred type of support by micro SMEs was 'none of the above', with 35% of micro SMEs not interested in support to hire an apprentice. This reflects earlier findings from questions 1 and 2 that micro businesses were less likely to have hired and were less interested in support than larger organisations.

Figure 4: Who would you like guidance and support from to onboard and hire an apprentice?[18]
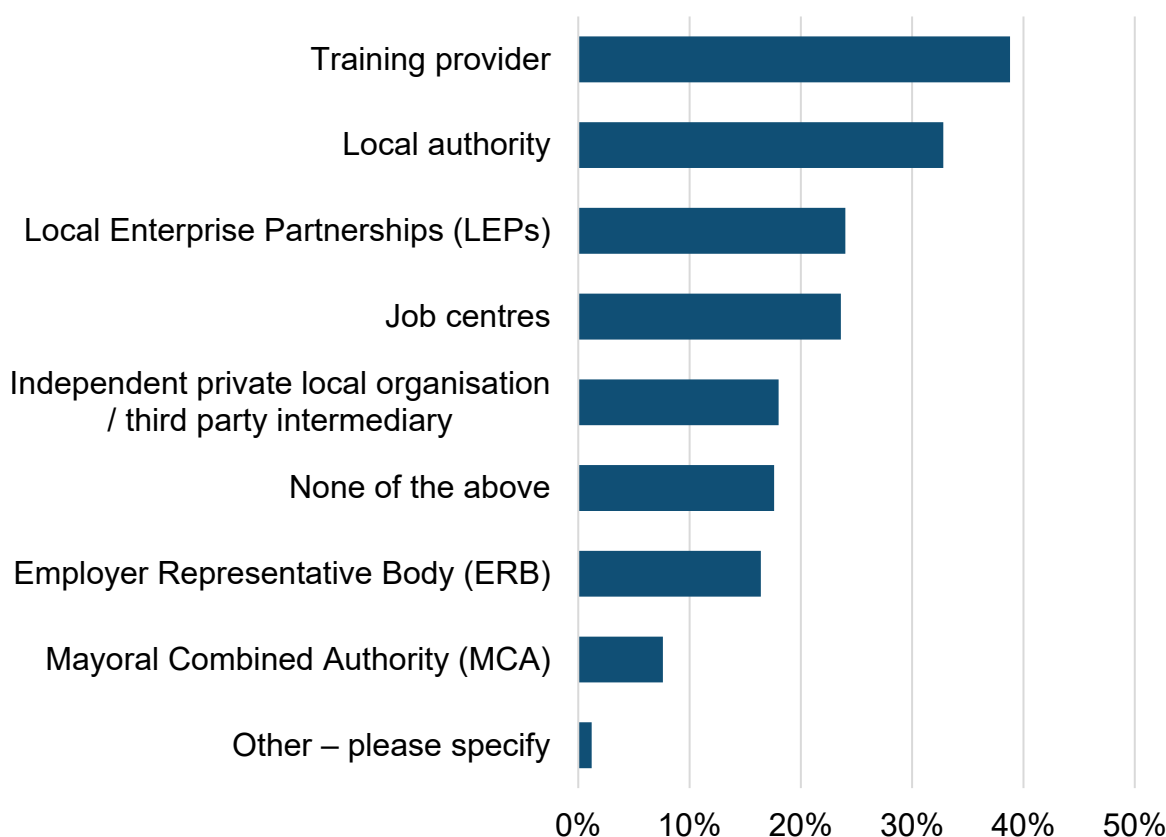
Looking by sector of interest, SMEs from these sectors would particularly like support from training providers (24 out of 51). Only 8 (out of 51) were interested in support from an independent private local organisation.

Table 4: Who would you like guidance and support from to onboard and hire an apprentice?

|	All	Count
Training provider (count)	39%	97
Local authority (count)	33%	82
Local Enterprise Partnerships (LEPs) (count)	24%	60
Job centres (count)	24%	59
Independent private local organisation / third party intermediary (count)	18%	45
None of the above (count)	18%	44
Employer Representative Body (ERB) (count)	16%	41
Mayoral Combined Authority (MCA) (count)	8%	19
Other – please specify (count)	1%	3

Q4. If a third-party intermediary guided by DfE offered support,[19] how likely would you be to engage with this?

As shown in Figure 5, when offered the option of support, **70% of SMEs suggested they would be likely to engage with this support.**

The likelihood of engaging with the Pathfinder increased by SME size, with 53%, 75% and 84% of micro, small and medium-sized SMEs responding to this, respectively. Across our sectors of interest, 76% were likely to engage with support, 12% were neither likely nor unlikely, and only 12% were unlikely to engage.

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[19] :(i) help to understand the benefits of apprenticeships and the funding/levy transfer process (ii) support to identify an appropriate training provider (iii) an end-to-end service from registering on the digital apprenticeship service, reserving funding and registering onto Recruit an Apprentice

Figure 5: How likely would you be to engage with support from a third-party intermediary?[20]
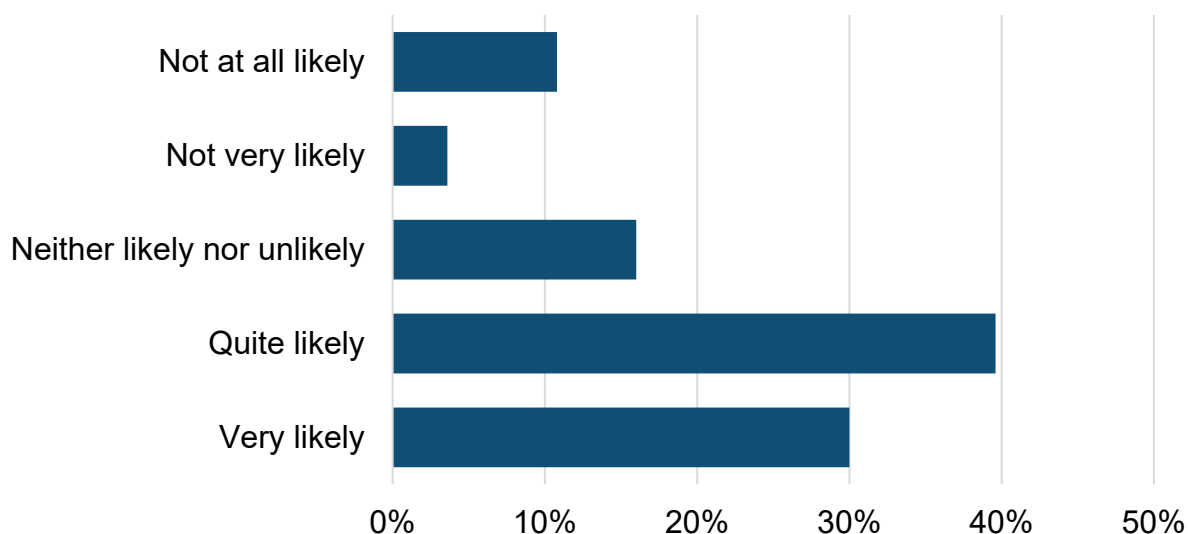
Q5: Why/why not would you be interested in accessing support from a third-party intermediary guided by DfE?

As shown in table 5, 76% of SMEs were interested in accessing support from a third-party intermediary guided by DfE. This increases to 78% when looking at our sectors of interest.

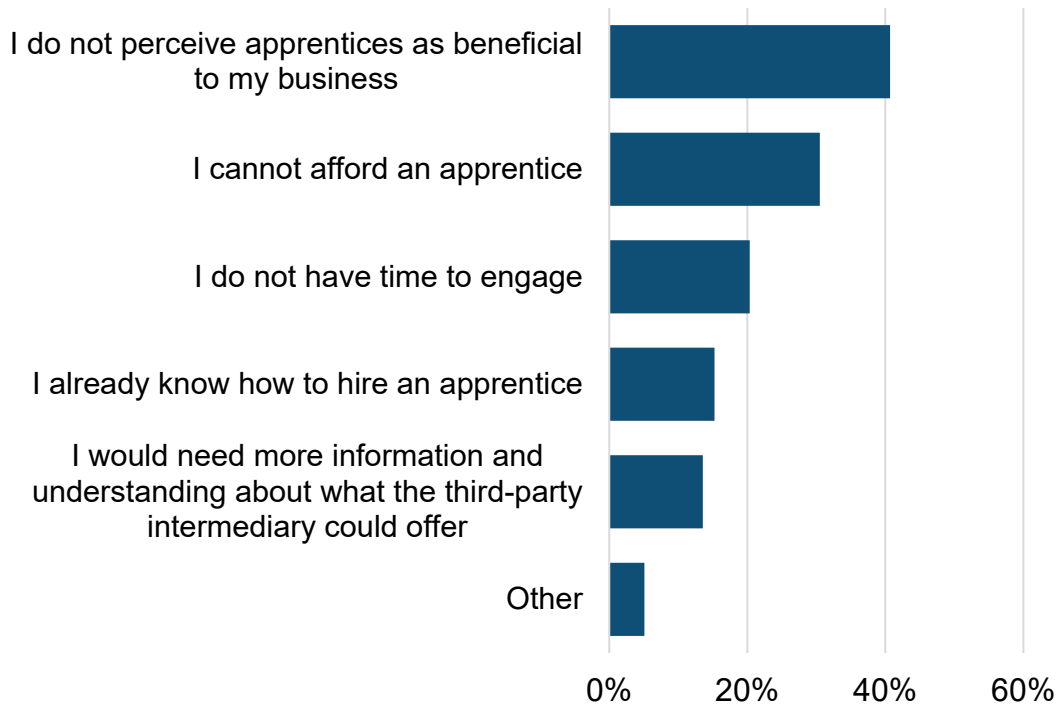**Table 5: Would you be interested in accessing support from a third-party intermediary guided by DfE?**

	Total	Count
Yes	76%	191
No	24%	59

Of the 59 SMEs not interested in support, the top 3 reasons for this were a perceived lack of benefit of apprentices for their business (24), not being able to afford an apprentice (18), and not having time to engage (12).

Looking by size, of the 39 micro-SMEs their joint top reason for lack of interest in support was a perceived lack of benefits (17) and not being able to afford an apprentice (17). Similarly, of the 11 small-sized SMEs, the top reason was due to a lack of perceived benefit of an apprentice (5). However, of the 9 medium-sized SMEs the top reason was that they already knew how to hire an apprentice (5). We have not provided a breakdown by sectors of interest given the low counts for this question.

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[20] 250 SMEs responded to this question.

Figure 6: Why would you not be interested in this type of support?[21]

I do not perceive apprentices as beneficial to my business	
I cannot afford an apprentice	
I do not have time to engage	
I already know how to hire an apprentice	
I would need more information and understanding about what the third-party intermediary could offer	
Other	

0%   20%   40%   60%

For those interested in support, there was interest across the board in the different services offered, with the most interest in support in identifying a training provider.

Figure 7: Why would you be interested in this type of support?[22]
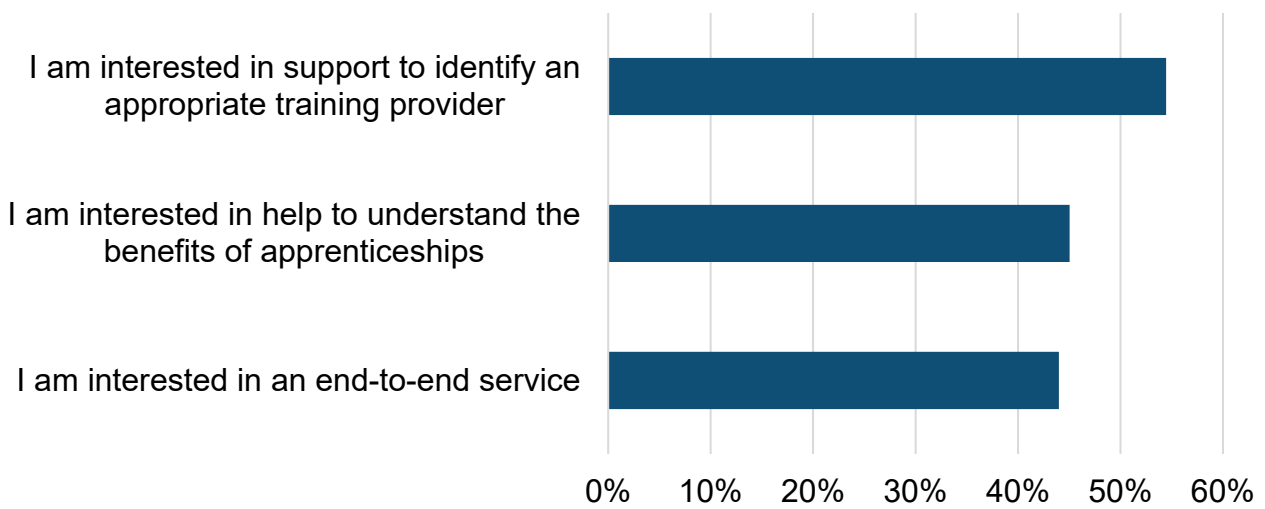
I am interested in support to identify an appropriate training provider	
I am interested in help to understand the benefits of apprenticeships	
I am interested in an end-to-end service	

0%   10%   20%   30%   40%   50%   60%

Looking by size, again, there was interest across the board in the different services offered. Small (38) and medium sized (41) SMEs were likely to be more interested in support to identify a training provider compared to micro SMEs (25).

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[21] 59 SMEs responded to this question.
[22] 191 SMEs responded to this question.

Looking by sector of interest, there was also interest across the board in the different services offered. Of the 40 SMEs from these sectors interested in support, 18 were interested in support to identify an appropriate training provider, 17 were interested in an end-to-end service and 15 were interested in help to understand the benefits of apprenticeships.

Summary of findings and key insights for the SME Brokerage Pathfinder

Summary of findings

Around two-thirds of SMEs surveyed had hired an apprentice before. This falls to just over a third when looking specifically at micro SMEs. Most SMEs surveyed had hired an apprentice before, with only 32% responding that they had not. However, micro businesses were less likely to have hired an apprentice than larger organisations, with 68% of micro-SMEs having not hired an apprentice before. The results for our sectors of interest were relatively consistent with these overall findings.

78% of SMEs surveyed were interested in support with hiring or onboarding an apprentice, with micro-SMEs less interested (58%). When offered a broad list of types of support, ranging from financial to online support, 22% of SMEs surveyed reported that they did not need any support or guidance, with the other 78% interested in some form of support. Micro businesses were less likely to want support with 42% not interested in any support or guidance. Promisingly, SMEs from our sectors of interest were more likely to want support (84%).

From the list of support types offered to onboard and hire an apprentice, the most popular type of request was financial support. 36% of respondents were interested in financial support. Interest in other support and guidance ranged from 28% in online guidance on apprenticeship funding to 21% in one-to-one support with the registration process. Across our sectors of interest, the most popular type of support was again financial support.

The most popular organisation to provide support was a training provider, with less interest in support from an independent private local organisation. 39% of respondents were interested in support from a training provider, with only 18% interested in support from an independent private local organisation or third-party intermediary. The preference for support from a training provider was consistent across regions and for small and medium-sized businesses. Across the 51 respondents from our sectors of interest, again, most were interested in support from training providers (24) with only 8 SMEs interested in support from an independent private local organisation.

When outlined the type of support offered through the SME Brokerage Pathfinder**, 70% of SMEs suggested they would be likely to engage.** The likelihood of engaging

with the Pathfinder increased by SME size, with 53%, 75% and 84% of micro, small and medium-sized SMEs responding to this, respectively. Across our sectors of interest, 76% were likely to engage with support, 12% were neither likely nor unlikely, and only 12% were unlikely to engage.

For those interested in support, there was interest across the board in the different services offered, with the most interest in support in identifying a training provider. Looking by size, again, there was interest across the board in the different services offered. Small and medium-sized SMEs were likely to be more interested in support to identify a training provider (55% and 59%, respectively, compared to 48% of micro-SMEs). Looking by sector of interest, there was also interest across the board in the different services offered.

The top 3 reasons for SMEs to not be interested in brokerage support were a perceived lack of benefit of apprentices, not being able to afford an apprentice, and not having time to engage. Looking by size, micro-SME's joint top reason for lack of interest in support was a perceived lack of benefits and not being able to afford an apprentice. Similarly, for small-sized SMEs, the top reason was due to a lack of perceived benefit of an apprentice. However, for medium-sized SMEs the top reason was that they already knew how to hire an apprentice.

Annex B: Discussion guides for interviews

Interviews with brokers

Context and introduction

1. Can you please provide a summary of your organisation, and your role?

2. What motivated you to apply to be a broker within this programme?

    a. Prompt: Did you have experience in the apprenticeship or SME space prior to this brokerage programme?

    b. Prompt: Did you have experience working in the region prior to this brokerage programme?

3. Can you share with us briefly some key characteristics of your local area?

    a. Overview of local skills/apprenticeship provision.

    b. Overview of key local partners: Local Enterprise Partnerships (LEPs), other key partners.

    c. How you have collaborated with these partners in the delivery of the pathfinder and how this has or has not enhanced their delivery.

Engagement with SMEs

To get us started, I have a few questions about your engagement with SMEs in your region as part of this brokerage programme.

4. What channels or methods were used to engage with SMEs? Which of those were most successful and why?

    a. Prompt: How did you identify SMEs to engage with?

    b. Prompt: Do you think there are eligible SMEs in relevant sectors that have not been identified so far? If so, why do you think that is the case?

5. What types of SMEs responded to your engagement effort? Did they have any particular characteristics?

    a. Prompt: Was there any pattern across local authorities or sectors regarding the types of SMEs that responded to your engagement efforts?

    b. Prompt: Were there types of employers that you found more difficult to engage with?

6. In general, have rates of engagement been higher or lower than expected?

Engagement with training providers

Now I would like to ask you a few questions about your experience engaging with training providers in your region as part of this brokerage programme.

7. Did you experience any facilitators to engagement with training providers? If so, what were they?

8. Did you experience any barriers to engagement with training providers? What were they?

Onboarding SMEs

9. How many SMEs have onboarded to this day?

10. Are there any patterns or similarities in the types of SMEs which have been onboarded?

   a. Prompt: Are rates of onboarding higher or lower for SMEs in any particular sector?

   b. Prompt: Are there any patterns in terms of what local authorities have had higher or lower take-up?

11. What do you think are the reasons that onboarding has been lower than expected in your area?

   a. Prompt: Have you experienced any challenges specific to any sector? If so, what are they?

   b. Prompt: Do you think any of these challenges have been specific to the local area?

12. Do you think there are other wider policy factors or apprenticeship landscape factors that are discouraging onboarding and programme uptake?

   a. Prompt: What wider policy changes could be made to incentivise SMEs to take on apprentices?

13. How do you think the Brokerage programme could be improved to ensure higher uptake/rates of onboarding?

Apprenticeship starts

14. How many apprenticeship starts have occurred so far?

   a. Prompt: Is this lower than the number of starts you expected?

b. Prompt: Why do you think the number of starts has been so low?

15. How many planned starts and live vacancies are you currently supporting?

16. *[If they have successfully onboarded SMEs]* For the SMEs you have onboarded that have not started an apprentice, have they given any reasons why?

a. Prompt: Is there anything specific or different about the SMEs you've onboarded that have had an apprenticeship start?

17. Is there more reluctance towards apprenticeship starts in some sectors? If so, why do you think this is?

a. Prompt: Is this issue specific to SMEs or general to all businesses?

18. Is there a greater reluctance towards apprenticeship starts in any particular local authorities you've worked with? If so, why do you think this is?

19. Have you received any feedback from employers who have had apprentices start about their experiences?

a. Prompt: Do you have any specific mechanisms or tools you use to receive feedback from employers?

Additional inputs

20. From your experience so far, what do you think has been successful or unsuccessful about the programme?

a. Prompt: If starting this contract again, is there anything you would do differently?

21. From the types of support already offered by DfE to programme brokers, what do you think has been the most useful or helpful for you?

a. Prompt: Is there anything additional DfE could be doing to support your delivery of the pathfinder?

22. Do you have any more thoughts on your experience or the programme in general that you would like to share?

Interviews with training providers

Context and introduction

1. Can you please provide a summary of your organisation and its role as a training provider in the local area? For example, the type of training provider and length of time delivering apprenticeships.

2. What is your specific role within this?

3. Can you share with us briefly some key characteristics of your local area?

    a. Local skills landscape.

    b. Most & least established sectors, particularly with reference to the four of interest here.

    c. Types & sizes of SMEs.

Policy overview

4. How were you made aware of the brokerage offer?

5. How did you engage with brokers? How well has this communication worked for you? For example, did you consider the method and frequency of communication appropriate?

6. Were you familiar with the broker in your local area from before? If yes, in what capacity?

7. What are the key activities implemented by training providers as part of the project?

    a. Prompt: How has the brokerage programme prepared you to take a referral for an SME from the broker? Did this streamline your onboarding process with the SME?

Policy rationale/need

8. What are the challenges in ensuring a good match between SMEs and training providers?

9. What is best practice in collaboration between SMEs and training providers? What are the current challenges?

10. What role do you see for brokers in delivering quality apprenticeship starts?

     a. How has the broker's role facilitated your role as a training provider?

11. How far has the current brokerage offer delivered this role?

12. How do brokers help facilitate delivery of apprenticeship training and EPAs?

13. What improvements do you suggest?

14. Is the brokerage offer the right way to deliver support or are alternatives preferred?

15. Are you working with any other organisation to engage with SMEs?

Lessons learnt

16. What has worked well with your engagement with the brokerage programme?

17. What challenges is the brokerage programme facing from your perspective?

Interviews with SMEs

Context and introduction

1. Can you please provide a summary of your organisation and your role, including the size and sector of your organisation?

2. What was your knowledge and understanding of apprenticeships before your involvement in the programme?

     a. Previous experience with apprentices? Was your experience positive or negative and has it influenced your decision to participate this time?

3. Can you share with us briefly some key characteristics of your local area?

     a. Local skills landscape.

     b. Most expanded sectors.

     c. Is your sector well-established in the area?

4. Do you have any relationships with training providers in your area? If so, what are these relationships like?

Awareness, Rationale and Onboarding

Awareness and communication

5. How were you first made aware of the 'SME Pathfinder/Skills Boost/Apprenticeship Support for SMEs/Engaging the SME Apprenticeship Market' programme?

    a. Prompt: Were you aware of the broker or organisation prior to this specific programme?

6. How did you engage with the broker?

7. What was your initial and ongoing communication with the 'SME Pathfinder/Skills Boost/Apprenticeship Support for SMEs/Engaging the SME Apprenticeship Market'?

8. How well has this communication worked for you? For example, did you consider the method and frequency of communication appropriate?

Policy rationale/need

9. Why would an SME of your size and in your sector need or not need a brokerage service?

10. Outside of the SME Pathfinder/Skills Boost/Apprenticeship Support for SMEs/Engaging the SME Apprenticeship Market' programme, have you received any support in hiring or supporting apprentices?

11. What stage in engagement/onboarding did you get to? Why?

    a. Prompt A – engaged but didn't onboard: it there anything in particular that discouraged you from onboarding?

    b. Prompt B – onboarded but haven't had a start yet: are you planning or considering having an apprentice start in the next 3 months, 6 months or 12 months?

12. What barriers, if any, to engaging with apprenticeships and training providers are you facing as part of this programme?

13. Is the support offered by the brokers appropriate for the needs of an SME of your size and in your sector?

    a. Prompt: Would you like to have more tailored support? If so, what type of support would that be?

Onboarding

14. If the support provided by the brokerage service did not result in an apprentice start, do you think there are other wider policy factors or factors of the apprenticeship landscape that drove this? This might include any gaps in training provision, challenges with current apprenticeship standards, or specific needs of your business.

Lessons learnt

15. Have you experienced any challenges of working with the broker? If so, what are they?

16. Have you experienced any benefits from working with the broker? If so, what are they?

17. Have you experienced any unexpected outcomes of using the support offered by a broker?

Apprenticeship starts

18. What do you find challenging, if anything, with offering apprenticeship opportunities?

    a. Prompt: Is this specific to your sector, size of SME or local authority?

19. What is best practice in supporting SMEs to start apprenticeships? What are the current challenges?

20. Have the brokers helped you to offer more apprenticeships and/or recruit the right apprentice(s)?

    a. How?

    b. Did specific support within the programme facilitate this?

    c. After participation in the programme, did you have a better understanding or a more positive opinion of apprenticeships?

21. How can the brokerage programme be improved to ensure higher apprenticeship uptake?

22. Do you think the broker is the right organisation to offer this service?

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