

CMI RESPONSE TO THE CONSULTATION ON DEGREE APPRENTICESHIPS¹

1. CMI

- 1.1 CMI is the chartered professional body for management and leadership. We are dedicated to improving managers' skills and growing the number of qualified managers and leaders across the UK.
- 1.2 With a member community of over 130,000, CMI provides individual students, managers and employers with access to the latest management thinking and practical support to help them embrace change, build high-performing teams and improve individual and organisational performance. We are a UK awarding body for management and leadership qualifications and the only body that awards Chartered Manager – the hallmark of any professional manager.
- 1.3 Our vision is to create better led and managed organisations.
- 1.4 Whilst we recognise that the Welsh Assembly's focus for degree apprenticeships is on digital and engineering and advanced manufacturing we believe management and leadership development could deliver some quick wins regarding productivity. We have set out our position with evidence below.

2. THE IMPORTANCE OF MANAGEMENT AND LEADERSHIP DEVELOPMENT

Background

- 2.1 Although the UK has many world-leading businesses, we have a long tail of poorly managed and unproductive organisations that is particularly acute in Wales and Northern Ireland. The ONS has stated that "in Wales and Northern Ireland, productivity was 16% to 17% below the UK average"².
- 2.2 There is widespread consensus that investment in management development is one of the most important drivers of productivity. For example, The Bank of England cites a lack of management quality as an explanation for the UK's long tail of unproductive businesses³ and the ONS, when scoring UK companies on their management effectiveness, found that merely improving that score by 0.1 per cent was linked to a near 10 per cent increase in productivity⁴.
- 2.3 This is also reflected in the Government's own Industrial Strategy. As a result, policy-makers are now focusing on how to improve management skills and encourage the adoption of good management practice in order to drive UK productivity.

¹ <http://senedd.assembly.wales/mgConsultationDisplay.aspx?id=377&RPID=1518469276&cp=yes>

² ONS (2019), *Regional and Sub-Regional Productivity in the UK: February 2019*
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsuaregionalproductivityintheuk/february2019>

³ <https://www.telegraph.co.uk/business/2017/03/20/bad-managers-blame-uks-productivity-crisis-says-bank-englands/>

⁴ ONS, (2018) *Management practices and productivity in British production and services industries – initial results from the Management and Expectations Service: 2016*

Britain's relatively poor recent record in productivity is not uniform. We have some of the world's most productive businesses, but research shows that we have an unusually 'long tail' of underperforming businesses, pulling the average down. We are not as good as other countries at spreading the best practice of our top performers. The Bank of England has carried out extensive work to understand the key factors for improvement. One is greater access to management skills. Studies suggest that the average UK manager is less proficient than many overseas competitors, while management skills could account for a quarter of the productivity gap between the UK and the US.

Industrial Strategy. Building a Britain fit for the future, p.169 (HM Government, 2017)⁵

- 2.4 For example, the Government's Business Productivity Review stated "leadership and management practices therefore represent one of the greatest opportunities for firm-level productivity growth in the UK"⁶.
- 2.5 CMI believes that management apprenticeships have a critical role to play in improving productivity in Wales and have the potential to transform employers' approach to skilling managers and boosting productivity. Investment in management skills will need to be accelerated if the UK is to match the productivity of our major international competitors post-Brexit.

3. CHARTERED MANAGER DEGREE APPRENTICESHIP

- 3.1 The CMI has actively engaged with the new apprenticeship programme from the very beginning and has helped develop a suite of management apprenticeships with the Management Apprenticeships Trailblazer Group. This comprises a Level 6 Chartered Manager Degree Apprenticeship (CMDA) and Level 7 Senior Leader Master's Degree Apprenticeship (SLMDA) for executive and C-suite development as well as both Level 3 Team Leader Apprenticeship and Level 5 Operations Manager Apprenticeships. As at 1st January 2020 in England, we have the following numbers registered through the Education and Skills Funding Agency (ESFA) with the CMI:
- CMDA - 3,338
 - SLMDA - 2,412
- 3.2 We believe that this puts Welsh workers at a distinct disadvantage against their counterparts in England as they are missing out on high quality management and leadership development.
- 3.3 The evidence to-date suggests the CMDA is a success and is delivering on a number of fronts:

- **it is popular with employers and apprentices.** With around 2,300 starts in 17/18 and around 2,800⁷ starts in 18/19⁸. Universities UK has stated that Chartered Manager is one of the top five degree apprenticeship standards⁹.
- **it is widening participation.** Since its introduction the CMDA has strong uptake with young people, women and those from lower socio-economic backgrounds:
 - 43% of those on the CMDA are from the most socio-economically deprived areas of the UK¹⁰;
 - 3 in 10 are under 25¹¹;
 - 54% are female¹²;
- **it is upskilling and reskilling older workers.** As well as skilling young managers taking on their first management role, over 70% of those on the CMDA are 25 or over¹³.
- **it is increasing student choice,** by offering a full degree through the employer-funded apprenticeship pathway; and
- **it has the potential to boost productivity.** As outlined above, improving management skills is vital for closing our productivity gap. Management apprenticeships, like the CMDA, can skill and upskill managers and leaders and drive the adoption of good management practices. For example, CMI research has shown the following economic impact of Chartered Managers¹⁴:
 - **On individuals:** The average boost to pay for managers receiving a pay rise was £13,000;
 - **On businesses' revenue:** Those Chartered Managers that do receive a pay rise help to create an estimated boost to their firm's revenue of £62,000; and,
 - **On the UK economy:** Becoming Chartered also has a positive effect on the UK economy. We estimate that Chartered Managers who do receive a pay rise contribute an additional £22,400 in gross value added (GVA) to the economy, on average.

3.4 Degree apprenticeships such as the CMDA also have the potential to transform the apprenticeship “brand” and deliver that long sought for parity of esteem. A recent CMI¹⁵

⁷ CMI analysis of DfE dataset *Apprenticeship framework/standard, demographic and sector subject area PivotTable tool: starts and achievements 2018 to 2019*, sourced on 08/01/20 at <https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships>

⁸ CMI analysis of DfE dataset *Apprenticeship framework/standard, demographic and sector subject area PivotTable tool: starts and achievements 2014 to 2015 to Q3 2018 to 2019*, sourced on 08/01/20 at <https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships>

⁹ Universities UK (2019), *The Future of Degree Apprenticeships*, p.28 <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2019/future-degree-apprenticeships.pdf>

¹⁰ CMI analysis of CMI administrative data on apprentices starting management apprenticeship since 2014/15

¹¹ CMI analysis of DfE dataset *Apprenticeship framework/standard, demographic and sector subject area PivotTable tool: starts and achievements 2018 to 2019* and *Apprenticeship framework/standard, demographic and sector subject area PivotTable tool: starts and achievements 2018 to 2019*, sourced on 08/01/20 at <https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships>

¹² Ibid.

¹³ Ibid.

¹⁴ <https://www.managers.org.uk/~media/Files/PDF/cmgr/Infographics%20-%20Chartered%20Manager%20%20pager.pdf>

¹⁵ CMI commissioned Opinion to run an online survey among a nationally representative sample of 1,003 parents of children aged 11-18, between 5th August and 9th August 2019, survey findings were sourced on

[survey](#) showed 81% of parents say degree apprenticeships are a good option for young people who are considering studying for a degree, and around three quarters think they provide a better chance of getting a good job than a traditional university degree (72%) and are better value for money (73%). The same survey also showed that since 2016 there has been a 30 percentage point increase in parents who have heard of degree apprenticeships: from 13% in 2016 to 43% in 2019.

4. RECOMMENDATION

- 4.1 Given the importance of management skills in improving productivity and the benefits of the CMDA outlined above, we strongly recommend that the Welsh Government include the CMDA, SLMDA and management and leadership development more widely as part of their degree apprenticeship frameworks.
- 4.2 Please see [Annex A](#) for a summary of our responses to some of the questions covered by the consultation.

CMI
22nd January

What are your views on the demand for degree apprenticeships and how that demand should be managed, both in terms of the range of frameworks and demand from employers and learners?

As mentioned in our full response, we know that in the case of the CMDA it is popular with employers and apprentices. We believe that this is a missed opportunity for the Welsh Government if they were to exclude MLD in their degree apprenticeship frameworks.

Degree apprenticeships form an important part of the apprenticeships landscape. The inclusion of degree apprenticeships helps to boost awareness and parity of esteem for vocational routes as well as progression for people from a wide range of backgrounds. In order to effectively address skills gaps it is essential that apprenticeships are employer-led and developed to ensure they meet the needs of both the employer, UK economy and apprentice/employee. Therefore artificial caps on the number or routes for apprentices should be avoided.

We are confident that any investment will be matched by productivity gains that support the investment. Forthcoming CMI research (Feb 2020) suggests investment in management apprenticeships will deliver productivity gains so limiting places/funding is a false economy. We believe there should be the option for employers to 'top up' their spending on apprenticeships in addition to the money they are compelled to put in from government.

To what extent should activity aimed at widening access feature in degree apprenticeship recruitment, and how can this be used to ensure that cohorts are representative?

We know that degree apprenticeships can play a role in widening participation. As outlined above, the CMDA for example has a strong uptake with young people, women and those from lower socio-economic backgrounds. To support the participation and success of apprentices from the widest possible range of backgrounds, providers and employers should make sure their widening access policies are robust and that they are accountable to supporting a more diverse pipeline. We believe including the CMDA and MLD in the degree apprenticeship frameworks would help to achieve this.

Do you have any comments on the cost of degree apprenticeships, how degree apprenticeships are funded and the level of funding committed to them?

To ensure high quality delivery and parity of esteem with other routes it's essential degree apprenticeships are properly funded.

Policy stability is also crucial. Recent cuts to the funding bands of a number of apprenticeships, before the routes had been properly embedded, have damaged business and education provider confidence and limited their ability to expand the apprenticeships to meet demand. A long-term commitment to policy and funding levels, alongside robust monitoring and evaluation of impact, is important to ensure the success of degree apprenticeships.

Should any aspect of the approach to delivering degree apprenticeships change and if so, what should be the future direction?

As mentioned in our full response, we recommend that the Welsh Government include the CMDA and management and leadership development more widely as part of their degree apprenticeship

frameworks. This has the potential to improve productivity, widen participation, allow workers to upskill and reskill and increase student choice.