



Apprenticeships in the Heritage Vehicle Sector

A Cebr report for Federation Skills Trust

November 2021

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London, November 2021

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Executive Summary

Cebr has been commissioned by the Federation Skills Trust to conduct a study into apprenticeships in the UK heritage vehicle sector. This report explores the findings of a bespoke survey of employers in the sector, assessing their perspectives on apprenticeships. Following this, the survey results are used to estimate the net benefits of apprenticeships to firms in the sector. Finally, three spotlight case studies are presented, based on interviews with classic car business owners.

Survey findings

- Nearly half (49%) of the 76 responding firms employed an apprentice at the time of surveying, with an additional 29% having employed one in the past.
- At least two-thirds of apprentices were paid above £6.30 per hour, with a mean wage of £7.73, in comparison to the legal minimum rate of £4.30 for apprentices in their first year and all those aged between 16-18.
- Most frequently, apprentices work 38-42 hours weekly, with no overtime.
- The percentage of apprentice work that can be billed for rises with experience, from an average of 19% in their first year of programme to 72% in year four.
- 83% of employers feel that apprentices improve the public's perception of their business. One in two feel that they improve client satisfaction levels.
- Over 70% of respondents agreed that apprentices help them with succession planning, addressing skills shortages and delivering value for money.
- Almost half (47%) feel that apprentices require significant levels of support and are only of benefit in the long-term.
- The core barrier to hiring apprentices, identified by 60% of employers, is the mentoring and training time required.

Economic benefits of apprenticeships to the heritage vehicle sector

- Modelling suggests that the average apprentice in the heritage skills space makes an annual productive contribution of approximately £24,800.
- In addition to this, estimates suggest that, on average, heritage vehicle employers receive approximately £670 in annual subsidies per apprentice.

- Meanwhile, the labour costs relating to wages and national insurance contributions are estimated at £16,200 annually for the average apprentice in the sector.
- Further modelling suggests that training costs and other expenses total £7,800 annually on average.
- As such, a typical apprentice following the Heritage Vehicle Technician standard is estimated to provide a net gain of over £1,400 per year.

Case studies

- The interviews with business owners highlighted the importance of taking a long-term approach to apprenticeships.
- From the employer's perspective, this means creating an inclusive culture in which apprentices are welcomed in the same spirit as experienced hires.
- From the apprentice's perspective, this requires an appreciation of the fact that an apprenticeship is often effectively a five-to-eight-year commitment.
- Poor apprentice retention is typically not an issue for employers in the sector, but those operating in smaller and more remote areas may face skill shortages.
- Productivity rises (often sharply) throughout an apprentices' programme, but typically remains below that of an experienced hire for some time after programme completion.
- Current levels of government support are generally perceived as reasonable, but a cultural shift towards valuing vocational training over conventional higher education is not yet complete.
- Broader improvements to support could include inspiring potential candidates to develop and effectively communicate their passion for classic cars.

1. Introduction

Cebr has been commissioned by Federation Skills Trust to conduct a study into apprenticeships in the heritage vehicle sector. Formed as a merger between of the Federation of British Historic Vehicle Clubs' and the Galashan Trust's apprenticeship initiatives, the Federation Skills Trust has the objective of encouraging skills development in the historic vehicles sector and focuses on promoting apprenticeships.

The start of the last decade saw an average of approximately 500,000 apprenticeship starts per year in England, a number that fell to just 323,000 in the year to July 2020.¹ Data available for the first half of the 2020-2021 academic year show an even slower pace of apprenticeship uptake, with starts falling by 18% annually in the first two quarters of the academic year. Whilst the sharp reduction in apprenticeship starts in 2020 and 2021 are largely attributable to the Covid-19 pandemic and associated lockdown measures, concern has nonetheless been raised about the approximate 20% reduction observable before the onset of the crisis.

This report shines a spotlight on apprenticeships in the classic car industry. Cebr's 2020 report for HERO/ERA estimated that the industry supports £8.7 billion of aggregate Gross Value Added per year, £2.9 billion annually in tax revenues, and 112,000 jobs.² Given the specialist skills of practitioners in the industry, the report found that 52,100 employees in the industry (accounting for 47% of employees) typically earn a premium of 70% to the average UK wage.

The 2020 report highlighted the proactive approach to apprenticeships taken by the industry. Despite an overall nationwide reduction in the number of apprenticeships starts, it found that the industry expanded its apprenticeship scheme in the years running up to 2019. Given the particular importance of technical skills in the industry, an expansion of its apprenticeship opportunities provides a valuable opportunity to invest in productivity, helping the broader economy as well as the career prospects of apprentice candidates and firm longevity.

A bespoke survey of 76 employers commissioned as part of this research firstly gains an overview of apprenticeships in the industry today. The analysis of the survey results explores, among others, the apprentice pathways and providers chosen by employers, apprentice pay and working hours, productivity and barriers to hiring. Focus is also placed on the provision of apprenticeships during the pandemic.

Following this, the survey results are used to model the economic benefits of apprenticeships to heritage vehicle employers. Comparing the value of apprentice output and subsidies to the wage, training and other costs relating to apprenticeships, the results show the average heritage vehicle apprentice providing their employer with a net gain during their training period.

Subsequently, the findings from three interviews with business owners in the sector are presented, enabling a more in-depth and applied analysis of apprenticeships in the sector. The interviews covered a range of topics, including apprentice retention, skills shortages, productivity and the adequacy of government support. Questions were also posed on the changes that can be made to apprenticeships to bring about improvements in the future.

Finally, conclusions are drawn based on the findings of the report's three pillars.

¹ *Apprenticeship statistics for England*, House of Commons Library. March 2021

² *The Economic Impact of Historic and Classic Vehicles in the UK: A Cebr report for HERO/ERA*, Centre for Economics and Business Research. November 2020

2. Survey findings

Cebr conducted a survey of 76 employers in the heritage vehicle sector over summer 2021, gauging respondents' perspectives on apprenticeships in their sector. This section explores the survey results and draws conclusions based on them.

2.1 Survey overview

Between July and August 2021, a survey conducted by Cebr assessed the views of 76 classic car employers with respect to apprenticeships in their industry. Nearly half (49%) of responding firms employed apprentices at the time of surveying, between them covering 52 apprentices across the five years of programme. 29% of responding firms had employed an apprentice in the past, and the remaining 22% had never employed an apprentice.

Of the 50 respondents providing further information about themselves, 56% were business owners, 16% were Managing Directors, 4% were Office Managers, and 2% were Workshop Managers. In terms of their specialism, 44% described their business as falling within multi-marque maintenance and restoration, followed by 32% describing themselves as a marque specialist.

Just over one quarter (26%) of respondents were female. In terms of their age, respondents were most frequently in the 55-64 age group (38%), with a mean average age of 52 years. The average age of employees within respondents' businesses was most frequently (35%) in the range 45-54, followed by 35-44 (30%). For 14%, the average employee age was 25-34.

On a regional basis, three quarters (76%) of respondents reported that the main region in which their business operates is in the South of England (defined as the South East, South West, Greater London and the East of England). Meanwhile, 16% reported the main region being in the Midlands (either the East Midlands or West Midlands) and 8% reported being located the North (the North East, North West, Yorkshire and the Humber). No responses were received from firms based in Wales, Scotland or Northern Ireland.

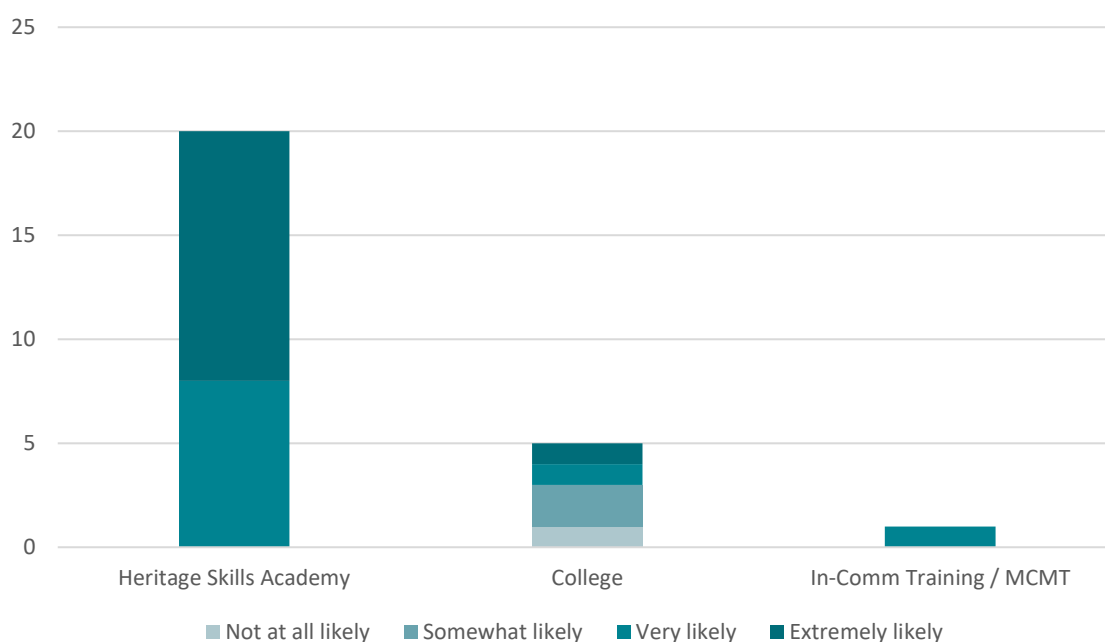
The following section explores core aspects of the survey, highlighting insights gained into the apprenticeship pathways and providers used within the industry, the pay and working hours of apprentices, productivity and barriers to hiring apprentices. Finally, a spotlight is given to apprenticeships in the sector during the Covid-19 pandemic period.

2.2 Apprenticeship pathway and provider

The majority of responding businesses' apprentices followed the Heritage Engineering Technician pathways. Results covering 46 apprentices showed 17 (37%) following the Mechanical pathway, whilst seven (15%) followed the Coachbuilding pathway. The Vehicle Maintenance and Repair pathway at Levels 2 or 3 accounted for a further seven apprentices (15%), whilst Levels 2 and 3 of the Vehicle Body and Paint Operations pathway accounted for a further four apprentices (8%).

In terms of the providers used by businesses employing apprentices, Heritage Skills Academy was used by 21 of the 29 responding firms (72%). The majority of the remaining respondents noted using in-house training and local colleges. Asked about their satisfaction with their provider, all firms using Heritage Skills Academy were either 'very likely' or 'extremely likely' to recommend it to others, as shown in Figure 1. Meanwhile, this was the case for less than half of the five firms using local colleges as apprenticeship providers, with three noting that they would be either not at all likely or only somewhat likely to recommend the college. The one responding firm using Marches Centre of Manufacturing & Technology (MCMT) or In-Comm Training was extremely likely to recommend their provider to others.

Figure 1: Number of firms that would recommend their provider, by apprenticeship provider used



Source: Cebr survey and analysis

2.3 Pay and working hours

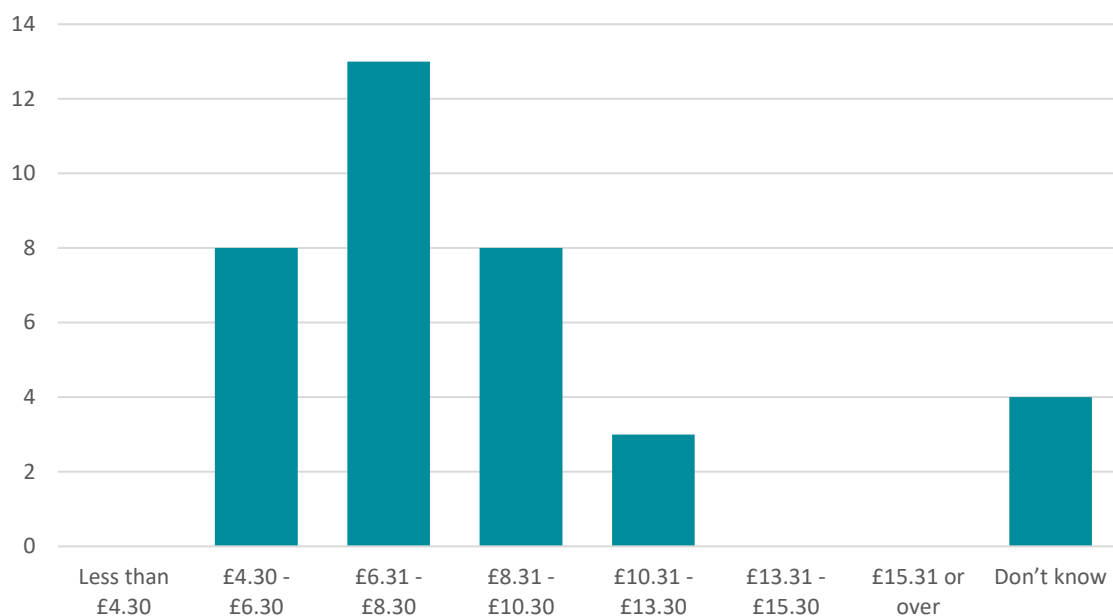
Asked about the average hourly wage of a typical apprentice in their business, across all ages and years of programme, all responding employers noted paying their apprentices between £4.30 and £13.30, as shown in Figure 2.³ Most frequently (36% of responding firms), apprentices were paid between £6.31 and £8.30, equating to approximately £13,000-£17,000 per year (assuming a 40-hour working week). With at least two-thirds of apprentices paid above £6.30 per hour, and a mean wage of £7.73, the results reveal a tendency among employers to pay an hourly rate (often significantly) in excess of the government legislated minimum of £4.30 for apprentices in their first year and all those aged between 16-18.

Studying the results for average apprenticeship wages by region provides further insight into apprenticeship pay.⁴ In the North, the average wage is the lowest at £5.97. This is followed by the Midlands, where the average wage is estimated to be £7.93. Finally, in the South, average wages are highest at £8.05.

³ Excluding 'Don't know' answers

⁴ Due to small sample sizes, the findings for the North and Midlands should be interpreted with care.

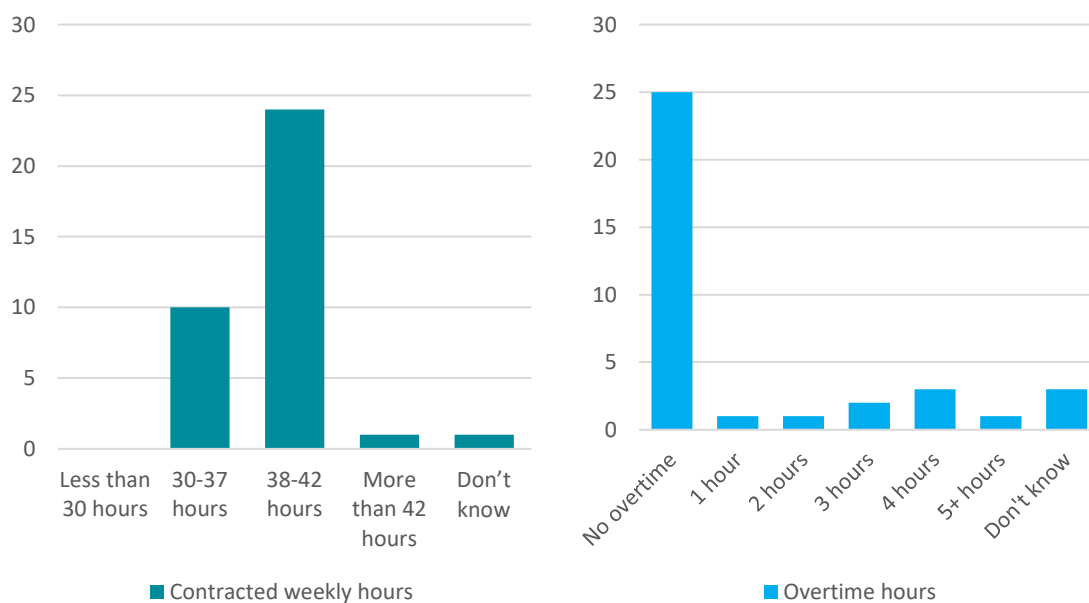
Figure 2: Frequency diagram of wages paid by firms to their average apprentice



Source: Cebr survey and analysis

Also asked about the average contracted working hours and overtime hours of a typical apprentice, the results show that apprentices most frequently work an average of 38-42 contracted hours (67% of respondents) with no overtime (69%), as shown in Figure 3. Following this, 28% of employers said their average apprentice worked 30-37 hours weekly. The results imply a mean of 38 contracted hours per week, with one hour of overtime.

Figure 3: Frequency diagram of (a) weekly contracted working hours and (b) overtime for firms' typical apprentices

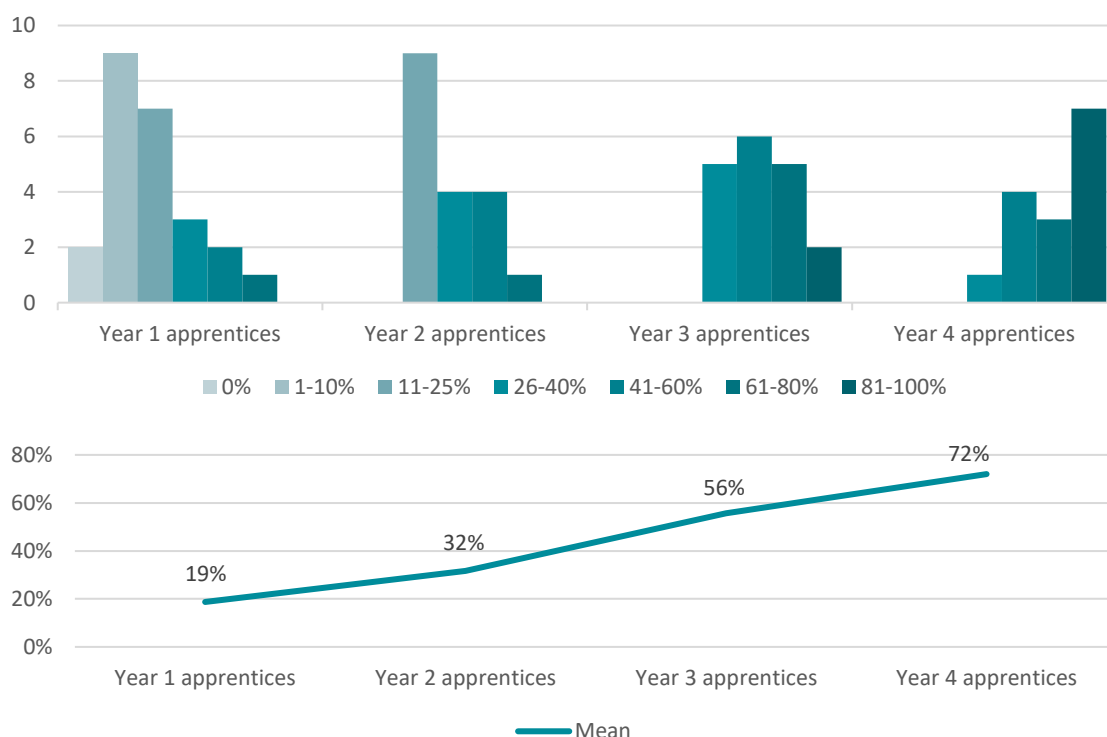


Source: Cebr survey and analysis

2.4 Productivity and hours billed

One indicator of apprentices' productivity is the ability of employers to charge clients for their work, with a higher percentage of hours billed implying greater productivity. The survey results show that, most frequently, employers are able to charge for 1-10% of their apprentices' work when they are in their first year of programme, as depicted in Figure 4. This percentage, however, tends to rise as apprentices proceed with their programme, with employers most frequently reporting being able to charge for between 81-100% of their apprentices' work when they reach the fourth year of programme. Using these results to calculate the mean chargeability rate by year of programme confirms this rising trend, with results showing this increasing from 19% in year one to 72% in year four.

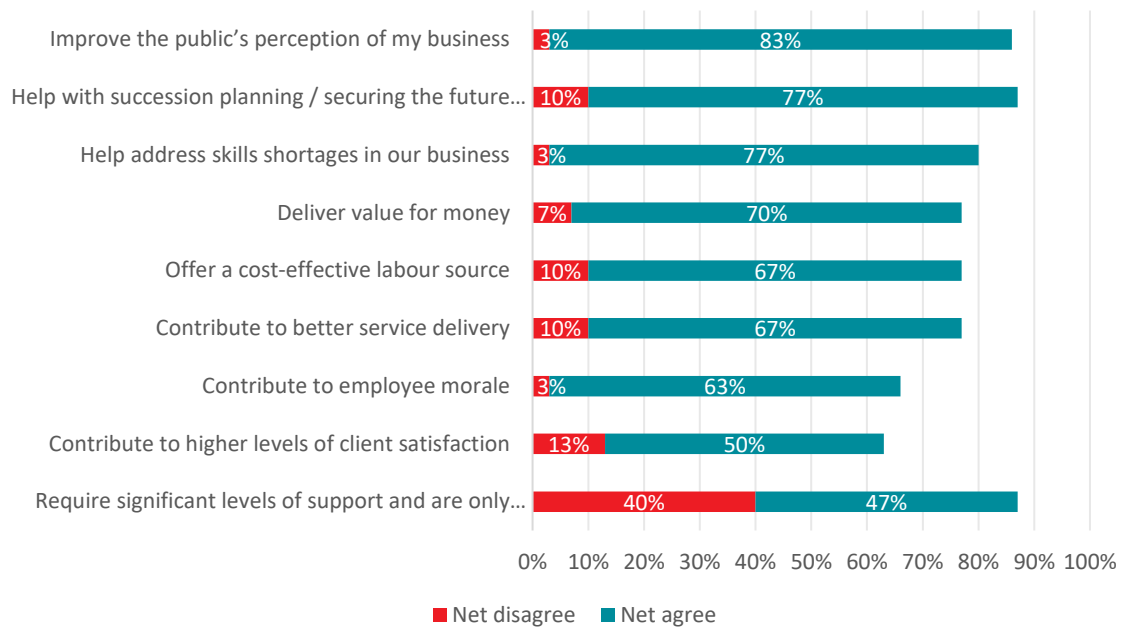
Figure 4: Percentage of the average apprentice's work billed by firms, by year of programme – (a) frequency diagram and (b) average percentage



Source: Cebr survey and analysis

Asked for their opinions on the contributions made by apprentices, the results, presented in Figure 5, show a largely positive picture from employers' perspectives. Most frequently, employers feel that apprentices improve the public's perception of their business, noted by 83% of responding firms. Following this, over 70% of respondents agreed that apprentices help them with succession planning (77%), addressing skills shortages (77%) and delivering value for money (70%). Meanwhile, only half of responding firms believe that apprentices improve client satisfaction levels, and 47% agreed that apprentices require significant levels of support and are only of benefit in the long-term, a greater fraction than that of those disagreeing with the statement. Therefore, the results paint an overall positive picture of the contributions made by apprentices, and particularly from a longer-term and branding perspective.

Figure 5: Percentage of responding firms agreeing and disagreeing with statements regarding apprentices' contribution to their business*



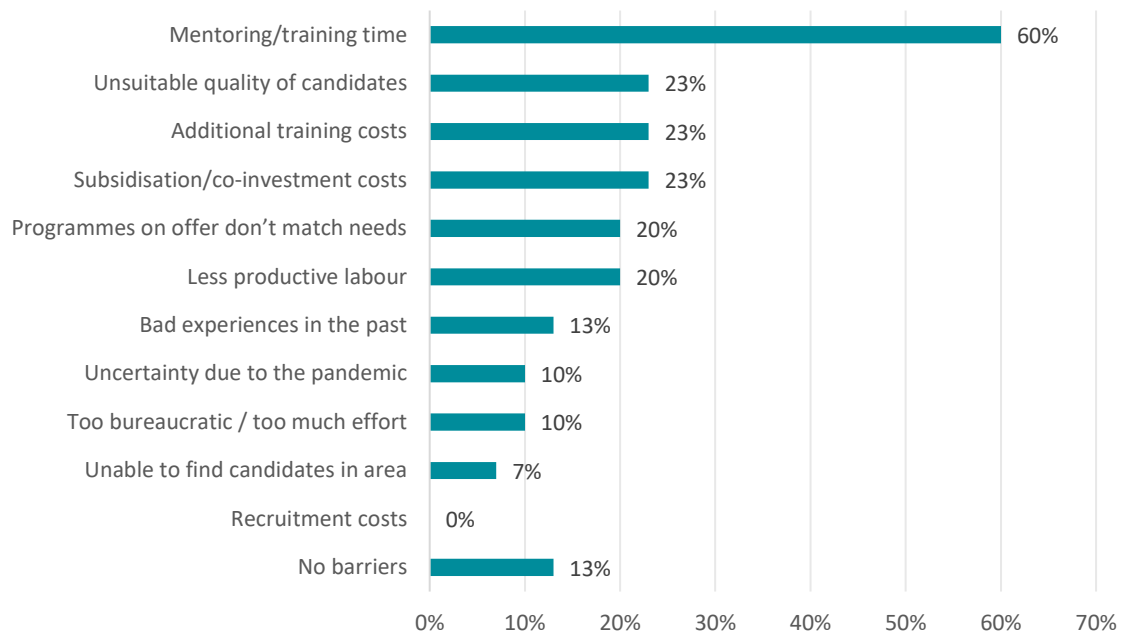
* Some percentages do not sum to 100% due to a fraction of firms answering 'Don't know'.

Source: Cebr survey and analysis

2.5 Barriers to hiring apprentices

Further questions also asked firms about the challenges they face when trying to hire apprentices. As shown in Figure 6, whilst 13% of firms said that they face no barriers when attempting to hire apprentices, 60% highlighted mentoring and training time as a key barrier. This was the only area that was perceived as a main barrier to hiring for a majority of firms. Poor quality of candidates and lower productivity of candidates were identified as main barriers to hiring by 23% and 20% of responding firms, respectively. Costs relating to training time and those relating to subsidisation/co-investment were both identified as barriers by 23% of firms, whilst those in relation to recruitment were not perceived as a barrier by any firms.

Figure 6: Percentage of responding firms identifying different areas as main barriers to hiring apprentices



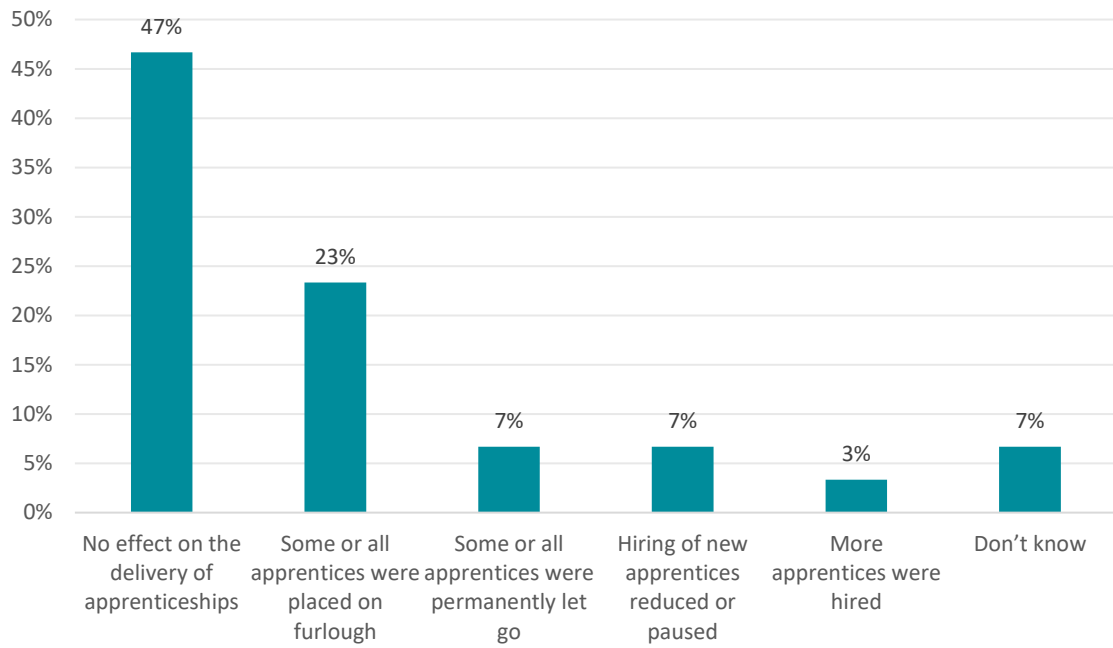
Source: Cebr survey and analysis

2.6 Apprenticeships in the pandemic

Asked about their experiences during the Covid-19 period, almost half (47%) of respondents noted that the pandemic had no effect on the delivery of apprenticeships, whilst 40% referred to it causing changes to delivery. As shown in Figure 7, almost a quarter (23%) of firms noted that they placed some or all of their apprentices on furlough, 7% reduced or paused hiring new apprentices and 7% permanently let go some or all of their apprentices. A small minority of 3% saw the pandemic as an opportunity for expansion and hired more apprentices.

We further asked employers whether they agreed with the statement: "Apprentices have been beneficial to our business during the pandemic." The results show that respondents were more likely to agree with the statement than disagree, with 30% either strongly agreeing or tending to agree, compared to 20% strongly disagreeing or tending to disagree. The remaining 50% of firms neither agree nor disagree with the statement. Asked to elaborate on their answer, respondents that agreed with the statement noted that having apprentices provided a valuable extra pair of hands during a busy period, enabling extra flexibility, and a possibility to pick up the slack when others were absent. Meanwhile, those who disagreed with the statement highlighted aspects such as the closure of local colleges in leading to the furloughing of apprentices, and the combined effects of the pandemic economic downturn and Brexit forcing them to let their apprentices go.

Figure 7: Percentage of employers selecting between different options for the main impact of the Covid-19 pandemic on the delivery of apprenticeships within their business



Source: Cebr survey and analysis

3. Economic benefits of apprenticeships to the heritage vehicle sector

The following section considers the economic benefits of apprenticeships to employers in the heritage vehicle sector. This analysis complements the broader insights provided by the survey, seeking to put a monetary figure on the value of apprentices to employers during their training period. This analysis also draws upon the survey, with several input variables being taken from a weighted average of employer responses.

To demonstrate the net benefits of apprenticeships during the training period, we will utilise the following formula:

$$\begin{aligned}
 \text{Employer gain} = & \\
 & \text{value of apprentice output} + \text{apprentice subsidies} \\
 & - (\text{apprentice wages} + \text{apprentice training costs} + \text{other expenses})
 \end{aligned}$$

That is, the benefit to an employer from hiring an apprentice is the value of the economic output produced by an apprentice, plus any subsidies received, less wages and training costs.

Though there are a range of costs associated with hiring apprentices and delivering their training programme, we find that these costs are outweighed by the benefits of employing apprentices. Even during their initial training stages, the value of apprentices' output tends to surpass their associated costs, with additional benefits for employers stemming from government subsidies and incentive programs.

By definition, apprentices are less productive than their more qualified colleagues, given that they are currently undertaking the training processes to become a more skilled worker. Nevertheless, apprentices are often still able to contribute a reasonable level of economic output even at the very beginning of their employment. Furthermore, with productivity increasing over the course of the training program, apprentices are able to narrow the output gap between themselves and more experienced colleagues.

In order to provide a quantitative estimate of apprentices' net benefit to employers, we will consider the following variables:

- Labour costs
- Training costs
- Other costs
- Productive contribution
- Subsidies

Each of these variables will be discussed in turn.

3.1 Labour costs

As discussed in Section 2.3, insights from survey respondents show that the mean wage amongst apprentices in the heritage vehicle sector stands at approximately £7.73 per hour. This falls slightly short of Cebr's estimate for the wage rate of the average apprentice across all occupational routes, standing at £7.93 per hour.

There is also some slight divergence between the average hours worked amongst heritage vehicle apprentices and their counterparts across all occupational routes. While our survey suggested that heritage vehicle apprentices work an average of 39.1 hours per week including overtime, the most recent Apprenticeship Pay Survey showed that the average apprentice in the UK works a total of 40.7 hours per week.

Combining these figures for wages and weekly hours worked allows us to estimate annual wage costs for apprentices. In the heritage vehicle sector, we find that this stands at £15,700, falling short of the £16,800 seen for the wider pool of apprentices.

To estimate total labour costs, we also need to consider employers' National Insurance contributions (NICs). Employers are exempt from paying Class 1 NICs on apprentices' earnings, so long as the apprentice is under 25 and earning below £43,000 a year. Given the average annual pay rates outlined above, many apprentices do not exceed this earnings threshold. Nevertheless, NICs for apprentices over 25 must be factored in to give an accurate estimate for overall employment costs for apprentices.

Taking into account our estimates of earnings, the current 13.8% rate for NICs, the current NIC-free earnings threshold of £8,840, and the age distribution of apprentices, the average apprentice attracts employers' NICs of just over £500 per year. For apprentices in the heritage vehicle sector, this amounts to £470 per year.

Summing the estimates of wage costs and NICs gives an estimate for total annual wage costs. For the average apprentice this figure is £17,300, while for the average apprentice in the heritage vehicle sector this stands at £16,200.

3.2 Training costs

Away from wages and national insurance commitments, training represents another key source of cost pressure on employers in relation to apprenticeships. Though there are government policies in place covering the bulk of the costs associated with formal apprenticeship delivery, this does not apply to labour costs for supervisors or to apprentices' wages during time spent off-the-job. The following subsection discusses the various training costs faced by employers.

A requirement of apprenticeships is that at least 20% of a participant's working hours are taken up by off-the-job training. They are still paid for this time, however, representing a cost for employers in terms of non-productive labour time. Assuming that participants engage in the minimum 20% off-the-job training time, this equates to approximately 7.8 hours per week. Applying the reported wage rate and NICs to this figure and scaling up over the course of a year gives annual wage costs associated with off-the-job training of £3,200.

Training for apprentices does not take place only on an off-the-job basis, however. Apprenticeship participants also receive training from other staff members during normal working hours, in the form of on-the-job training. It is here assumed that apprentices' activity during these periods is non-productive. The 2018/19 Apprenticeship Pay Survey showed that the average apprentice in the broad sector of engineering and manufacturing completed 8.4 hours of on-the-job training per week. Applying this figure to the heritage skills sector specifically and scaling up by apprentices' labour costs gives an annual wage cost relating to on-the-job training of £3,500 per apprentice.

To properly quantify the costs associated with on-the-job training, we must also consider the wage rates of more experienced workers who may be taken away from their usual responsibilities in order to monitor, train, and appraise an apprentice. Cebr estimates that the wage costs associated with senior staff monitoring an apprentice during on-the-job training

stand at £5,900 per year. This foregone output calculation is based on the wage rate reported for workers in Vehicle Trades via the latest Annual Survey of Hours and Earnings.

Co-investment fees represent another source of training costs associated with apprenticeships. For employers that are not liable to pay the apprenticeship levy, that is, those with annual payroll costs of less than £3 million, the vast majority of training costs are covered by the Government, up to the funding band maximum. We here assume that all employers in the heritage skills sector are not liable to pay the apprenticeship levy, given that they are often micro enterprises.

The maximum funding band available differs across all apprenticeship routes. In the case of the Heritage Engineering Technician standard, this stands at £26,000 for the 2020/21 academic year. Given the typical duration of a Heritage Engineering Technician apprenticeship of 42 months, and assuming that the employer uses the maximum available funding, this equates to an annual co-investment cost of around £370.

Combining the annual co-investment fee with estimates of labour costs during on-the-job and off-the-job training, gives a total cost associated with apprenticeship training. This is estimated to stand at just under £13,000 per apprentice. It is important to note that a portion of this cost is also captured in the previous calculation of apprentices' wages, with this amount netted off for the final calculation.

3.3 Other costs

In addition to wages and training, there are several other cost sources associated with apprenticeship delivery. Our survey of employers in the heritage vehicle space provided insight into the burden of these costs.

92.9% of businesses employing apprentices reported experiencing costs covering events, travel, accommodation, and uniforms. Spreading the reported costs over the number of apprentices employed per businesses gives an average of £1,400 per apprentice. Meanwhile, 56.0% of businesses employing apprentices reported experiencing other costs, leading to an average value of £170 per apprentice.

3.4 Productive contribution

Having established the wage rates granted to apprentices and their supervisors, as well as the time divide between usual work and the different types of training, we can form an estimate for apprentices' productive contribution over a typical year. This represents the main source through which employers benefit from apprenticeships.

In order to arrive at a calculation of the productive contribution, an adjustment must be made for the relative shortfall in productivity between apprentices and more senior colleagues. Literature in the apprenticeship space has shown that apprentices in the broader engineer sector are roughly 45% as productive as their more experienced counterparts. It is important to note, however, that this proportion is an average over all years of the programme, with a lower fraction seen during the earlier years, growing over the course of the apprenticeship.

Combining this average relative productivity of apprentices with estimates of labour costs and the GVA-to-employment costs ratio yields an estimate for apprentices' productive contribution. This is estimated at £24,800 per year for apprentices in the heritage skills space.

3.5 Subsidies

Subsidies represent another benefit to employers from employing apprentices. There are various sources of grants and subsidies available depending on apprentices' demographics.

For example, a long-standing policy in England is that businesses can claim a grant of £1,000 if they take on an apprentice meeting certain criteria. These criteria include the apprentices' age and whether they have previously been in care.

Further, in the context of the Covid-19 pandemic, the Government has expanded its subsidy offering in order to incentivise apprenticeship delivery. Employers have been able to access a grant of £3,000 for any apprentices joining their organisation between April and September 2021.

Drawing upon data on apprenticeship demographics and the distribution of apprenticeship start dates, previous Cebr estimates for the annual value of subsidies for the average apprentice in England stood at £1,000 for the 2020/21 academic year. This was based on the average duration of apprenticeships across all routes, which is shorter than that seen for the Heritage Vehicle Technician standard. Taking into account the longer expected duration gives a slightly lower annualised subsidy value of approximately £670.

3.6 Summary

Having established the wage rate, training costs, other costs, productive output, and subsidy value we can now produce an estimate for the net benefit of the typical apprentice following the Heritage Vehicle Technician standard. This figure is estimated at just over £1,400 per year.

The breakdown of this figure is as follows:⁵

$$\begin{aligned} \text{Employer gain} = \\ & \text{apprentice output} + \text{apprentice subsidies} \\ & - (\text{apprentice wages} + \text{apprentice training costs} + \text{other expenses}) \end{aligned}$$

$$\begin{aligned} £1,447 = \\ & £24,770 + £669 \\ & - (£16,185 + £6,276 + £1,532) \end{aligned}$$

This gives us the important result that apprentices yield benefits to their employers even during their training period. Upon completion of their training, once their productivity has improved and employers no longer bear any training costs or apprenticeship-specific expenses, the net benefit of employing these individuals would increase. The employer would then be able to accrue further benefits so long as the apprenticeship completer remains under their employment.

⁵ Here, the estimates for wages during on-the-job training and off-the-job training periods are captured in the estimate of apprentices wages. Training costs here cover the co-investment fee and wages of supervisors during on-the-job training.

4. Case studies

In order to complement the survey analysis, Cebr interviewed three business owners in the heritage vehicle sector, gauging their perspectives on apprenticeships within their industry. The interviews are written up as brief case studies.

4.1 Frank Dale & Stepsons: Rolls-Royce & Bentley specialist

Cebr interviewed Emma Crickmay, Joint Managing Director at Frank Dale & Stepsons, a Rolls-Royce and Bentley specialist based in Sandhurst. The company was founded in 1946 by Frank Dale, who bought and sold motor cars in post-war London, and today has over 15 employees, with an average age of approximately 40. Whilst not currently employing any apprentices, the company has had three who have qualified in the past five years, all of whom received the majority of their training in-house. These three apprentices are still working within the business, having each started seven to nine years ago, and the company is now considering taking on new apprentices.



Why do you think you have retained all of your previous apprentices?

Hiring apprentices for Emma is a long-term decision, with an intention to retain them as qualified members of staff. She explained that apprentices are treated as equal members within the business' family culture and are granted relative freedom to specialise and work on their favourite cars. She suspects that these factors are behind the company's retention of its three qualified apprentices. However, whilst happy that all of her previous apprentices have remained within the business, Emma appreciates that attitudes towards work have shifted, with fewer younger workers wanting a career for life than in the past. This, she notes, has been accelerated by the Covid-19 crisis, with many workers reflecting on their choice of work.



What motivated you to train your previous apprentices in-house? Would you choose to do the same in the future?

Emma explained that the business model at Frank Dale & Stepsons was previously more sales-focused, to which apprenticeship opportunities at the time did not lend themselves particularly well. However, with apprentices spending the majority of their training time in-house, four days a week, Emma noted that this was particularly time intensive for the company. Since then, a change of focus to the servicing, restoration and reconditioning of classic cars means that the business is now considering external opportunities for potential new apprentices. Having recently visited the new Heritage Skills Academy teaching site at Brooklands Museum, and with an ambition to take on mechanical and/or trim engineers, the company is now considering choosing the HSA as an apprenticeship provider.



Do you see discernible differences between retained apprentices and experienced hires from outside the organisation?

Frank Dale & Stepsons has hired two fully skilled mechanics in the past year. Bringing in experienced technicians has clear benefits according to Emma, for example their ability to hit the ground running and to more comfortably work in a professional setting. Nonetheless, she sees different benefits accruing to the business from qualified apprentices, who have themselves learned from more experienced practitioners and typically display a great amount of enthusiasm for their work.

Emma has generally not found it difficult to find either apprentices or experienced hires. She attributes this to the general excitement that she sees, particularly from young people, about the automotive industry and opportunities to work within it. Furthermore, the company has

never had to try recruiting abroad, typically seeing applications from domestic workers. This, she believes, means that recently reported shortages of international workers are not a particular concern for her business and industry more broadly.



What are your thoughts on the cost of apprenticeships to the business? How productive are apprentices compared to fully trained staff?

Emma believes that, when good people come along, businesses should seize the opportunity. Nonetheless, she explained that Frank Dale & Stepsons likes to pay candidates above the government-prescribed minimum hourly rate. This, she notes, is particularly important given the business' location in the South East, where living costs are typically high. As such, the business cannot afford a constant stream of apprentices.

In terms of apprentice productivity, Emma judges that apprentices Year 1 of their programme make little or no contribution to the productive output of the business as they are monitored and supported very closely. Productivity rises to approximately 30% of that of an experienced member of staff in Year 2, before rising further to 50-60% in Year 3. Even upon completion of full college requirements for qualification, she judges productivity to be around 70%. These percentages, she notes, depend on the type of work carried out by apprentices, with those working on modern models, which involves more repetitive work, becoming more productive more quickly.



Are you satisfied with the government support available for apprenticeships?

Whereas she believes apprenticeships, and vocational training more broadly, were traditionally undervalued, Emma is glad to see greater attention paid more recently. However, the general focus on university education, she thinks, still pushes many young people into a large amount of unnecessary debt, whilst many school leavers would instead benefit more from entering a working environment. Emma views the current level of support as reasonable given older perceptions of the value of apprentices but hopes that pressure will grow on the government to provide more help to businesses. Incentivising businesses to hire new staff, she believes, would bolster the UK economic recovery from the pandemic.

4.2 Classic Project Shop: multi-marque classic car workshop

Next, Cebr interviewed Simeon Cattle, owner of Classic Project Shop, a specialist classic car workshop based in Bicester, Oxfordshire. Classic Project Shop was founded in 2013 and now has 10-14 employees, with an average age of 29, including four apprentices in training. A further four apprentices have qualified in the past five years. Since 2017, Classic Project Shop has used the Heritage Skills Academy (HSA) as its apprenticeship provider.



What has been your main intention when taking on apprentices?

As founder of Classic Project Shop, Simeon noted that he has employed apprentices with the hope of retaining them and securing a future for the company. He also noted that the Covid-19 pandemic has favoured classic car providers with younger founders and workforces. Classic Project Shop's relatively young workforce, he believes, has provided the business with many new opportunities and customers in the last 18 months. A former apprentice himself, Simeon believes that the industry and the skillset that it requires to function well were in danger ten years ago. However, thanks to changes to apprenticeships since then, he now sees the system as able to function well and foster successful heritage engineers.

Simeon added that employers and apprentices should acknowledge that apprenticeships are typically a five-to-eight-year commitment. Only after this time span has the foregone income

from time spent mentoring and training apprentices typically been repaid by their work. Nonetheless, a strong believer in apprenticeships, he aims to build an environment in which those joining feel motivated to stay in the business and not feel daunted by the commitment.

Have you experienced skills shortages?

Close in proximity to the HSA Bicester Heritage site, Simeon has generally not experienced problems with insufficient interest in apprenticeships, nor with lacking heritage engineering skills. Despite being happy with the practical talent and skills that apprentices develop currently, Simeon envisages that a greater role could be given to business management and leadership skills. This, he argues, is particularly important given that many employers, including him, take on apprentices with the aim of securing a future for their business. Indeed, in the survey of employers conducted for this report, 77% agreed that apprentices help with succession planning and securing the future value of the business.

Simeon noted that his own business skills were developed whilst working in car sales, which is an area that is not currently, but could be, taught through the apprenticeship channels that exist today. This, he believes, requires action and investment in the near-term if apprentices are to take over the businesses for which they work. For example, once an apprentice has completed their third year, he sees a role for a follow-up course that would teach them, among others, how to invoice customers, the process and purpose of adding VAT, and launching a successful advertising campaign.

How else can apprenticeship provision be improved?

Simeon views the perception of apprenticeships as a post-16 activity as somewhat problematic. He noted that school leavers at 16 years old are often unsure of what they want to do, which, given the large investment that employers must make in their apprentices, represents a risk for businesses. Instead, he thinks school leavers should start apprenticeships from 18 years old, and particularly in a post-Covid world, in which he sees school leavers as more unsure than before.

This, he believes, can be addressed through improved career mentoring within schools, informing and inspiring school leavers about the multiplicity of possible career paths, and moving away from a one-size-fits-all approach to higher and further education. This could also train school leavers how to better convey their interests; whilst general literacy and numeracy standards have improved markedly in recent decades, Simeon notes having experienced an apparent lack of motivation from many applicants.

In terms of government support, Simeon emphasised that he would likely continue to offer apprenticeships even without funding. Despite this, he did explain that the support offered by government doesn't come close to covering the costs associated with taking on an apprentice.

Finally, Simeon believes that apprentice candidates should either hold a driving license or be far advanced in the process of learning to drive. He has witnessed interest in learning to drive wane in recent years, a skill that he believes is crucial when working with old cars. Indeed this, as well as being aged over 18, are aspects that Classic Project Shop encourage from apprenticeship applicants on their website.

4.3 Marque21: Porsche specialist

Finally, Cebr interviewed Tim O'Dowd, owner of Marque21, a classic and specialist car workshop based in Bridport, Dorset. Founded in 2002, Marque21 is a Porsche specialist, currently employing five staff members including one apprentice in training. In the past five years, Marque21 has employed two apprentices who became fully qualified. For all of its apprentices, the company has used a local college as a training provider.



What has been your main intention when taking on apprentices? Have you retained your apprentices?

Tim first hired an apprentice after being impressed with an applicant's enthusiasm about a role. Since taking on his first apprentice, Tim has noticed an impressive level of interest in work experience opportunities from local schools, despite being located in a relatively small town, and has more generally watched his industry grow in activity and popularity. His motivation to take on apprentices is driven more by a desire to pass on knowledge and experience rather than for financial reasons. He asked himself what he really stands to lose if an apprentice takes up less than 50% of his time, and he can pass something on in the process.

Tim added that he would be likely to hire more apprentices in future if Marque21 were based in a larger workshop. Currently, however, the company's focus is on improving efficiency and maximising what it does under its existing workshop roof and with its existing workforce.

In terms of retention, Marque21's first apprentice moved on from the company as another opportunity arose. However, they have since returned on a part-time basis due to increasing activity in the market in the past year. The company's second apprentice remained within the business after receiving their qualification.



Do you see discernible differences in productivity between apprentices and regular employees?

Whilst noting that every apprentice brings a different skillset, and all have brought strong enthusiasm, Tim noted that those in Year 1 would typically be 10% as productive as regular mechanics. This, however, would rise to 25% by Year 2, and to between 50-75% in Year 3. After five years, Tim expects a qualified apprentice would be 90% as productive as an experienced hire. With a relatively small team, all members typically work together at all times, meaning that experienced mechanics are less often diverted from their other work than in larger businesses. Despite the low starting productivity levels, Tim feels that, given the right applicant, the costs associated with apprenticeships are generally reasonable.



Would you find it easy to hire fully skilled staff?

As one of the only specialist workshops in the surrounding area, and certainly the only one in Bridport, Tim noted that it a lack of specific skills locally is one factor limiting the business' expansion. In any case, however, he added that even mature mechanics would require some time to adjust to the selective way of work at Marque21.



Are you satisfied with the support available for apprenticeships?

Tim is generally happy with the funding support on offer for apprentices, but would always accept more. Generally, he sees a greater problem in the lack of opportunities for apprentices studying in local colleges, which has led to a greater-than-otherwise amount of time spent in college rather than in practical placements. Asked about his thoughts on the Heritage Skills Academy, Tim noted that little information on opportunities has made its way to where he is based in Dorset.

5. Conclusion

This report has explored apprenticeships within the UK classic car sector from both an industry and individual firm level. Within this, the current state-of-play regarding apprenticeships in the industry is assessed, and lessons are drawn for the post-pandemic period.

The survey results presented capture the perspectives of 76 employers in the industry. In terms of the benefits of employing apprentices, firms most frequently referred to longer-term and non-financial factors. The two most commonly cited benefits were improving public perception of their business and securing the future of the business by investing in succession planning. Options referring to apprentices as delivering value for money and offering a cost-effective labour source, whilst selected by a majority of firms, were less frequently noted than the more intangible and strategic factors.

This is reflected in the fact that classic car employers most frequently feel that apprentices require significant levels of support (both financially and in terms of time) up front and contribute only to a limited degree to the financial success of the firms during the initial years of their training. Furthermore, results on the core barriers to hiring apprentices show employers frequently identifying the mentoring and training time required. As such, taking on apprentices appears to be perceived by classic car producers as a long-term investment that requires nearer-term time and financial investment. This suggests that any means of reducing the burden of mentoring and training time would represent a route to incentivising firms to take on more apprentices and unlock the associated longer-term benefits for the industry.

Informed by the survey results, Cebr modelling suggests that apprentices provide a net benefit to their employers even before programme completion. Accounting for the value of output produced alongside government subsidies received, and subtracting labour, training and other costs, the modelling results show that the typical apprentice following the Heritage Vehicle Technician standard provides a net monetary benefit to their employer of over £1,400 per year.

The estimated net benefit figure refers to the average apprentice, with those in initial programme years likely to provide a smaller net benefit, or even a net cost, and those nearing programme completion providing a net contribution in excess of the estimated figure. Nonetheless, the overall result importantly implies that apprentices yield benefits to their employers even during their training period, with further increases expected in the post-apprenticeship period.

The three case studies of business owners in the industry provide further in-depth analysis of apprenticeships in the heritage vehicle industry. The business owners interviewed highlighted the importance that both employers and candidates view apprenticeships from a long-term perspective. The section also explored the area of apprentice retention, which did not generally pose a problem for the employers interviewed.

Meanwhile, business owners' thoughts on skills shortages varied more, with the employer based in Bicester, an apprenticeship cluster, finding it easier to attract candidates than the employer in more remote Dorset. This suggests that expanding such cluster areas more broadly across the country could secure the future of apprenticeships in a more comprehensive manner. Finally, the case studies revealed interesting perspectives on government support for apprenticeships. Whilst none were overly dissatisfied with the support on offer, further improvement was suggested in terms of changing attitudes towards vocational training, helping prospective candidates to better sell themselves, and the expansion of opportunities in smaller cities and towns.

