

### The Impact of COVID-19 on UK Automotive Apprenticeships and the Road to Recovery



# Introduction



The UK automotive sector has long been a beacon of industrial success and technological innovation. Renowned for its historic marques, cutting-edge engineering, and global footprint, it significantly contributes to the nation's economy, providing not just revenue but also tens of thousands of jobs. Central to the sector's sustained success has been its investment in nurturing new talent, with apprenticeships playing a pivotal role.

Apprenticeships are indispensable to the automotive sector, especially in the UK.

Unlike conventional qualification routes, apprenticeships in the automotive field provide a tailored blend of theoretical learning and hands-on experience, crucial for an industry that thrives on precision and innovation. This practical learning approach ensures that individuals are fully equipped to tackle the complexities and evolving demands of the sector.

Now, more than ever, as the automotive industry grapples with rapid advancements in technology and a shift towards sustainable mobility, there's a pressing need for professionals who are both knowledgeable and adapt in practical applications.

In the UK, apprenticeships are structured as a combination of on-the-job training with an employer and off-the-job learning at a training institution.

This setup not only ensures a well-rounded education, but also offers apprentices a direct entry into the workforce, grounding their learning in real-world scenarios. With the sector continuing to grapple with record high vacancy rates, it has never been more important to ensure the future input of talent via this important route.

The COVID-19 pandemic profoundly affected the UK's apprenticeship sector, leading to a marked drop in apprenticeship initiations during and after the pandemic. This decline was due to:

**Immediate Disruptions:** Lockdowns and social distancing regulations halted or delayed many apprenticeship programs.

**Economic Uncertainty:** Financial strains, especially in smaller businesses, made them hesitant to onboard new apprentices.

**Furloughs and Redundancies:** A Sutton Trust report showed that 36% of apprentices were furloughed, 8% were made redundant, and 17% had their training suspended during a year in the pandemic.\*

**Shift in Focus:** Many businesses prioritised immediate survival over training and development.

**Health and Safety Concerns:** Potential apprentices may have been discouraged due to health concerns, especially in sectors unsuitable for remote work.



**Disparities in Apprenticeship Levels:** While intermediate apprenticeship starts fell by 18.4% from Q1 2021/22 to Q1 2022/23, higher-level apprenticeships saw an uptick.

**Remote Training Challenges:** The transition to online training presented challenges for apprentices and trainers alike, possibly deterring participation.

This report seeks to examine the long-term impact of the pandemic on number of individuals entering the sector.

\*Sutton Trust (2020) Covid-19 impacts: Apprenticeships, https://www.suttontrust.com/our-research/covid-19-impactsapprenticeships/#:~:text=As%20of%20early%20April%2C%20

employers,%2Dthe%2Djob%20learning%20suspended.



### Automotive apprenticeship starts by nation



Prior to the pandemic, on average 14,000 started automotive apprenticeships per year in the UK. 83% of these were in England. However, there was a declining trend, losing on average 2 to 3% per year.



#### Pandemic'sToll on the Automotive Sector



Automotive starts



If we were to imagine that COVID-19 pandemic did not happen and that the pre COVID-19 declining trend were to continue, we estimate there would have been **12,500** starts in 2023.



At the height of the pandemic (2021) starts fell to just 6,300 more than half of pre COVID-19 levels. Although starts have been increasing from this point, starts in in 2023 only reached just under 10,000. Although as highlighted the automotive sector was experiencing a decline in starts and taking this into account, we estimate that the sector lost 16,700 apprenticeships as a result of the pandemic.

The impact of COVID-19 on apprenticeships does vary greatly in different industries. If we are to look at all apprenticeship starts over the same period, we see that in 2020 and 2021 there does appear to be some impact on apprenticeship starts, the severity is in no way in the same as was for automotive.



All Sectors - Automotive starts





Some potential reasons why the impact of COVID-19 was more pronounced in automotive compared to other sectors include:

**Industry-Specific Disruptions:** The automotive industry was notably hit by a triple whammy of disruptions: factory closures, supply chain disruption, and a collapse in demand due to the pandemic.

**Economic Uncertainties:** The economic uncertainties brought about by the pandemic, including continuous changes in market conditions, caused unprecedented uncertainty in the automotive sector, making it challenging to predict the recovery trajectory. This uncertainty may have deterred companies from investing in new apprenticeships during this period.

**Shift in Apprenticeship Levels and Sectors:** During the pandemic, there was a noticeable shift towards higher-level apprenticeships and older apprentices, with sectors like 'professional, scientific, and technical activities' and 'financial and insurance activities' seeing a rapid increase in higher-level apprenticeship starts. Automotive Apprenticeships are more focused on younger starts, with 57% of starts in 2022/23 (under) the age of 19 compared to all apprenticeships 23% and a focus on advanced level (78%) compared to 44% all apprenticeships.



**Resent trends:** The latest data from England reveals a continued decline in the number of automotive apprenticeships starts, which remain substantially below pre-pandemic levels. Specifically, during the first half of the current academic year (2023/24), starts were only 66% of those recorded in the same period of 2018/19, and they have fallen by 6% compared to the same period last year (2022/23). This downturn may further delay recovery in this sector.

Additionally, it's important to highlight a shift in funding sources: over the past year, only 51% of automotive apprenticeship starts were financed through the ASA levy, whereas 65% of all apprenticeships were funded in this manner. This represents a decrease from the previous year.

**Supply Chain Disruptions:** The automotive industry's just-intime manufacturing processes, which rely heavily on synchronised supply chains, were severely disrupted by the pandemic, possibly leading to fewer apprenticeship opportunities as companies grappled with these disruptions.

**General Decline in Apprenticeships:** The pandemic exacerbated the decline in apprenticeship starts across various sectors, with a notable 64% of companies failing to invest in new apprentices over a twelve-month period due to COVID-19.

#### Automotive apprenticeship starts 18,000 -16,000 -14,000 -12,000 -18,000 10,000 -8,000 -6,000 -4,000 -Actual Pre covid trend Forecast 2,000 -Pre Covid level 0

Forecasting using current trends, it will take until 2031 to reach pre pandemic levels in terms of apprenticeship starts. Using Pre COVID-19 trend, it will not be until 2025 until starts meet this level. This means the ongoing impact meaning the sector would have lost 18,000 apprenticeship starts. It will therefore take 16 years to recoup 18,000 lost.



#### Implications

The potential long-term effects of the UK automotive sector losing 18,000 jobs due to the pandemic and not reaching pre-pandemic levels until 2031 could be numerous and far-reaching:

- **Skills Gap:** If the industry doesn't recover until 2031, there might be a skills gap. As older employees retire, there could be fewer trained younger workers to replace them. This could hamper the industry's efficiency and innovation capacity.
- **Talent Migration:** Skilled workers might migrate to other countries or industries where job opportunities are more promising. This can further weaken the UK's automotive sector.
- **Slowed Innovation:** With fewer resources (both financial and human), the rate of innovation might decrease. This can hinder the sector's competitiveness on a global scale, especially when other countries are rapidly advancing in automotive technologies.
- **Delayed Adoption of New Technologies:** Technologies like electric vehicles (EVs), autonomous driving, and connected vehicles might see a slower rate of adoption.

### Recommendations & Conclusions



## RECOMMENDATIONS

To address the profound implications of the apprenticeship shortfall in the automotive sector, a comprehensive multi-faceted approach is essential:

**Targeted Government Support:** Policy makers should provide targeted grants and financial incentives to automotive companies, specifically tailored to support apprenticeship schemes. This will ease the financial burden on companies, encouraging them to take on more apprentices.

**Industry Collaboration:** The automotive sector must come together as a unified entity to actively promote the benefits of a career in the industry.

**Flexible Apprenticeship Structures:** Given the disruptions caused by unforeseeable events like the pandemic, there's a need for more flexible apprenticeship structures. Blending traditional hands-on training with digital platforms can provide more resilience against future disruptions.

#### Promotion of Higher-Level Apprenticeships: While

the focus has predominantly been on younger starts, promoting higher-level apprenticeships will help tap into a more diverse talent pool, addressing the skills gap more comprehensively.

**Robust Supply Chain Management:** As just-in-time manufacturing processes have shown vulnerabilities during disruptions, companies should consider diversifying their supply chains. This would not only provide more resilience but also open up more avenues for apprenticeships in varied segments of the production process.

**Engaging Older Workforce:** To bridge the immediate skills gap, companies should consider programs that engage the older workforce, facilitating knowledge transfer to newer apprentices. Mentorship programs can be particularly effective in this regard.

**Promoting Regional Balance:** Given that 83% of apprenticeships were in England, there's a need to promote a more regionally balanced approach, ensuring that talent cultivation is spread more evenly across the UK.



## CONCLUSION

The UK automotive sector, which has been historically robust and innovative, has faced unprecedented challenges due to the COVID-19 pandemic, particularly in its apprenticeship framework. The sector's palpable decline in apprenticeship starts, in contrast to its already dwindling pre-pandemic figures, raises grave concerns for the future trajectory of an industry integral to the UK economy.

While the automotive industry's unique challenges, ranging from supply chain disruptions to a shift in apprenticeship demographics, account for its acute susceptibility to the pandemic's effects, they also offer clear directives for future mitigation.

A harmonised effort, drawing from both government support and industry initiative, is paramount. This includes fostering flexible apprenticeship structures, capitalising on a diverse age spectrum, ensuring regional inclusivity, and fortifying supply chains.

As the sector stands on the precipice of transformative automotive technologies and sustainable mobility solutions, revitalising the apprenticeship mechanism becomes not merely a recovery strategy, but a blueprint for enduring resilience and continued global leadership.

