

Enterprise and Business Committee

APP05

Inquiry into Apprenticeships

Evidence from FSG Tool & Die Ltd

Manufacturing apprenticeships in Wales

Background data

From Sector Panel perspective, skills is one of the main priorities identified in the Manufacturing Strategy for Wales. The evidence clearly shows, that the current shortage of skills is restricting company growth. In addition, inward investment companies indicate this as their top risk when considering projects.

The Sector Panel work closely with senior officials in DfES and SEMTA, we are very fortunate to have such a proactive SSC in SEMTA.

The SEMTA draft findings for Wales 2011 are as follows:-

- 1,910 engineers, scientists and technologists will be required by the sector annually up to and including 2016
- Over 50% of this number will need NVQ level 3+
- 25% of employers have current growth restricting skills gaps
- 23% of employers in the sector offer apprenticeships

What we lack, is sub sector and regional data that captures the voice of the employer on a detailed basis. The SEMTA Council members are looking at this as a matter of urgency. On an anecdotal basis, we suspect that there is a wide diversity in the data. However, we have to accept that all areas currently have a skills gap, and the employer engagement is low overall.

Engagement of young people

The recession, combined with the growing restrictions in University entry, have created a climate whereby young people are seriously questioning their direction, and the advice they have been given. The Blair administration aspirational target of 50% graduate entry was unhelpful, in that it reinforced the belief that this was the “gold standard” for entry into the world of work.

Prompted by industry, the media have been very supportive in promoting apprenticeships and the sector in general. This is now starting to increase demand for apprentice entry to the sector.

Apprenticeships are now becoming “fashionable” , but for the majority of my working life, academia presented this route to the world of work as “second class”. The change to a more balanced message to young people is welcome, but academia must play their part in getting the basics right. The STEM subjects permeate everything we do in the sector; employers like rounded individuals but **must** have employees with literacy and numeracy. We need to inspire our young people in this direction.

Current programmes

The Pathways to Apprenticeship programme launched in 2009, when taken with the Young Recruits programme, Shared Apprentice programme and Skills Growth Wales has created a situation where Welsh employers have the best support in a generation.

President Barroso of the EU Commission commented in 2010 “these are some of the best programmes I have seen in Europe, other countries could learn a great deal from Wales.”

The Duke of York during his visit to Wales in October 2011, was so impressed with the national progress on apprenticeships, he quoted examples of best practise in his key note address to the manufacturing community in the North East of England. In two years of the programme, 1,000 young people have been introduced to the sector with a 92% success rate. A great success story, but we need to build on it quickly to match the demand from industry.

We urgently need to supplement these programmes with a widely available “Advanced Apprenticeship”, where apprentices can continue their academic studies to degree level at no cost to them or the employer. This would put apprenticeships clearly on par with graduate entry, whilst addressing the skills gap at the higher level. This offering would give our young people a balanced choice at a very important time in their lives.

Company engagement

We are now at a crucial point, where we have an increasing pipeline of supply of future apprentices. We have funding in place until at least 2014, but we need a better engagement by companies. This is the key action.

In taking action, we need to understand that 98% of the companies, well over 5,000 establishments, in the sector are SME’s. Therefore they may need specific help with awareness and engagement. This issue is complicated by the lack of hard data at sub sector and regional level.

The Sector Panel along with SEMTA raised the issue of awareness within BETS, and suggested a marketing plan from within the department budget. The request was rejected as “it fell between two Ministers and their departments”. We will now raise this matter with the Deputy Minister for Skills.

Government support

We have recommended to Welsh Government, that they actively promote employer engagement in apprentice training at every step of the business support relationship with companies.

At the Wales Skills Summit in 2011, companies were put on notice that their skills engagement would be rigorously assessed as part of applications for Government support such as WEGF.

The example used in my key note address to the Skills Summit was, that if Government financially supported companies with no skills engagement, it would actually make the current skills shortage worse, with an increase in larger companies “poaching” from the companies with good engagement. This example resonated with a number of senior figures in the industry. The Sector Panel and EEF Wales, fully support this stance as part of a strong private public sector partnership in Wales. Welsh Government has to have the appetite to vigorously follow up on this position.

However there is one area of support and engagement that will not be supported by the private sector. The recent welcome news, relating to the renewal of Skills Growth Wales until 2014, is in danger of becoming a protracted “rationing” exercise. In my view, there is a clear attempt to spread the lower than anticipated budget over the period. This is exactly the reverse of what is required where company growth is front end loaded.

As an example, one major inward investment company has been told by officials that “accreditation of training is so expensive that they should perhaps accept lower levels of funding support or none at all”. This will be raised with the Minister by the company in question, and SEMTA have already offered their full support with accreditation.

The success of Skills Growth Wales and before it ProAct, was the strong transparent private public sector approach. Programmes such as this need a designated steering group that is made up of all stakeholders. This gives the required credibility and confidence to the private sector.

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