



**National Assembly for Wales Economy,
Infrastructure and Skills Committee:**

Follow up review of Apprenticeship Levy

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Introduction

ColegauCymru welcomes the opportunity to respond to the National Assembly for Wales' Economy, Infrastructure and Skills Committee's Review of the Apprenticeship Levy one year after its introduction. ColegauCymru represents the 13¹ further education (FE) colleges and FE institutions in Wales² and exists to promote the public benefit of post compulsory education and learning.

This response has been compiled from information provided by Further Education colleges and the B-wbl consortium based at Pembrokeshire College. The B-wbl consortium consists of nine training providers who collaborate to provide training across Wales. The consortium delivers across 23 Apprenticeship sectors and Traineeship programmes in 17 local authorities in Wales. Led by Pembrokeshire College the consortium includes Bridgend College (including The People Business Wales), Coleg Ceredigion, Coleg Gwent, Coleg Sir Gar, Cymru Care Training, PRP Training, The College Merthyr Tydfil and Tydfil Training Consortium. It also has sub-contract provision to Hereford and Ludlow College and Gower College Swansea.

1. The impact on employers in Wales following the introduction of the Levy

1.1 The impact of the Levy has been felt in a variety of ways, with colleges reporting confusion from employers over how to access apprenticeship funding because of the different systems operating across the UK. This is especially a problem for those colleges based close to the border with England. More positively, there has been increased interest in apprenticeships from employers and large public sector organisations, but with the Levy comes increased expectations on what colleges can deliver. There are also concerns from employers that the Levy is simply a Westminster tax. These issues, raised by colleges, are covered in more detail below.

1.2 To date, the full impact of the Levy on employers is not completely clear – the way apprenticeships are being accessed, funded and provided in Wales has not changed. Employers have therefore tended to view the levy as an additional Westminster tax. This has often made discussions with employers very difficult for providers.

1.3 Prior to the introduction of the levy, it was estimated that around 700 employers in Wales would be eligible. Currently the B-wbl consortium, for instance, delivers to over 200 Levy-paying employers. It was anticipated that the Levy would increase the number of new apprentices aged between 16-19. However, the B-wbl experience

¹ The 13 include 9 FE corporations and two FE institutions, St David's Catholic College and Adult Learning Wales. The College Merthyr Tydfil, Coleg Sir Gâr and Coleg Ceredigion are part of university groupings.

² In this paper the terms 'FE college' and 'college' are used to cover FE colleges and FE institutions.

suggests that employers are using the Levy to upskill existing employees rather than recruit new employees. Prior to the Levy being introduced many of B-wbl employers had apprentices and so it is difficult to accurately state how many apprenticeships have been created by the introduction of the Levy and how many already engaged with apprenticeship training.

1.4 One of the positives of the Levy is that employers now think much more about apprenticeships. Colleges have seen a rise in the upskilling of existing workforces following the change in eligibility that removed the length of service requirement for existing employees. Some colleges reported that initial uptake was particularly slow and there were huge gaps in understanding what the Levy meant. As actual access to apprenticeships in Wales has not essentially changed, employers are able to receive the same provision that was available previously. This realisation meant that the Levy is seen as a Westminster tax and has stimulated a lot of discussion at the point of enquiry for apprenticeships. Some of those discussions have been quite difficult. For many employers, the realisation, as the year progressed, that they are paying a Levy has certainly sharpened their focus to implement training. Enquiries and interest clearly picked up over the course of the year. The result has been an upturn in interest with initial indications suggesting this will continue into next year.

1.5 Large organisations are now far more interested in using apprenticeship programmes and ask for reports on a periodic basis. This includes the number of apprenticeships across their workforce, number successfully completed, the cost of the apprenticeship delivery (i.e. the college's income from Welsh Government). Companies paying the apprenticeship Levy also tend to offer a salary greater than the apprenticeship minimum wage.

1.6 Expectations have understandably been raised as employers are now looking for a measurable return on investment as they are now effectively paying for apprenticeship training. Employers have shown greater interest and want the respective frameworks/standards at the right quality to meet their needs. This could include a wider choice of frameworks/standards, particularly on Degree Apprenticeships than currently intended to be piloted. This could also include additional training that is delivered to meet industry needs at an additional cost to employers, due to gaps in what the Apprenticeship framework delivers i.e. Vendor qualifications.

1.7 Employers have also raised the fact that they already fund apprentice employment costs and other training/infrastructure costs, so the Levy has had a negative impact on their 'bottom line'. Tata Steel, for example, pay in excess of £2m into the Levy. Likewise, in construction, a levy is already currently charged by CITB, and this has also led to confusion for some employers.

1.8 Organisations such as local authorities and NHS Trusts have been proactive in finding out how they might take advantage of apprenticeships as they are now paying the Levy. The picture is different across Wales. Some colleges report that discussions have tended to focus on the upskilling of existing staff rather than

seeking to recruit new staff. There is an acknowledgement that if an apprentice is recruited then there is further cost to their organisation. Another of the barriers faced is the challenge of retention and progression - for example, there may be no progression for a level 2 apprentice at the end of the programme. This is due to staff turnover in higher grade jobs being low. The NHS Trusts have taken positive action in light of the levy and have been active in seeking apprenticeships in a wide range of routes.

1.9 NPTC Group of Colleges report that in terms of the NHS, Abertawe Bro Morgannwg University (ABMU) Health Board has been very innovative in their approach to the Apprenticeship Levy. NPTC Group of Colleges has been working with the health board for nearly two years in preparing the organisation to meet the challenges of the Levy. The Health Board has established an Apprenticeship Academy in partnership with the College and the Apprenticeship Team are helping to transform the culture across the organisation by promoting the awareness and benefits of the apprenticeship programme. The focus has been on the recruitment of new apprentices to support their skills gaps alongside the upskilling of existing staff. To date the ABMU's Apprenticeship Team have recruited 75 new apprentices. New frameworks are constantly being explored in order to meet the skills demands of the ABMU. The most recent apprenticeship has been offered in the Pathology Support Level 3 Apprenticeship. This work is delivered by Skills Academy Wales, a partnership of work-based learning providers, consisting of NPTC Group; ACO Training Ltd; Coleg-y-Cymoedd; Jobforce Wales; Learn-kit Ltd; Llanelli Rural Council Training; Neath Port Talbot County Borough Council Skills and Training and Swansea Itec Ltd.

1.10 Grwp Llandrillo Menai report having also received an increasing number of requests from English training providers for sub-contracting – large organisations with multiple sites wish to use the same training provider. Likewise, Public Sector organisations are looking into delivery for their specialist training and again asking for sub-contracting arrangements: for instance, the Ambulance service is looking at Paramedic technician training and the Fire Service is also investigating options.

2. Any concerns to date in respect the impact or implementation of the Levy

2.1 Employers continue to raise the idea that the Levy is a tax and that they are being penalised. Many already invested in high quality apprenticeship and training programmes. The different systems across the UK create particular challenges as it takes time for employers to understand exactly what is on offer and what is possible where.

2.2 As Wales does not operate the digital voucher scheme, there is certainly a view from employers that they are not getting their levy contributions back. Much of this is due to lack of information. Further Education colleges have been trying to educate

employers that there is greater flexibility in Wales on apprenticeships: for example, there is no finite pot to 'max out' as in England where firms have to start contributing 10 percent. Likewise, there is no complicated electronic system that employers need to worry about. In effect, employers can receive more than they put in without actually taking on new staff. However, much work remains to be done in promoting understanding of this.

2.3 Large employers that already invested heavily in apprenticeships complain they have been penalised: as they understand it, they were already investing but now still have to pay the Levy on top. Examples include Airbus and Flintshire County Council. (In the latter case, Coleg Cambria are now changing their programme to reduce delivery costs so that Flintshire can maintain their programme. Situations like this are not ideal). Much of the confusion is caused because of the different systems that operate in Wales and England and the need to clarify the differences. For instance, there have been cases where employers believe that the levy will cover the cost of apprentice's wages. This is leading to providers having to manage the expectations of the employers carefully.

2.4 More relevant apprenticeships need to be developed to meet the new and increased demand from employers. It is also important to note that large organisations often want the same options to be available in both Wales and England. Gaps are visible and highlighted – there is currently no apprenticeship for Paramedic technician in Wales, while the nuclear apprenticeship is not aligned to the one which operates in England. Given the investment in nuclear energy, the cross border issues here are particularly salient.

2.5 A particular challenge is employers that directly straddle the Wales-England border. Due to the way the Levy is structured, many companies in England want to implement the same apprenticeship structure across the border. With trailblazer apprenticeships prevalent in England, explaining differences to employers concerning the Wales framework model has proved challenging. In one instance a company was adamant they wanted the same structure as England but after almost seven months they have decided to run with existing college provision although it is possible that we will require some extra modules over and above. The variations in apprenticeship programmes and funding across the UK create particular challenges for cross-border employers and make the system of designing and deploying apprenticeship programmes more difficult.

2.6 In terms of Degree Apprenticeships, or Higher Apprenticeship with a Degree component, colleges have major concerns, feeling that in this respect Wales has fallen behind the English model.

3. Recommendations for the Welsh Government or others in this regard

3.1 While we recognise the efforts put into publicity and marketing around apprenticeships and the Levy from the Welsh Government, in many respects it was felt by colleges that this was too little too late. There remains a need for ongoing direct information campaigns so that employers really understand what is available to them. Welsh Government and the apprenticeship unit must continue to promote apprenticeships, working with NTFW as appropriate, with a targeted and consistent campaign to maintain continuity in content and messaging. This information is not just something that should come from the providers. A number of colleges felt that the Welsh Government needs to redouble its efforts on promoting understanding of its apprenticeship system and the benefits and advantages to employers of all sizes.

3.2 There also needs to be even greater effort to increase the number of employers offering apprenticeships. If the Welsh Government is sincerely committed to making apprenticeships a genuine alternative route to academic programmes, this will only work if we have a significantly bigger demand from employers of all sizes. Likewise, while we celebrate the flexibility of apprenticeships, for apprenticeships to have true parity with FE/HE more must be done to attract large employers to advertise their opportunities to school leavers so that apprenticeships are a valued opportunity by parents/guardians.

3.3 We must ensure that Welsh frameworks are portable and widely understood across the UK - not all Welsh apprentices will remain in Wales. There also needs to be greater employer involvement in designing apprenticeship frameworks or standards. This should be accompanied by a willingness to learn from what works well or already exists in other parts of the UK. For example, where there is a gap in provision in Wales, could the English standards be adopted at least in the short term?

3.4 Further research on specific aspects of the impact of the Levy should be undertaken by the Welsh Government. Areas should include the impact of the Levy on the start profile age categorisation of learners as well as what can be done to help smooth the delivery of information for the 'cross border' larger companies.

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