

Submission to the Economy, Infrastructure and Skills Committee's

Inquiry into the Apprenticeships Levy

Introduction

1. The National Training Federation for Wales (NTfW) welcomes the opportunity to contribute to this hugely important inquiry.
2. The NTfW is a 'not for profit' membership organisation of over 100 organisations involved in the delivery of apprenticeships and employability skills programmes in Wales. We are a pan-Wales representative body for the network of quality assured work-based learning providers, who are contracted by the Welsh Government to deliver their apprenticeship and employability programmes. All providers who are commissioned by the Welsh Government to deliver work-based learning programmes in Wales are members of the NTfW. As such, the NTfW is seen as the authoritative organisation on apprenticeships and employability skills programmes in Wales.

Aim

3. The aim of this Submission Paper is to provide evidence to the Economy, Infrastructure and Skills Committee as part of their review into the Apprenticeships Levy nearly one year after its introduction.

Background

4. In our written submission to the Committee's initial Inquiry into the Apprenticeship Levy, we wrote - In preparing employers in Wales for the advent of the apprenticeship levy, the Welsh Government should:
 - a. ensure that the positive messages around the success of the Apprenticeship Programme in Wales reach all employers, especially those who are impacted directly by the apprenticeship levy;
 - b. ensure that their business engagement and economic development teams actively work with the NTfW (as the expert body on apprenticeships in Wales), who can act as a 'funnel' for enquiries in regards to the availability of apprenticeship provision across Wales and other employer queries;
 - c. be very clear with all employers (regardless of size or sector) in relation to what are the "Welsh Ministers priorities" - the headline messaging around apprenticeships is at odds with contractual requirements around age, sectors and volumes;
 - d. ensure that there is a strong marketing campaign for apprenticeships, to run alongside the introduction of the apprenticeship levy, to include where employers need to go to get further information;
 - e. make a commitment to employers in Wales that they will fund the Apprenticeship Programme at least to the commitment made by UK Treasury;
 - f. should make public, the funding rates applicable to each apprenticeship.

The impact on employers in Wales following the introduction of the Levy;

5. Notwithstanding the obvious financial impact that the Apprenticeships Levy is having on employers, across all sectors, the introduction of a pan-UK levy which cuts across areas of devolved responsibility, has caused some confusion (and angst) amongst employers. Financially, it's an unwelcome "employment tax" to most employers, many of whom are already engaged with the Apprenticeship Programme in Wales - at not insignificant hidden cost to the business e.g. apprentice support, mentoring and development time etc.

6. However, the NTfW believes that the Apprenticeships Levy is achieving exactly what it was intended to do, namely in raising employers' awareness and interest in the Apprenticeships Programme. This includes employers within the public sector, who have not historically engaged in apprenticeships in significant numbers previously. All this can be seen as a positive.

7. Although this raised awareness and interest is yet to have a dramatic impact on the recruitment of individuals (particularly young people) directly onto an apprenticeship, there is a noticeable effect on the numbers of existing employees being 'up-skilled' in the workplace. However, providers are reporting that some employers are now looking to change their recruitment processes to include offering new vacancies as apprenticeships.

8. NTfW members report that in addition to the awareness and interest being raised, some employers are also beginning to have a greater and deeper involvement in how the Apprenticeship Programme is constructed and delivered in Wales. Again, this is seen as a positive, as this encourages greater 'employer ownership.' There is also evidence that suggests that employers would like further involvement in the actual delivery of the Apprenticeship Programme within their organisation, with some employers wanting to enter formal relationships with the existing provider network. This is particularly true of some public sector employers.

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

9. In the early stages of implementation very few employers were aware of the Apprenticeships Levy, and as such, it caught many employers by surprise. Providers had to do a lot of the plain English communication and explanation, which should have come from Welsh Government, as formal information was limited. Furthermore, it is felt by some that the message "that it's a Westminster tax" is wearing a little thin with employers, particularly those who have always engaged in apprenticeships in Wales.

10. Providers report that there still remains a lack of understanding from many employers, including pan-UK employers asking how they access their "levy fund" in Wales. With no 'Digital Voucher System' in Wales, levy paying employers cannot see what monetary value they are receiving from the Apprenticeship Programme in Wales.

11. As noted above, employers want to have greater involvement in the design and delivery of the Apprenticeship Programme in Wales. Historically, this has been achieved through individual employers working with their relevant Sector Skills Council. However, with the changing apprenticeships landscape across the UK, this is now difficult for them to achieve this aim.

12. Employers are seeing their England-based sister companies, suppliers and network using their credit more flexibility and they want this opportunity in Wales

13. As more employers have become involved in the Apprenticeships Programme in Wales, the existing weaknesses in the same e.g. the Apprenticeships Matching Service are becoming increasingly exposed. There is an increasing need for these weaknesses to be urgently addressed, if the programme's credibility is to be maintained.

Recommendations for the Welsh Government or others in this regards;

14. The Welsh Government should:

a. **Increase** it marketing and communication activity to make employers fully aware of the Apprenticeship Levy, and continue to increase the demand for apprenticeships in Wales;

b. **Inform** those employers paying the levy to see what funding is being used to support their apprentices. This will then reduce the call for a 'digital account'. In or written submission to the Committee's inquiry to the Apprenticeships Levy, NTfW suggested that Welsh Government should make public, the funding rates applicable to each apprenticeship available in Wales;

c. **Engage** employers – particularly those paying the levy - in the development and design of Apprenticeship Frameworks in Wales;

d. **Support** employers in advertising apprenticeship vacancies. As is widely recognised by many stakeholders, the Apprenticeship Matching Service is not fit for purpose. There are a number of commercially available platforms that will meet this need, or Welsh Government could consider developing an 'Apprenticeships Wales' platform, which used as the 'one stop shop' for all apprenticeships enquires;

e. **Fund** component qualifications from frameworks for existing staff where employers identify skill shortages but do not want full apprenticeships.

15. Further to the above, the NTfW stands by its recommendations (paragraph 4) made to the Committee in our initial submission to this Inquiry

16. We are happy for the contents of our submission to be made public, and are willing to discuss any of our responses further.