



CIPD Wales Submission to Economy, Infrastructure and Skills inquiry into the Apprentice Levy in Wales.

Background

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has over 145,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

CIPD Wales represents over 4500 members across Wales, operating the public, private and not-for-profit sectors.

Public policy at the CIPD draws on our extensive research and thought leadership, practical advice and guidance, along with the experience and expertise of our diverse membership, to inform and shape debate, government policy and legislation for the benefit of employees and employers, to improve best practice in the workplace, to promote high standards of work and to represent the interests of our members at the highest level.

Introduction

CIPD recognises the importance of learning and development and the need to shift our nation's skills base towards higher value high productivity and inclusive employment. We see apprenticeships as a fundamental plank of an efficient skills policy and nationally offer our insights to that end.

Our consultation was conducted using pulse/convenience survey techniques. These are not randomly distributed and often involve low number of respondents. We use them to test policy and practice issues with our members. They give an indicative flavour of opinion amongst that section of our membership who responded, who may well be the engaged and interested. We also capture open ended responses from members.

1 Our member's views of the impact apprenticeship levy generally (responses 17)

The levy has not generally been well received by those members in Wales we consulted. Seven of seventeen see it as generally negative and only about five saw it as positive. As we would expect many think it too early to tell or are lacking in information. Those in that category accounted for two fifths of our small survey.

A variety of views were put forward in our open-ended responses, including

My organisation is not eligible to pay the levy, but we are a strong believer in apprenticeships.

Companies are unable to spend fund on the development they need. Levy finding is too restrictive

Another complains of “less suitable apprenticeships on offer since the levy came in”.

Another of our respondents offered the view that:

There is still a lack of understanding around apprenticeships inn general. There is a definite need to re-educate senior leaders and managers.

2 We asked about their concerns based upon their experience about the levy

The largest response from our small group was that it has increased costs with six expressing that view. Four felt the process was not transparent enough. Thinking it would restrict their funding for lower level qualifications. One respondent saw it as a tax on employment. Yet behind much of the negativity about the levy is a view that it has inadequately replaced previously available government funding.

In open-ended responses we heard

Talking with other training providers we see it's as a confusing training levy. I would like to have selected all options (we asked them to select their biggest concern).

In Wales it's not transparent, we have asked Welsh Government for clarity on costs (even if notional), this is not forthcoming.

We asked further questions of our respondents about their employer's experience of applying for levy funding in Wales.

Having worked in both a company in England and now a Welsh company, the restrictions in Wales make it really difficult to be able to find apprenticeship that suit more staff in the organisation. The Frameworks in England are much broader, encompass more levels and are generally delivered by a better quality of training providers. Some of the Training Providers in Wales (not all I hasten to add) are the same providers that would have been delivering the old schemes and lack professionalism and scope to deal with the increased numbers/topics that the Levy has prompted. Unfortunately due to the restrictions in Wales, it will therefore be seen more as a tax on employment, as the quality providers is poor, the frameworks are restricted and the ease of being able to engage directly with providers rather than meeting Welsh Government priorities is frustrating.

3 What has your direct experience been of the levy (n16)

The good news for policymakers is that of those who applied for apprenticeship funding, nine received it. Only four of this small sample applied and did not receive funding. A further four were working on designing a tailored programme around key skill such as digital etc.

One told us:

We have accessed funding through training providers, however there has been restrictions on the topics we could select. In future we want to work with training providers on higher level apprentices, but the feedback from the training providers is that this would be bespoke not an existing framework. Bearing in mind the Frameworks exist in England, this seems ridiculous. In relation to gender and inclusiveness, we already take this into account for all development and haven't necessarily taken additional steps specifically for apprenticeship.

4 In relation to your application being unsuccessful or you chose not to complete the process of application what was the main problem?

Two respondents said this was due to the slow response of the training provider and five that it was because of the complexity of the skills funding application process.

5 Recommendations

We received a wide range of suggestions. Some questioned the need to continue the levy.

To scrap it. It's a waste of time and resources

Greater flexibility needed to develop apprenticeship frameworks to meet business needs. WG to work with businesses on the design and development of new frameworks to support identified skills gaps, but not through an overly bureaucratic process that 'turns off' employers and deters their engagement.

Clarify what the levy is and how it works as many are still in the dark about the process. As a company who take on apprentices every year we have seen no change in how this happens but I am concerned that this process will become more complex with extra levels of bureaucracy. As we are exempt from the levy I'm also concerned that this will mean SME's receive less focus for apprentice training as we are pushed out by the larger employers who are paying the levy.

Allow organisations to spend the levy on the development needs of the organisation. We have had organisations cancel existing ILM development because they can't fund through their levy this is a lose lose situation on every level Particularly for Level 2 and Emerging Talent.

Make the information easily available and clarity over which organisations can have funding and for what.

Move closer to the English model, remove the restrictions on funding particular areas, encourage a bet quality of providers and use the broader framework

CIPD Wales Viewpoint

We have presented the views of some of our members here unfiltered as we believe the best way for Assembly Members to get insight is to hear from those at the sharp end.

From CIPD's point of view member perceptions are shifting. Even from this small sample of our engaged members we see that attitudes towards the levy and its operation in Wales, though initially hostile, is erring towards accommodation.

Looking at some data from our UK survey which was published in January 2018, roughly three fifths of the large representative survey of 1000 employers, believed that the impact of the levy either made no difference (47%) and 15% said it would increase their desire to train and develop staff. Only a quarter said it would reduce investment in training and development. Indeed overall we find that almost half of employers responding to our survey for levy payers in England support the levy compared to just over a third in 2016. When we look at the number who would support a general training levy (36%) as opposed to 9% who favour the current apprentice levy it's clear that though the structure of an apprentice levy may not be supported, the strategy of a training levy is not universally unpopular.

We hope the Economy, Infrastructure and Skills Committee finds this section of CIPD member views and recommendations useful in its forward work. We thank our members for their engagement and hope the open-ended responses develop their opinions and views more fully. CIPD is always happy to share our expertise on skills at national level and also our insight from working across other devolved nations.

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