

## Evidence paper from the Minister for Welsh Language and Lifelong Learning Economy, Infrastructure and Skills Committee - Apprenticeship Levy in Wales

### Overview

Over the last few years, Wales has ensured the comparability of the skills contained within its apprenticeship programme, with those delivered across the UK and other Group of Seven (G7) nations. The approach supports the mobility and progression of employees within occupations, between jobs and across sectors; which is increasingly important in an expanded global market place. As automation and artificial intelligence become the norm within any job role, apprenticeships will facilitate skills standards, ensuring the competence of our workforce and increase the momentum around the acquisition of technical knowledge; particularly in light of the challenges brought about by Brexit.

During September 2017, the Welsh Government published its National Strategy, 'Prosperity for All'. In December 2017, to support delivery of 'Prosperity for All', the Welsh Government published its Economic Action Plan for Wales. The Employability Plan was published on 20 March 2018 and sets out how the Welsh Government will support those furthest from the labour market, the economically inactive, and those at risk of redundancy, into work<sup>1</sup>. The Apprenticeship Programme makes a major contribution to the delivery of all these plans.

### Apprenticeships

The 'Apprenticeships Skills Policy'<sup>2</sup> is aimed at the needs of the Welsh economy, responding and pre-empting industry changes and combining that with a focus on improved economic and social returns. Without a solid nucleus of skills, it is hard for an individual to thrive in the jobs market. To be specific, the Minister for Welsh Language and Lifelong Learning has highlighted her three priorities for the programme:

- *eliminating the qualification gap between Wales and the rest of the UK;*
- *driving inclusivity, diversity and fair work; and*
- *responding to current and projected skills gaps.*

### Eliminating the qualification gap between Wales and the rest of the UK

We are preparing for a radical shift in the world of work to ensure the workforce is ready for the challenges and opportunities of tomorrow such as automation, artificial intelligence and robotics by:

- Improving the content of our Apprenticeship Frameworks. During 2017, we considered the content of all our operational Apprenticeships Frameworks, with the aim of making them more relevant to the needs of employers. This year Welsh Government will take on more responsibility for the design of Apprenticeships and we will consult on a new process for the approval and regulatory compliance of Apprenticeship Frameworks in Wales. We will commission new frameworks, using themes put forward by Regional Skills Partnerships, in conjunction with employers in their areas, and approved by the new Welsh Apprenticeship Advisory Board.
- Expanding higher-level apprenticeships. We intend to increase the number of Higher Apprenticeship Frameworks (at levels 4 & 5) and to provide a key

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<sup>1</sup> <http://gov.wales/topics/educationandskills/skillsandtraining/employability-plan-for-wales/?lang=en>

<sup>2</sup> <http://gov.wales/topics/educationandskills/skillsandtraining/apprenticeships/apprenticeships-skills-policy-plan/?lang=en>

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focus on Science, Technology and Engineering to create a new generation of professionals to drive innovative practices, create new products, and raise productivity levels. The Minister has set an operational target of at least six thousand Higher Apprenticeship starts to be delivered per year; commencing academic year 2018/2019.

- Introducing Degree Apprenticeships. From this September, Digital/ICT Degree Apprenticeships (at level 6) will be available for the first time in Wales and shortly after, we will offer Degree Apprenticeships in Engineering.
- We will continue the work we have started with employers (in key sectors) to integrate Apprenticeships into their workforce plans, in order to support those already in work and those new to the labour market.
- Drive change across the skills landscape. We will use the ongoing facilitation of our employer sector clusters to drive forward modern skills delivery in partnership with key employers and their supply chains.
- A new area of work involves working with specific sectors that could be disadvantaged by Brexit, with the aim of identifying potential skills gaps and significant shifts in the economic structure.

### Driving inclusivity, diversity and fair work

We have a responsibility to break the cycle of low-skills, low-pay. For many people – particularly those with low qualifications – low-paid work is not providing a stepping-stone to a higher-paid job, and instead people are becoming trapped in low pay employment. Our central focus is on progression into higher-level training. The disadvantaged have the most to gain from learning new skills that lead to career opportunities and the apprenticeship programme provides both through:

- The actions we have taken to ensure that lower level apprenticeships are not an endpoint but the start of the journey.
- The procurement and use of a comprehensive equality toolkit, to support the apprenticeship providers and employers, which includes specific modules on gender identity, stereotyping and unconscious bias.
- Working to increase the number of disabled people undertaking an Apprenticeship. Working with Remploy to match those who are participating in the Work Choice programme into apprenticeship opportunities. This brings together the combined efforts of two major programmes, ensuring disabled people access work and receive skills that will help them remain and progress in employment. The Minister for Welsh Language and Lifelong learning has indicated that participation levels for disabled people are expected to double year on year throughout this Assembly term. Please see Table 1 below.
- Ensuring the Welsh element of the Apprenticeship Pay Survey is undertaken on a regular basis and work with Apprenticeship providers and employers to address concerns raised within that survey. Intensify our efforts to influence the Low Pay Commission and UK Government regarding Apprenticeship pay levels.

Data on disabled learners – Apprenticeship learners by Academic year

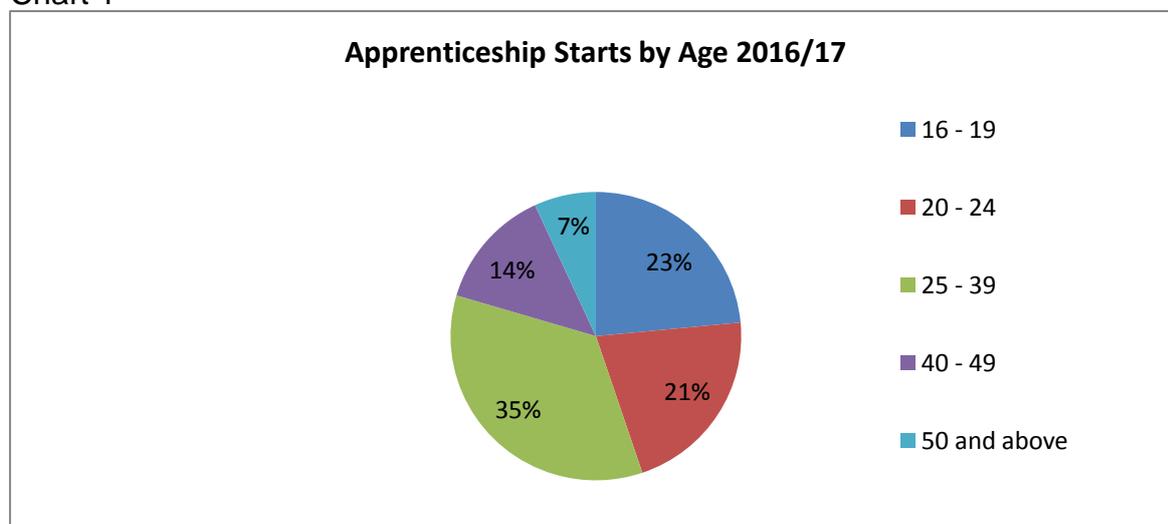
Table 1	2012/13	2013/14	2014/15	2015/16	2016/17
Not Disabled	98.7 %	98.7%	98.6%	98.5%	98.4%
Disabled (affecting learning)	1.3 %	1.3%	1.3%	1.4 %	1.5 %
<a href="#">(there is a small additional element of unknowns)</a>					

### Responding to current and projected skills gaps

About 23% of apprentices are aged 16-19 (see chart 1). At this age, support and encouragement is required to help apprentices to take that step into employment, as it is one of the most important transition points in anyone's life. Around 21% of our apprentices are aged between 20-24. This again is a key transition point in terms of the labour market; we see young people starting an apprenticeship after A levels or following a Further Education or Higher Education course. We intend to respond to future skills gaps by:

- Increasing the number of 16-24 year olds, as a percentage of our programme, year on year as we move through the term of this government. Added to this we will continue to strengthen and introduce reporting on our pre apprenticeship support offer namely:
  - Junior Apprenticeships for pupils aged 14-16 to provide a first step towards an apprenticeship; and
  - Preparation to Apprenticeship programme for 16-24 year olds, providing a supportive work experience and college based intervention.
- We have not delivered a new Apprenticeship Matching Service as we had anticipated. We have taken our time to look at a possible replacement and the connected landscape that is required for Apprenticeships in terms of its platform and functionality. We are moving to a more defined and cyclical process for advertising apprenticeship vacancies which will be maximised during the periods when students leave school/college, together with a new employer zone to showcase the range of employers involved in Apprenticeships.
- Our biggest innovation is our Have a Go programme, aimed at raising the profile of vocational education through allowing young people to have a vocational experience in a college or school. It has been highly successful, engaging with over 55,000 young people over the last year.

Chart 1

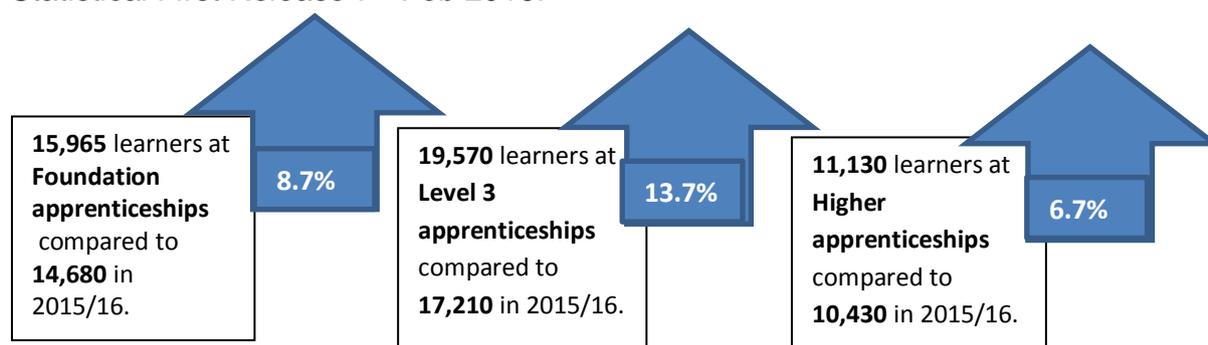


Source: StatsWales

## Performance

Our apprenticeship policy outlines how we will deliver a high quality apprenticeship offer, in line with the needs of the Welsh Economy, while creating at least 100,000 high quality apprenticeship places over this Assembly term and we are making very good progress against this commitment. We have increased our investment in apprenticeships from £96m (2016-17) to £115.5m (2017-18), a further £115m is being invested in 2018-19 to ensure that small, medium and larger employers have access to apprenticeships in priority areas. Chart 2 indicates the general direction of travel on apprenticeships over the 2015-2017 period.

Chart 2 - Full learner count for 2016/2017 on Apprenticeships as published in the Statistical First Release 7<sup>th</sup> Feb 2018.



Number of new learning programme starts:

Year	Foundation Apprenticeships	Apprenticeships	Higher Apprenticeships
2016/2017	9,890	9,550	4,675
2015/2016	8,410	9,300	5,980

*Dip in Higher Apprenticeship Start figures are due to more stringent rules around recruitment and initial assessment of apprentices to ensure they are capable of achieving the full Apprenticeship Framework.*

Learners on apprenticeship programmes have to achieve a range of qualifications in order to gain the full apprenticeship 'framework'. In 2016/17, 81 per cent of learners across all Foundation Apprenticeship, Apprenticeship and Higher Apprenticeship programmes achieved this, the same rate as in 2015/16. 2016/2017 – The best performing areas in terms of framework achievements were ICT, Engineering and Education.

## Employers, the Economy and the Apprenticeship Levy

The demand resulting from the introduction of the Apprenticeship levy is still at the forefront of our work on apprenticeships, in terms of engagement, programme content and the creation of apprenticeship recruitment and workforce development plans. However, we need to be mindful that the levy has been introduced at a time when the UK Government has cut Wales' funding for day-to-day services by nearly £1bn in real terms since 2010-11. Despite this, the Welsh Government is continuing to invest in apprenticeships and help both Levy and Non Levy payers across Wales.

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The UK Government's approach to the levy hasn't worked. In England, apprenticeship numbers have fallen rapidly. The Welsh Government argues, as do many major employers, that a radical overhaul is needed to implement a system that positively assists employers to build the skills they need in an ever changing workplace. For instance, changing the focus towards tax relief measures for companies recruiting new apprentices rather than continuing with what is essentially an employment tax. Welsh Government do not know who is paying the Apprenticeship levy (only HMRC have access to that data) we are however doing all we can to work with employers across Wales on apprenticeships in order to drive forward our aims for the Welsh Economy.

In Wales, we are trying to support our employers through a range of actions:

- We have established a new independent employer-led Welsh Apprenticeship Advisory Board (WAAB) under the Wales Employment and Skills Board that has representation from levy and non-levy paying employers. It will need to challenge and champion the learning content contained within the apprenticeship programme, ensuring gaps in frameworks/standards are considered and addressed swiftly and, where ever possible, ensure that apprenticeship skills are portable and recognised; particularly in industries that operate across borders.
- A revised employer's communications toolkit will be available before the summer, with the target audience being all employers in Wales. We want to position the guidance to meet the needs of all employers and dispel any concerns that levy or non-levy paying employers' access to apprentices is different in any way. We will continue to highlight our policy objectives in the toolkit. We have established and strengthened a small team of officials dedicated to working with employers to diagnose their needs and understand how the content of apprenticeship frameworks can be adapted.
- Employers of all sizes are provided with the same initial level of support, advice and guidance; in the future this work will proactively seek out and provide advice to levy paying employers supported by marketing activities. Further support, if required, is tailored to their specific needs once the initial diagnostic has been completed. To date, Welsh Government has been in communication with over 400 companies (either directly or via intermediaries) across Wales. In addition, the Business Wales – Skills Gateway has referred over 700 employer enquiries to the National Training Federation for Wales (NTFW), the Wales wide representative body for all those organisations or individuals involved in the training industry. We have also delivered 3 regional 'Meet the Provider' events.

We have been working with Federation for Small Businesses to maintain and improve our engagement with the sector and a joint action plan has been produced to support this work. The perception of smaller businesses does not seem to have changed drastically in that the levy 'transaction' does not affect them. They believe that provision and access to apprenticeship provision remains constant. However, more needs to be done to continue to engage with small businesses across Wales and specific marketing action is planned in this area to realise that aim.

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Sector clusters – We have been working with large companies to adopt a ‘cluster’ type approach to engage and deliver apprenticeships and provide fair work across a range of sectors namely:

- Health – Dental Nursing; Specialist Therapies, Laboratory Technician, Data Informatics and Pharmacy.
- Early Years and Care – Childcare and Social Care.
- Public Sector – Local Authorities workforce planning Public Sector Finance.
- Foundational Economy - Food & Drink Sector, Fisheries, Agriculture & Farming, Heritage Skills and Heritage building skills, Retail and Sport.
- High Value areas - Environmental / Decarbonisation, Life Sciences, Metro/Rail, ICT (cyber, big data, software), Legal, Chartered Management; Construction; Engineering / Manufacturing, ‘Power’ sector, Media / Journalism, Aerospace and Continuous Improvement systems.

Stakeholders are concerned about our approach to skills around the Foundational Economy, particularly as higher and technical level apprenticeships continue to expand and are prioritised accordingly. The Apprenticeship Unit has been monitoring the level 2 landscape carefully and will shortly explore the option of creating a foundational economy programme that delivers level two-type provision in certain areas likely to be reclassified outside of apprenticeships. Development work in this area is due to commence during June 2018.

### **Conclusion**

Since its publication in February 2017, progress has been made to deliver the vision contained within our Apprenticeship Skills Policy; but more importantly the policy is already influencing the wider skills system. Further and Higher Education officials, the Apprenticeship Unit, and officials from the Schools have successfully pulled together programmes and projects to create a more distinctive vocational skills pathway. Welsh Government continues to listen to the concerns from both Levy and Non Levy paying employers and we are confident that our approach to apprenticeships in Wales is fair with a key focus on structural change to drive forward the Welsh Economy.