

Vaughan Gething MS
Minister for Economy

26 October 2023

Senedd Economy, Trade and Rural Affairs Committee: Cost of living pressures and the Young Person's Guarantee

Dear Minister

At its meeting on 28 September the Committee discussed cost of living pressures and the Young Person's Guarantee. This was a follow-up to a session held in November 2022. The meeting focused in particular on the impact of cost of living pressures on young people and their future education, employment and training opportunities. Evidence was taken from Careers Wales, the Welsh Local Government Association (Leader of Denbighshire County Council), CollegesWales and the National Training Federation Wales (NTFW).

Annex A to this letter sets out some key findings and points on which we would welcome a response. Following the session I received a letter from a civil engineering company in North Wales which raises some pertinent issues relating to apprenticeship recruitment and retention in the construction sector. I have therefore also attached this correspondence, and Annex A seeks a response on those specific issues.

Given the cross-cutting nature of responsibilities for delivering these key commitments in the Programme for Government, I am also copying this letter to the Minister for Education and Welsh Language for his consideration, and to the Chair of the Senedd's Children, Young People and Education Committee for information.

Kind regards,

Paul Davies

Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

CC: Jeremy Miles MS, Minister for Education and Welsh Language

Jayne Bryant MS, Chair, Children, Young People and Education Committee



Impact of cost of living pressures on young people's decisions

Careers Wales shared anecdotal evidence from careers advisers about choices being made by young people as a result of cost of living pressures, including concerns around contributing to overall household income, and parental influence on young people's choices because of how it might affect their parents' access to benefit payments. This is influencing choices young people are making as they are opting to go into low-skilled higher-paid jobs, rather than staying at college or on apprenticeship schemes. The cost and availability of transport remains a significant barrier, along with the cost of food and meeting other up-front costs, with Careers Wales reporting a 'perfect storm' of factors that are leading to young people making short-term decisions which will impact their longer term career prospects.

There was recognition from CollegesWales and the NTFW of positive changes since the Committee looked at this issue a year ago, including increases in further education enrolment and in numbers accessing Jobs Growth Wales Plus. The increase in the Educational Maintenance Allowance and other allowances for learners were welcomed, but it was felt that improvements in some data were still masking problems for students facing financial hardship and pressure to contribute to household income.

For example, CollegesWales described how their deprivation fund is being utilised to prioritise support for students struggling with costs. The NTFW described young people having to leave the family home to ease household costs and 'sofa surfing', while other learners were contributing to household income from their allowances, leaving them with less disposable income. The Welsh Local Government Association (WLGA) representative noted that engaging with the former 'semi-transient' young people was particularly difficult.

More support for upfront costs

While support is provided to young people retrospectively, for example to claim for travel costs, Careers Wales reported that young people are struggling to meet up-front costs due to a lack of disposable income. Another example given was meeting the up-front cost of getting required ID. Careers Wales said it has increased its support fund due to increased demand.

Recommendation 1: Careers Wales recommended that more needs to be done to address the problem of up-front costs acting as a disincentive to young people accessing employment and training opportunities. The Committee would welcome a Ministerial response on what more Welsh Government can do to address this particular issue of meeting up-front costs.

Evaluating the Young Person's Guarantee (YPG) – better data

Careers Wales offered to share data it was collecting on college leavers with the Committee. The need for a better dataset across all delivery partners, including regional data to assess where gaps are and where more support can be best targeted, was a critical issue raised by witnesses.

Recommendation 2: Collaboration on data-sharing is vital to evaluate the success of the Young Person's Guarantee (YPG), and the Committee would welcome more information on how Welsh Government is addressing this, and ensuring that data is shared effectively across the partners to inform future delivery of the YPG.

CollegesWales stressed the challenge with delivering the YPG is providing all young people with accurate and impartial advice about the full range of support and programmes available under the YPG umbrella. They noted this was something picked up in both Dr Hefin David MS's recent report on transitions to employment and Sharron Lusher's independent report of the Vocational Qualifications Review Board.

Recommendation 3: NTFW said that, with regard to the provision of accurate and impartial advice on the range of support and programmes available under the YGP umbrella, the partnership between Careers Wales and training providers needs to be "re-strengthened". The Committee would welcome you outlining what action you will take to help achieve this.

The Apprenticeship target and retention and completion rates

Welsh Government's published learner outcome measures show the completion rate of apprenticeships has fallen from 81 per cent in 2018-19 to 66 per cent in 2021-22. Careers Wales identified a number of reasons for this, including that many young people were giving up apprenticeships to take paid employment that would allow them to earn double the hourly rate they would earn as a year one apprentice, or even to take on seasonal jobs, which the Leader of Denbighshire County Council identified as a particular issue. An Engagement and Progress Coordinator (EPC) in West Wales reports that salary rates in part-time jobs make apprenticeships a "hard sell". Reduction in completion rates will also include some employers who have stopped offering apprenticeships, and **some employers have also advised Careers Wales that it is hard to sustain the right level of supervision for apprenticeships, or that lower productivity within the business is a barrier.**

The work being done by UCAS to promote apprenticeships was cited by Careers Wales as a 'chink of light', as evidence suggests interest being shown from some of the most disadvantaged parts of Wales.

Recommendation 4: The Committee would welcome more information on what assessment has been made of employers who have stopped offering apprenticeships, and the reasons for that, including the issues raised by Careers Wales around supervision and productivity, and what actions are being taken to address those barriers for employers.

Changes to frameworks and essential skills requirements

Concerns about the very low completion rates for care sector apprenticeships were raised, particularly as this is an area of high demand from employers. Careers Wales said action to amend the essential skills requirements had helped with some of the completion rates, but the other challenges around salary rates elsewhere and transport costs still remain. The Committee has also received evidence of changes to formal entry standards and skills requirements being an issue in the construction sector (see in more detail below).

The NTFW said that the process of Welsh Government agreeing new apprenticeship frameworks needs to be quicker and more responsive to employers' needs. **Delays in framework approval were identified as a problem, and the NTFW said it needs an employer-focused team, and rather than extending some existing frameworks there should be more focus on what employers are saying they need, and to publish a new framework.** Providers highlighted the importance of work with Qualifications Wales to adjust the length of stay for courses appropriately in areas such as construction, to help with retention rates.

Recommendation 5: The Committee would welcome more information on how concerns highlighted around the design and approval process for apprenticeship frameworks, the responsiveness of the process and the involvement of employers in that process, are being addressed.

Apprenticeships for plant operatives

The Committee has received correspondence from Jones Bros Ruthin Co Ltd (at Annex B) a leading civil engineering company raising specific concerns about changes to the apprenticeship frameworks for plant operatives. These include a recent decision by Welsh Government to cease funding the Level 2 apprenticeship and transition to a Level 3 apprenticeship framework, which unlike Level 2, includes a requirement to attend 700 hours of classroom-based learning over 3 years whilst being paid wages. While understanding the rationale, the employer says that a 'significant proportion' would struggle with the increased academic demands and this will negatively impact on recruitment numbers. They raise a number of problems with delivering the new framework that demonstrate "the practical implementation of the Level 3 framework appears to have been inadequately considered", and believe that the shift to focus on academic learning could discourage more practical individuals from pursuing civil engineering careers.

The company also highlighted the stipulation that plant operative apprentices must work over 51% of their time in Wales as a barrier. The company is actively pursuing projects in England and Scotland due to a decline of infrastructure investments in Wales, which they say would reduce the number of projects where they could employ apprentices whilst adhering to the 51% rule.

Recommendation 6: The Committee has been made aware that a leading civil engineering company in Wales is seeking a revaluation of the Level 3 Apprenticeship Framework given the practical challenges they highlight, and for flexibility in meeting the 51% working time rule in Wales. The Committee would welcome a response from the Minister on these specific points.

Parity of esteem for vocational qualifications and progression pathways

Careers Wales said that one of the biggest issues they face is demonstrating to parents, rather than young people themselves, that apprenticeships can compare equally to a traditionally academic pathway, with some parents being "quite single-tracked in terms of thinking that if you want to get on, you do A-levels and then you do a degree".

Recommendation 7: Careers Wales accept that more needs to be done to demonstrate, to parents in particular, that it is possible to progress between the apprenticeship levels for a full career pathway, including up to degree apprenticeship level. These concerns are not new, but the Minister's views on how to proactively address this barrier would be welcomed.

Addressing barriers relating to benefit payments

Careers Wales, the WLGA and the NTFW all reported this as an issue. The NTFW acknowledged that the Welsh Government has done some positive marketing this year, but feel **there is an opportunity for the Welsh Government and the Department for Works and Pensions to add to that messaging, to highlight to parents that allowing young people to join a Jobs Growth Wales Plus programme and access increased allowances will not impact their universal credit.**

The NTFW also note that some parents will support the young person to join a Jobs Growth Wales Plus programme, but then discourage them from going into employment due to the impact on their benefits, so a bigger discussion is needed regarding how to address this issue. Working Denbighshire is engaging with parents but said the statistics demonstrate that take-up is still not as high as it could be.

Recommendation 8: The Committee would welcome a response from the Minister on what more can be done by both Welsh Government and the Department for Work and Pensions to address barriers to the take-up of programmes offered under the Young Persons Guarantee due to concerns about the impact on household benefit payments.

Regional and rural-urban disparities

The divide between rural and urban areas of Wales in terms of both provision of apprenticeships and access to them was highlighted by CollegesWales, the NTFW and Careers Wales. In particular, the **lack of available transport options and/or transport costs**, were identified as a major issue for learners in mid and west Wales. This was seen as more of an issue than Welsh language provision, although

Careers Wales also said more can still be done to promote awareness of opportunities to learn in Welsh, and for young people to understand the demand from employers for bilingual employees.

Recommendation 9: The Committee would welcome a Ministerial response on the work being done to promote greater awareness both of the opportunities to continue learning in Welsh and the high demand from employers for bilingual employees.

Prohibitively expensive transport costs mean that some young people are reliant on parents. We were given the example of a 17 year old on an NHS apprenticeship who was wholly dependent on the parent taking them to and from work. In this instance a flexible programme could be offered to the apprentice, but this will not always be the case. CollegesWales also provided a stark example of an apprentice learner in Pembrokeshire, who due to the cost of travel to and from their employer in Milford Haven, had to work for two and a half hours before earning any take home pay. In rural areas some people may need to move to live with other family members to access training or walk long distances. Careers Wales said that schools, colleges, providers and careers advisers were reminding young people of Welsh Government's MyTravelPass scheme for bus and rail, but sometimes getting to a discounted service in the first place was more of a problem for young people.

Careers Wales noted that equality of access is more of a problem with any training programmes in more sparsely populated rural areas. Lack of funding was identified as an issue to address disparities, and the NTFW identified the need for geographical uplifts to funding to help young people with accessing training and jobs, including for those from more deprived backgrounds and with self-declared disabilities. Lisa Mytton from the NTFW also highlighted that Jobs Growth Wales Plus was the only post-16 programme which did not receive the 5% cost of living increase this year.

Recommendation 10: The Committee would welcome the Minister's response on the prioritisation of uplift funding to address the specific regional and rural/urban disparities it has highlighted in access to education, training and employment opportunities across Wales.

Consistent careers advice from primary level

The Welsh Government's 'Young Person's Guarantee national conversation report' found that schools had failed to prepare young people and that careers advice was sporadic and aimed more at those who were more academic. Careers Wales said they were surprised at that feedback, advising that they do work in primary schools to offer intensive support, and have developed some resources to support primary teachers. They emphasised the importance of repeated engagement with young people.

Supporting transition by linking schools with employers

Dr Hefin David's recent work on transitions to employment identified pockets of good practice, but there is a disconnect between schools and employers which is affecting the ability to give young people a full picture of the opportunities available to them. CollegesWales highlighted the initiative

being undertaken in West Wales in relation to linking schools, employers and providers on skills for the offshore wind energy sector. However, there is a need to scale up good practice across Wales.

Careers Wales have access to an employer database which schools currently lack. Colleges have people employed to seek out employers, but schools do not have access to this pool of employers, and rely on an informal network of parents who are employers or have links with employers. There would be mutual benefit for schools offering access to pupils aged 11 to 16, and colleges offering schools better access to employers. Careers Wales advised they have access to an education business exchange database of 10,000 employers which could be developed into a work experience database - they could facilitate a greater link between further education and schools, and would welcome that approach, but would need a directive from the Welsh Government.

Recommendation 11: The Committee recommends that Welsh Government provide clear direction to ensure that colleges and schools are working together to help learners progress into employment, including through a service level agreement (SLA) on information sharing and exchange between Further Education and schools, with Careers Wales acting as an 'honest broker' in this regard. The Committee recommends this requirement for an SLA on information sharing and exchange is included in Welsh Government remit letters for Careers Wales and the Commission for Tertiary Education and Research.

Awareness of the Employment and Enterprise Bureaus

CollegesWales gave some positive headline figures on the success of the bureaus in helping further education students into work placements and with essential skills for employment, but NTFW said more work needed to be done to raise awareness among young people of the existence of the bureaus.

Recommendation 12: The Committee would welcome a response from the Minister on what work is being done by the Welsh Government to further promote the existence and role of the bureaus, beyond the presence on the Business Wales website.

Job-coaching as part of transition support for pupils with additional needs

Careers Wales see a role for themselves in job coaching initiatives such as that offered by the Engage to Change project at Cardiff University for those with additional learning needs, but identified funding as a potential barrier to extending this work, now that project is at an end.

Recommendation 13: It was noted that both Jobs Growth Wales Plus and Communities into Work+ programmes provide support to young people with additional needs, however the Committee would welcome more information from the Minister regarding future plans for job coaching initiatives and for Careers Wales's involvement in them.



Other Barriers to Education, Training and Employment

Careers Wales identified increased absenteeism; problems accessing children educated otherwise than at school; and patchy data-sharing between local authorities as being additional barriers to reaching some young people. They reported concerns about reaching the target numbers of young people in the coming months, beyond the 'peak time' to access them at the start of the academic year.

Careers Wales also raised the difficulties of engaging with young people with behavioural, severe anxiety or other mental health problems, low confidence and low self-esteem, and those who are very isolated and rarely if ever leave the home. It was recognised that Jobs Growth Wales Plus is devised to be flexible to adapt to meet the needs of these hardest-to-help young people, to build up attendance and confidence gradually, to provide 'niche provision' to address specific issues such as debt and budgeting advice, and reaching out to young people in specific settings such as boxing clubs. The opportunity to keep re-engaging with these young people in a 'long game', and the importance of partnership working in the Youth Engagement and Progression Framework was emphasised.

Recommendation 14: The Committee would welcome any further information the Ministers for Economy and Education can provide on how the Welsh Government is applying lessons learnt in implementing the Young Person's Guarantee and the Youth Engagement and Progression Framework, to further flex support to address the additional barriers identified by Careers Wales and other witnesses.