

Enterprise and Business Committee

Written Evidence to the Enterprise and Business Committee **Inquiry into Apprenticeships in Wales**

Evidence from the Deputy Minister for Skills

Summary

1. This paper provides evidence to support the Committee's Inquiry into Apprenticeships in Wales. It outlines developments on apprenticeship policy and delivery in recent years and how this has culminated in the current position on apprenticeships in Wales. It also describes the nature of employer involvement in apprenticeships, the economic impact and responsiveness of current apprenticeship programmes and how the system supports effective matching of apprenticeship supply and demand.

Introduction

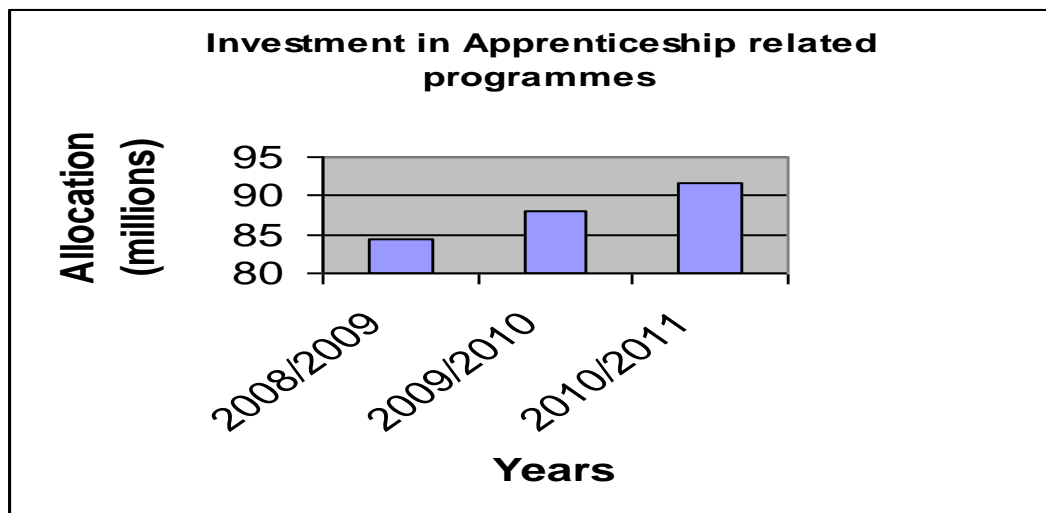
2. Apprenticeships have a long tradition in the United Kingdom, dating back to the 12th century. For many years they have been the mainstay of training across many traditional industries, aimed at ensuring an adequate supply of proficient individuals in skilled occupations and higher technician and engineering professions. The UK Industry Training Boards (ITBs) established under the 1964 Act sought to improve the quality and quantity of training and to share the costs of training with employers. Traditional apprenticeships declined in many sectors during the 1980s, with the exception of high technology areas such as aerospace, chemicals, nuclear, automotive, power and energy. These sectors continued to adopt structured apprenticeship systems based on four to five year programmes.
3. In 1994, the UK Government introduced Modern Apprenticeships (since renamed 'Apprenticeships' in Wales) based on frameworks that are now devised by Sector Skills Councils, industry bodies and employers. Since 2010, all apprenticeship frameworks available for delivery in Wales meet the new Specification of Apprentice Standards for Wales (SASW), which, as part of the Apprenticeships, Skills, Children and Learning Act 2009, replaced the previous 'blueprint' standard. SASW sets out the minimum requirements for Apprenticeships in Wales, including a number of mandatory elements such as:
 - A competence-based qualification, which must be, as a minimum, a level 2 from the Qualifications and Credit Framework;
 - A relevant technical knowledge qualification;
 - Essential Skills Wales qualifications in Communication and Application of Number; and
 - Employee Rights and Responsibilities to ensure that the apprentice is aware of his or her rights and responsibilities in the workplace.

4. These were developed in order raise standards across the apprenticeship sector and in order to respond to concerns raised by employers that many apprentices did not have sufficient key skills or depth of technical knowledge.

Apprenticeships in Wales

5.Apprenticeships have been, and continue to be, a flagship programme for the Welsh Government. We have committed in our Programme for Government to increasing apprenticeship opportunities for young people and to being judged on our many achievements from apprenticeship success rates through to the number and breath of apprenticeship opportunities available for young people. Bar Chart 1, illustrates the Welsh Government’s allocated investment (including European funding) in apprenticeship related programmes (including Pathways to Apprenticeship and the Young Recruits Programme) represented £91.6 million in 2010/11, an increase from £87.9 million in 2009/10 and £84 million in 2008/09.

Bar Chart 1.



6. There has been a clear divergence between how we in Wales deliver apprenticeships compared with the approach in England. We are committed to protecting the status and brand of apprenticeships in Wales and place the apprenticeship programme at the centre of our workforce skills offer whilst also recognising the need for flexibility in responding to the needs of employers and individuals. Our approach in Wales is to enable the delivery of flexible solutions through a suite of inter-related programmes which *complement*, rather than *dilute*, the core apprenticeship offer. This allows us to work hand-in-hand with employers and training providers in delivering the right solution for them as opposed to a system in which employers are expected to make the programme ‘fit’. We also recognise that the market, by itself, will not provide sufficient intervention in the right places and at the right time to meet all the training needs we have in Wales. We therefore continue to work in partnership

with both our employers and our work-based learning providers in Wales to ensure we are delivering on skills needed for the wider Welsh economy.

7. Our apprenticeship strategy in Wales is based on five key principles:

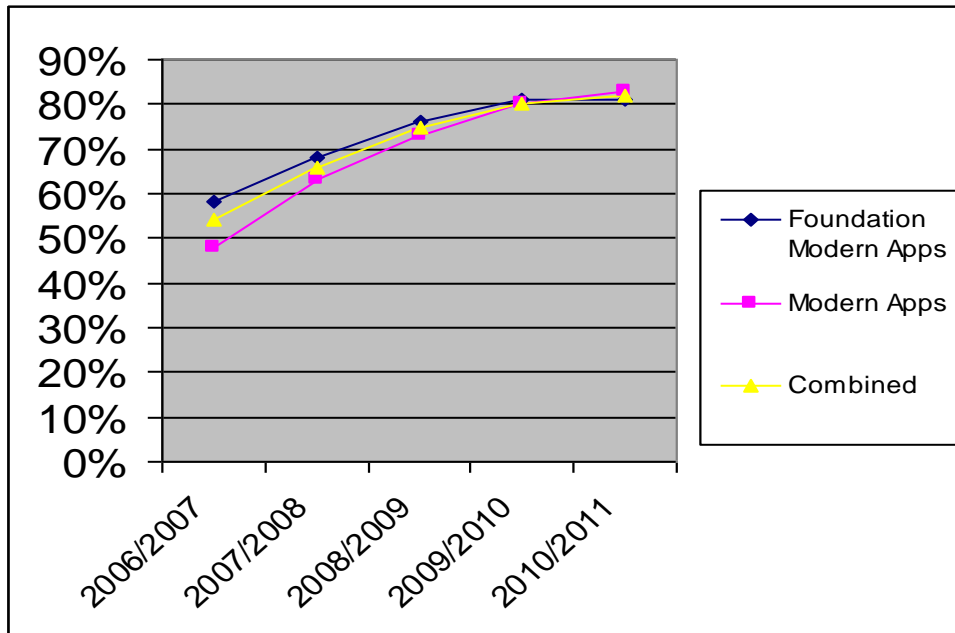
- enabling young people to enter the labour market, via a range of flexible apprenticeship delivery models, to gain vocational and portable skills to equip them for a successful future;
- providing up-skilling opportunities for individuals within the current workforce;
- being responsive to meet current employer needs, through the development and delivery of innovative apprenticeship solutions that drive economic development across Wales;
- ensuring the apprenticeship system is suitably aligned to meet the future needs of the economy by matching the supply of apprentices to identified employer demand;
- providing a range of employability skills that aid social mobility and ensure equality of opportunity.

8. Welsh Government policy on apprenticeships in recent years has been characterised by a clear emphasis on increasing completion rates, ensuring that apprentices stay in learning longer, obtain a broader range of skills and a fuller set of qualifications to meet employer need.

9. Whilst overall apprenticeship programme numbers in Wales have fallen in recent years from 53,165 in 2006/07 to approximately 39,600 in 2010/11, success rates have increased considerably from 54% in 2006/07 to 82% in 2010/11. The percentage of apprentices aged 25 and over in 2010/11 was 55%, and the gender split was 56% female and 44% male. Apprenticeship training was particularly popular in sectors such as: health I care and public services; retailing and customer service; hospitality; engineering; and construction, and in job types such as business administration, management, teaching assistants and Information Technology. Annex A provides more detailed statistics relating to apprenticeship learning programmes.

10. Graph 1, Illustrates apprenticeship completion rates between 2006-2011.

Graph 1



11. We continue to adopt an all-age Apprenticeship programme in Wales, delivering apprenticeships at all levels from Foundation level 2 to Higher Apprenticeships at Level 5/6. We are, however, seeking to achieve a balance between serving the needs of young people entering the labour market and keeping options open for adults to either obtain a full apprenticeship framework or, alternatively, to gain a single qualification from within an apprenticeship framework. We have committed within our Programme for Government to increasing apprenticeship opportunities for young people, recognising the disproportionate impact of the recession on youth unemployment, and are therefore refocusing our apprenticeship programmes in line with this commitment.

12. With this balance in mind, we have introduced a number of innovative solutions in Wales as part of a portfolio of related apprenticeship programmes, which promote clear and flexible progression pathways for young people. These solutions are being developed and implemented by a dedicated Apprenticeship Unit within the Welsh Government. The measures listed below aim to reduce the impact of low economic growth and ensure that there are more apprenticeships opportunities available young people aged between 16 and 24.

13 Alternatives to the mainstream 'whole' apprenticeship delivery model have been developed to help stimulate demand from employers. These include the option to select single qualifications from an apprenticeship framework under the **Flexible Provision** route or, where appropriate, the option for an apprentice to be 'shared' by more than one employer through the **Shared Apprenticeship** approach.

14. Directly tackling young unemployment -The **Pathways to Apprenticeship (PtA)** programme provides an intensive, tailored one year training programme to prepare young people aged between 16 to 24 via a 'fast track' into high quality apprenticeship opportunities. Every Pathway is individually designed for a particular occupational area through consultation with the relevant Sector Skills Council (SSC), employers and Further Education Institutions, and provides a flexible route for young people to acquire the underpinning knowledge and skills that would be required for successful completion of the full apprenticeship framework. We will continue offering Pathways to Apprenticeship programmes during 2012/2013 and will extend the number of occupational areas available. It is anticipated that 2000 new places will be made available in September 2012, representing an investment of £11 million for the 2012/2013 academic year.
15. Also, the **Young Recruits Programme (YRP)** provides direct support to employers, particularly those in micro businesses, through a wage subsidy to create new or additional apprenticeship places for 16 to 24 year olds. £4.23 million has been made available in 2012-13 to encourage employers to support up to 2,000 new places.
16. In addition, there are clear progression route-ways into apprenticeships from the Welsh Government's employability programmes; Traineeships for 16 to 18 year olds and Steps to Employment for 18 plus. Similarly, the **Jobs Growth Wales** programme launched in April 2012 was designed with a clear emphasis on progression into apprenticeships as a desired sustained employment outcome.
17. All of the Welsh Government's apprenticeship programmes are underpinned by our work with the UK Commission for Employment and Skills (UKCES) regarding commissioning arrangements for apprenticeship frameworks and ensuring they meet Welsh requirements. The introduction of the **Specification for Apprenticeship Standards in Wales (SASW)** has set a new 'bar' for those who identify demand, and develop content, for apprenticeship frameworks. There are now more than 180 apprenticeship frameworks available for Wales, containing the most up-to-date Qualification and Credit Framework (QCF) qualifications and labour market information. In partnership with the Department of Business, Innovation and Skills in England, we have developed the Apprenticeship Frameworks Online, which is a web portal for developing and storing the apprentice frameworks for Wales and England.
18. The Welsh Government continually reviews policy on apprenticeship delivery across Wales and beyond in order to ensure that programmes remain fit-for-purpose and are benchmarked against the best in class. This has included recent discussions between my officials and representatives of German Industries UK and their respective employers, in order to share best practice emanating from the German apprentice system. Similarly, we will be exploring further the dynamics of Switzerland's apprenticeship model, which has proved to be successful in integrating a majority of

students into post-compulsory education and the labour market and which may have contributed to Switzerland's comparatively low youth unemployment rate of 8.2% (when compared to the OECD average of 16.7% in 2009).

19. Welsh Government have been delivering a successful in-house apprenticeship programme for the last three years. Recruiting 100 apprentices and successfully matching them into job vacancies within Welsh Government.

Employer Involvement in Apprenticeships

20. Employers in Wales are increasingly embracing apprenticeships as a means of offering young people the chance of progressive employment, enabling practical, hands-on work experience combined with sound learning and knowledge acquisition to provide a foundation for business growth, as well as personal career development. There are welcome signs that the range and type of employers involved in the apprenticeship system is gaining in breadth and depth, with competition for apprenticeship places showing a dramatic increase over the last two years. A recent apprentice recruitment campaign by British Telecom demonstrated unprecedented demand for the scheme, with nearly 24,000 applications received for the 221 apprenticeship places available. At a rate of more than 100 applications per place, this translates to more young people applying for an apprenticeship position than those applying per place to universities such as Oxford.
21. A number of Wales' largest employers are now offering apprentice training through to degree level. Airbus is one such example, offering aspiring engineers the opportunity of a new programme which supports them in studying for a degree whilst gaining hands-on experience in a busy manufacturing plant.
22. Effective employer engagement is therefore critical for maintaining momentum in apprenticeship delivery and continuing to ensure that the apprenticeship brand continues to be valued by employers and individuals alike. The Welsh Government approach to working with employers on skills in Wales is one of genuine partnership, with employer engagement being instrumental in challenging and helping to shape our offer and resulting in the flexible and responsive portfolio of apprenticeship programmes in place in Wales. We continue to channel apprenticeship funding through our provider network, which is an effective way of controlling quality and ensuring a broad range of training to employers.
23. Our approach to employer involvement in apprenticeships is multi-faceted, engaging with employers at all levels to ensure that apprenticeships are relevant, credible and valued. This approach is founded on joint working with the Department for Business, Enterprise, Technology and Science to ensure that employer views are obtained via the industry-led **Sector Panels**, and that joint approaches are adopted to

meeting the needs of **Anchor and Regionally Important Companies and Enterprise Zones**. Specific support is available to Anchor and Regionally Important Companies to provide young people with apprenticeship places; an intervention which has been widely accessed by a number of companies since its inception last year. The approach is based on successful engagement with employers on a one-to-one basis, working to understand their needs and providing a comprehensive and credible Welsh Government-wide response.

24. In addition to our engagement through Sector Panels, we are also working more widely with employers on a sector basis to develop a range of sector-led approaches to apprenticeship delivery, for example through the Pathways to Apprenticeship Programme. This sector-driven approach includes working with **Sector Skills Councils** in order to ensure that the content of apprenticeship frameworks remains relevant and reflects evolving employer need. It has also resulted in the development and piloting of a number of new apprenticeship frameworks and delivery mechanisms through the **Sector Priorities Fund** programme, which supports new and innovative pilot approaches to skills delivery across Wales. The fund has supported a Creative and Cultural Skills – project that has introduced apprenticeships into a sector where, traditionally, providers in Wales have found it difficult to engage and to therefore develop appropriate delivery arrangements under mainstream provision.

25. We are also working with the **Public Sector in Wales** to stimulate greater involvement in apprenticeships. Through recent dialogue with Welsh Government officials from a range of departments, senior representatives from across the public sector, including those from Local Authorities, Police, Fire and Health services, are being encouraged to consider how best to develop apprenticeship opportunities in their areas. Whilst the recruitment of apprentices by local authorities and the public sector is a continuously changing situation, with some indicating a decline in the number of places available, others are planning an increase. The local authorities of Caerphilly and Rhondda Cynon Taff, for example, are currently running specific initiatives to increase the take-up of apprentices.

Economic Impact and Responsiveness of Apprenticeships

26. Whilst our apprenticeship offer in Wales continues to be available across all sectors where demand exists, we are adopting a renewed focus on economic priority sectors, building on emerging intelligence from **Sector Panels** and from dialogue with other employer fora. We are also committed to encouraging investment in skills more widely as a driver of productivity and growth, using instruments like the Skills Growth Wales programme to work with companies who can demonstrate credible growth plans, and adopting a targeted approach to **supporting Anchor and Regionally Important Companies** in generating economic growth through skills investments. Our apprenticeship programmes are a core feature of these skills investments and have demonstrated an increasingly

flexible and responsive means of meeting employer need in recent years.

27. The recession, in particular, has enabled the Welsh Government to demonstrate the responsiveness and flexibility of our apprenticeship programmes through the introduction of a number of positive measures to mitigate the impact of low economic growth and ensure the steady supply of apprenticeship places and progression opportunities. The **Pathways to Apprenticeship** and **Young Recruits Programmes** were two such measures, enabling and encouraging more young people and employers to realise apprenticeships as a credible, integrated employment and skills route-way. The introduction of these programmes is demonstrating added benefits in broadening the scope and reach of the apprenticeship employer and employee base, with the aim of also further improving apprenticeship completion rates.
28. The **Sector Priorities Fund** programme has piloted new apprenticeship frameworks and delivery approaches in direct response to articulated sector demand and, through its recent extension, will broaden its reach to invite the generation of project ideas from a wider employer base. Like the **Flexible Provision** and **Shared Apprenticeship** options, this programme is enabling a continuously evolving approach to ensuring the responsiveness of apprenticeship programmes in meeting economic need and demand.
29. Our Programme for Government includes a commitment to mainstream the use of **Community Benefits clauses**. The Welsh Government's Community Benefit policy promotes the inclusion of social clauses in public sector contracts, and has succeeded in securing the delivery of training and employment opportunities, such as apprenticeships, through public sector contracts. This approach has been welcomed by the procuring authorities and the supplier community alike, with a range of training and employment opportunities being delivered. It is estimated that 54 projects to date have applied the Community Benefit approach to contracts worth £3.4 billion. My officials are working with Value Wales to help achieve a balanced demand for apprenticeships and other skills and employment priorities through this route, and to overcome barriers presented by the short-term nature of some contracts through creative use of shared apprenticeship models.

Matching Apprenticeship Supply and Demand

30. We believe that the success of apprenticeships in Wales depends on achieving the best possible match of supply and demand, and have therefore developed an innovative and responsive suite of apprenticeship programmes (as outlined above) in response to direct employer, provider and individual feedback, and which can be flexed to meet a range of needs.

31. The development and deployment of these programmes is underpinned by robust **labour market intelligence (LMI)**, which is also providing the basis for linking careers advice and guidance to evidenced employer need. The Welsh Government's LMI project is strengthening the flow of high quality intelligence on employer needs, and we are fully engaged at a UK level with surveys of skills supply and demand and analysis of future employment trends by key sector through the UKCES. Similarly, SSCs are playing a key role in developing sector-based LMI and informing future requirements. We are also undertaking a series of events called '**The Real Conversation**' to get direct feedback from young people in order to inform our programme development and improve the relevance and reach of our communications and marketing approach.
32. Apprenticeships offer young people the opportunity to 'earn while they learn' in developing their skills. Some sectors appear to find it more difficult than others to attract the right calibre of young person. However, as apprenticeships gain more parity of esteem with academic routes, it is likely that more young people will consider an apprenticeship above going to university or college in future, leading to a widening pool of talented young people available to employers.
- 33 Schools, further education colleges and other learning providers have a duty under the Careers and World of Work framework to provide all learners between the ages of 11-19 with a programme to help prepare them for the range of careers choices available. Within this programme, young people should be made aware of the opportunities available under the apprenticeship programme. Young learners also receive the opportunity to review their learning and careers choices with a qualified careers advisor.
34. A critical success factor for our apprenticeship programmes is the ability to deliver the right people with the right skills at the right time. With this in mind, we have introduced the **Apprentice Matching Service** in Wales, an interactive website hosted by Careers Wales, which matches individuals with apprenticeship vacancies posted by employers. AMS provides direct access to 'live' employer vacancies, with over 800 apprentice opportunities advertised since its launch in July 2011.
35. Through the establishment and increased usage of the Apprentice Matching Service, Careers Wales and Jobcentre Plus have access to additional information in promoting the scope and value of apprenticeships to individuals in Wales. Along with other mechanisms that influence and promote apprenticeships through campaigns such as '**Apprenticeship Week**', this service is vital to increasing the pool of potential apprentices in Wales from which employers can access high-calibre individuals, thereby raising the value and profile of apprenticeships and gaining parity of esteem with more traditional academic routes. Increasing completion rates and driving up quality among the work-based learning provider network has also played a critical role in making apprenticeships a more attractive

option for both individuals and employers, as has the promotion of a coherent progression pathway to sustained employment through the Welsh Government's suite of employability and skills programmes.

36. At a broader policy level, we anticipate that the effect of the commencement of the apprenticeship provisions in the Apprenticeships, Skills, Children and Learning Act 2009 will be to put apprenticeships on a more robust social and legal footing, leading to a greater recognition of the value of apprenticeships by employers and society as a whole. My goal is to reach a point where the achievement of an Apprenticeship Certificate is recognised, valued and highly prized by all as an endorsement of the skills, professionalism and ambition of our country within the global economy.