

## Written Response by the Welsh Government to the report produced by the Economy, Infrastructure and Skills Committee entitled “Apprenticeship Levy: One Year On”

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### Skill Policy Overview

In February 2017, the Welsh Government published its ‘Apprenticeships Skills Policy’<sup>1</sup>. The policy is aimed at aligning apprenticeships to the needs of the Welsh economy so that the skills system is responsive to industry changes, as well as investing in areas that will provide improved economic and social returns.

During September 2017, the Welsh Government published its National Strategy, ‘Prosperity for All’<sup>2</sup>, it forms the backbone of all policy development in Wales. The strategy identifies skills as one of the priorities furthermore the other priorities also rely on the skills agenda - early years, housing, social care, mental health and employability.

In December 2017, to support delivery of ‘Prosperity for All’, the Welsh Government also published its Economic Action Plan for Wales<sup>3</sup>. It contains key actions in relation to skills, including: aligning economic regions to those used for other footprints including Regional Skills Partnerships; and introducing a strategic planning system for education and skills delivery across post-16 education.

The Employability Plan, published on 20 March, 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>4</sup>. ‘Working Wales’, the new employability programme from the Welsh Government, is being rolled out and it aims to simplify employability support for unemployed and economically inactive individuals.

### Detailed responses to the report’s recommendations are set out below:

**Recommendation 1:** The Committee calls on the Welsh Government to keep the membership of the new Welsh Apprenticeship Advisory Board under review and ensure there are suitable pathways for all employers to influence the work of this Board. To this end, the Board should work transparently and ensure its papers and findings are published and disseminated in a timely and appropriate manner.

### Response: Accept

The Wales Apprenticeship Advisory Board (WAAB) was established in March 2018. It is an independent employer-led board that will provide advice and recommendations to the Wales Employment and Skills Board (WESB) and Welsh Ministers on matters relating to apprenticeships frameworks in Wales. The Board will

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<sup>1</sup> <http://gov.wales/topics/educationandskills/skillsandtraining/apprenticeships/apprenticeships-skills-policy-plan/?lang=en>

<sup>2</sup> <http://gov.wales/about/programme-for-government/?lang=en>

<sup>3</sup> <http://gov.wales/docs/det/publications/171213-economic-action-plan-en.pdf>

<sup>4</sup> <http://gov.wales/topics/educationandskills/skillsandtraining/employability-plan-for-wales/?lang=en>

publish its key findings on a regular basis, including independent research on the new approach to Apprenticeship Standards in England in 2019; and consulting on plans to update the architecture for apprenticeships through an apprenticeship matrix. WAAB will operate initially for a period of 18 months, and its future role and membership will be reviewed in autumn 2019.

**Financial Implications:** None.

**Recommendation 2.** The Committee calls on the Welsh Government to build on the momentum created by the Levy and encourage greater engagement between employers and young people. Engagement should seek to promote inclusivity and diversity across frameworks, including through the new Inclusive Apprenticeships Working Group, which should publish its action plan and share it with this Committee within 12 months of its first meeting.

**Response: Accept**

We are building an inclusive apprenticeship programme that encourages engagement across protected groups. To this end we have engaged via NTFW, an Equality and Diversity Champion, whose role includes working to promote equality for women in the workplace and assisting providers in challenging gender stereotyping in certain industry sectors. The Champion has mapped equality and diversity good practice across the apprenticeship provider network. Apprenticeship providers have undertaken self assessments to determine both strengths and improvement areas and they have produced a work plan identifying strategies, activities, training and resources required to drive improvements.

Welsh Government have procured a comprehensive Equality toolkit to support the apprenticeship providers and employers and this includes specific modules on gender identity, stereotyping and unconscious bias. Over the last few years we have driven forward actions to increase the number of disabled people and other protected groups undertaking an apprenticeship. Working with Remploy and the apprenticeship provider network, we aim to create a new brokerage service to match those who are participating with the Working Health programme into apprenticeship opportunities. We have also published a comprehensive equality toolkit to support our apprenticeship providers, including specific modules on gender identity, stereotyping and unconscious bias.

Work has commenced on the new Disability Action Plan for Apprenticeships. This has been developed in partnership with disabled people's organisations and other sector representatives to identify actions that will break down the barriers to disabled people accessing apprenticeships. The Plan will focus on practical actions to ensure that support packages are available for individuals, employers and our apprenticeship providers. It will also look at how we can make reasonable adjustments in order to make apprenticeships more flexible.

We aim to launch the Action Plan on December 3<sup>rd</sup> which is International Day of Persons with Disabilities. The launch will take place at a workshop which we are holding in conjunction with the Equalities and Human Rights Commission for

employers. The event entitled “Increasing Diversity in Apprenticeships – the untapped talent pool” aims to sell the benefits of having a diverse workforce and dispel any preconceptions that may exist.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

**Recommendation 3.** The Committee calls on the Welsh Government to work with the UK Government and other devolved nations to simplify the administrative process for employers and find commonality between the UK and devolved nations’ approaches.

**Response: Accept in Principle**

Existing formal arrangements include the National Occupational Standards (NOS) Governance Group, which meets monthly. The NOS Governance Group is working with the IfA to ensure that NOS remain freely available to those employers and awarding bodies working in England wishing to use NOS to underpin their products. Members include devolved nation officials and representatives from Skills Development Scotland. Remit includes maintaining UK-wide occupational standards and seeking greater alignment between the three Celtic nations and England of Standards which underpin Apprenticeship Frameworks in order to minimise confusion and cross-border disparities for employers and learners.

A Four Nation Group of senior officials has met intermittently since 2016, to discuss common professional and technical education issues. Its initial central purpose was to prepare the ground for meetings between Skills Ministers from all four countries of the UK. Remit includes providing a forum for identification and discussion of important UK-wide strategic issues where an informed and co-operative approach on Professional and Technical Education would support the best interests of learners, employers and local communities across the four nations. This is attended by the SHELL Group Director.

A Four Nation Apprenticeship Group of apprenticeship policy officials meet on a termly basis to take stock of current developments and share approaches on policy, including systems for developing apprenticeships, approaches to integrating engagement programmes and engaging young people. The group last met in Belfast in May. The next meeting is planned for this November in Cardiff.

**Financial Implications:** None.

**Recommendation 4.** The Committee calls on the Welsh Government to consider the recommendations made in “The Great Training Robbery”, and act on those that are applicable to the Welsh context

**Response: Accept**

“The Great Training Robbery” report recommends that an emphasis is placed on quality above quantity, which is very much our approach in Wales. Whilst we have a target figure of a minimum of 100,000 apprenticeships by 2021 our policy is focused on ensuring that the right opportunities are being created in the right areas (both in terms of framework levels and geographically) so that individuals, businesses and the economy can flourish. To drive the development and delivery of apprenticeships at higher levels we are increasingly investing in technical areas and priority sectors to address skill shortages needs and gaps. Whilst we note that the recommendation is not to place a focus on numbers, for information purposes, there have been over 24,000 apprenticeship programme starts achieved during 2016/17 and a provisional 16,000 in the first half of 2017/18 which puts us well on the way to our target.

Other areas that were pinpointed in the report do not apply to Wales such as the voucher system and employer co-investment in training costs.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

**Recommendation 5.** The Committee calls on the Welsh Government to issue high-level information on what support for workplace learning is available to employers in Wales, including apprenticeship and wider workplace training, and to disseminate that information through the WAAB and employers’ representative bodies or organisation.

**Response: Accept**

We are already providing high level information on apprenticeships via the Skills Gateway for Business (SGfB) to support workforce development. The SGfB is an established access point for businesses of all sizes to obtain information and guidance on skills and employment support and provides a platform for both skills development and business support services in one place. It promotes the importance of training, skills development and employability support providing the user with self-help sections and signposting facilities, positioning itself as the place for businesses to seek solutions to their needs.

The SGfB contains a wide range of information on Welsh Government and European Social Fund funded skills support and employability programmes (including Apprenticeships) which are categorised to enable clear signposting and identification of the appropriate provision that would meet business requirements.

<https://businesswales.gov.wales/skillsgateway/>

The SGfB includes an interactive skills self-assessment which gives an overview of the business’s immediate skills needs and creates a bespoke report with links to programmes of support. This is supported by a telephone helpline which offers a call back option and further signposting to available appropriate funded support. A face to face advisor support service can be accessed via the helpline or through self-referral which can also support the business with their skills and training requirements.

The SGfB performs an effective one stop shop solution for skills, training and workforce development. It contains content on skills, training and employability issues such as access to on line skills course and a dedicated Labour Market Information section.

The Apprenticeship Levy Communication Toolkit is available on the SGfB platform: [https://businesswales.gov.wales/skillsgateway/sites/skillsgateway/files/documents/Apprenticeships%20Toolkit%20for%20Employers\\_0.pdf](https://businesswales.gov.wales/skillsgateway/sites/skillsgateway/files/documents/Apprenticeships%20Toolkit%20for%20Employers_0.pdf)

As the WAAB becomes firmly established we will work with the Board to ensure that information on consultation and other activity is openly available. The Board will publish its key findings on a regular basis, including independent research on the new approach to Apprenticeship Standards in England in 2019; and consulting on plans to update the architecture for apprenticeships through an apprenticeship matrix.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

**Recommendation 6.** The Welsh Government should be clear on the impact its focus on higher level apprenticeships will have on lower level apprenticeships. Where possible, the impact should be mitigated and the number of lower level apprenticeships reduced at a pace that is in line with the provision of alternative training arrangements.

#### **Response: Accept in Principle**

We have a responsibility to break the cycle of low-skills, low-pay and improve people's life chances. 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 paid 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 end point but the start of the journey;
- publishing a comprehensive equality toolkit to support 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, for example, Remploy matching those who are participating in the Work Choice programme into apprenticeships; and
- developing an action plan with interested groups to support people with disabilities (to be published this autumn).

We have systems and processes in place to monitor and evaluate the impact of the Foundation Apprenticeship (level 2) restrictions that were put into place in 2016. In July 2018, a symposium was held in collaboration with the Wales Centre for Public Policy (WCPP) to identify and consider potential solutions to job progression in low

paid and foundational economy sectors. WCPP is in the process of preparing a report and the symposium and producing recommendations based on this. We are continuing to review Foundation Apprenticeship provision, specifically in relation to the low paid sectors, and are analysing the most appropriate way to continue to support such sectors.

**Financial Implications:** Financial implications will be considered depending on the recommendations from the WCPP Report.

**Recommendation 7.** The Committee calls on the Welsh Government to ensure that provision is made for people to access apprenticeships that will enable them to meet the challenges that will be posed by automation as part of the fourth industrial revolution.

### **Response: Accept**

In Wales we are prioritising apprenticeship investment into expanding Higher Apprenticeships in STEM and technical subject at levels 4 and 5 (HNC/D equivalent), to create the next new generation of professionals to drive innovative practices, create new products, and raise productivity levels. Higher Apprenticeships are helping to plug the technical skills gap and boost productivity through creating new routes for young people into middle-skill technical jobs (where the greatest skills shortages remain) or where we fall down against competitor nations. Expanding Higher Apprenticeship delivery responds to the Diamond Review<sup>5</sup> recommendation for a better range of work-focused short-cycle higher education qualifications. In 2016/17, 11,130 apprentices were undertaking a Higher Apprenticeship – accounting for 24 per cent of the total number of apprentices in learning.

From this September, Digital/ICT Degree Apprenticeships (at level 6) will be available 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. The Regional Skills Partnerships are considering regional skills requirements from major infrastructure and investment projects, a number of which have a strong foundation in STEM subject areas.

Digital Literacy Skills is included in the Essential Skills element of all apprenticeship frameworks.

**Financial Implications:** A budget has been agreed with HEFCW. Initial estimates for the delivery of degree apprenticeships stand at around £20m, for the first three years of its operation.

**Recommendation 8.** The Welsh Government should keep under review the percentage of young people entering a workforce to undertake an apprenticeship, and how many apprenticeships are being used to up-skill existing staff.

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<sup>5</sup> <https://beta.gov.wales/review-higher-education-funding-and-student-finance-arrangements-final-report>

### **Response: Accept**

We are currently evaluating the numbers of new entrants and the numbers of learners who are being up-skilled. We do not presently have a target for new entrants but we do have a programme in place to encourage increased new entrants. We have the SME incentive to attract apprenticeships in the 16-19 age group. Details can be found at:

[https://businesswales.gov.wales/skillsgateway/sites/skillsgateway/files/documents/aprenticeship\\_small\\_business\\_employer\\_incentive\\_programme.pdf](https://businesswales.gov.wales/skillsgateway/sites/skillsgateway/files/documents/aprenticeship_small_business_employer_incentive_programme.pdf)

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

**Recommendation 9.** The Committee calls on the Welsh Government to reconsider its assumption that working in foundational sectors equates to a cap on skills and attainment. The Committee calls for clarity from the Welsh Government on the training and support available in place of Level 2 apprenticeships, and how the qualifications available to employees in the foundational sectors prepare them for higher-level learning.

### **Response: Accept**

We are working closely with the employability and skills division. As mentioned in response to Recommendation 6, a symposium was held in July in collaboration with the Wales Centre for Public Policy (WCPP) to identify and consider potential solutions to job progression in low paid and foundational economy sectors. WCPP is in the process of preparing a report and the symposium and producing recommendations based on this.

There is a requirement to communicate what we mean by Foundational Economy Programme. The Foundational Economy, in its entirety, is extremely far reaching and our intention is not to cover such a broad area.

We have undertaken some initial scoping to consider options for providing Foundation Apprenticeships at level 2 in non priority areas moving forward, as the policy direction of prioritising higher level skills will leave a substantial gap in this area. Our aim is to increase the life chances of individuals by offering a route to progress from level 2 to level 3 and beyond. Apprenticeships at level 2 should be regarded as a stepping stone not a final destination. They should be viewed as a way to provide a viable method for moving into more fulfilling and better paid job opportunities although it may be that this sits outside of apprenticeships depending on the specific sectors.

**Financial Implications:** None. Any additional costs will be drawn from existing programme budgets.

**Recommendation 10.** The Committee calls on the Welsh Government to task WAAB with exploring how employers and training providers can work together to improve value for money outcomes that represent good quality and best fit for the employer, whilst protecting the portability of qualifications

**Response: Accept**

The Wales Apprenticeship Advisory Board (WAAB) has been tasked with providing views on the merits, drawbacks, potential opportunities and constraints of the new approach to Apprenticeship Standards in England. This will be informed by commissioning independent research to seek views of employers and other stakeholders of early experiences of the system in England. In addition, when considering the future architecture of apprenticeships in Wales, portability of qualifications will be a key consideration.

**Financial Implications:** None.

**Recommendation 11.** The Committee notes the Welsh Government’s response to our previous recommendation in *Apprenticeships in Wales*, February 2018, in which the Welsh Government agreed in principle with the call for concessionary bus or rail cards for apprentices, dependent on the outcome of its consultation on “discounted bus travel for young persons in Wales”. As that consultation summary of responses notes “very strong support for including those in recognised apprentice schemes (85%)”, the Committee reiterates its recommendation for concessionary bus or rail cards for apprentices

**Response: Accept in Principle**

The Cabinet Secretary for Economy and Transport is currently reviewing responses to his consultation into improving the Welsh Government’s discounted bus travel scheme for younger persons, “MyTravelPass”. He hopes to announce his decisions shortly.

The rail concessionary fares scheme has been designed to complement the bus scheme, providing rail travel on four branch lines where bus provision is relatively limited, with its primary purpose being to provide access to services and promote well-being. There are some restrictions on the use of the current scheme (e.g. it operates only for part of the year on two of the four lines) to ensure that it does not place undue pressure on already busy services. As such, any expansion of the scheme is linked to the Cabinet Secretary’s decision on “MyTravelPass”.

**Financial Implications:** Financial implications will be considered as part of the Cabinet Secretary’s decision.

**Recommendation 12.** The Committee calls on the Welsh Government to work with public services to find innovative ways to support apprenticeships and other workplace learning for an increasing number of roles.



## Response: Accept

**Local Authority Development** - We have established a good working relationship with Welsh Local Government Association (WLGA) and have agreed a number of positive actions to support the sector. A guide for Local Authorities on Apprenticeships was published in September 2018. The document outlines our policy direction, information on the apprenticeship levy, help and support available to authorities. It also includes a list of available frameworks applicable to the functions within the councils in order for them to consider how apprenticeships can best help support or meet with workforce planning needs. We are maintaining a watching brief on developments in England and have maintained good links with officials within Department for Education, who are experiencing similar issues to us. We will continue to work closely with the WLGA and HR Managers at the Local Authorities to support this sector.

**Schools Development** - As with Local Authorities, we have produced a guide on apprenticeships specifically aimed at schools that was published in September 2018. We have consulted with the National Association of Head Teachers (NAHT) and Schools policy division within the Welsh Government, on the content of the document. The guide aims to raise schools awareness of apprenticeships, the levy and the frameworks currently available to them. Support work will be on-going with this sector.

**NHS** - Welsh Apprenticeship Advisory Board recently approved three frameworks – Allied Health Professions Support – Level 4, Psychological Therapies (Therapies) – Levels 4/5 and Healthcare Science Associate – Level 4. In response to demand, we have already developed and published Level 3 Health Informatics and are working on a progression to Level 4. In addition, we are working with the Dental Services Office and General Dental Council to develop new qualifications and a more robust framework for Dental Nursing. Bangor University is currently developing this. Work is also underway to develop higher level apprenticeships (Levels 4/5) that will provide enhanced career progression opportunities.

A new Employer Toolkit was published in August 2018. The toolkit outlines the apprenticeship programme we have here in Wales and is aimed at all employers. [https://businesswales.gov.wales/skillsgateway/sites/skillsgateway/files/documents/Apprenticeships%20Toolkit%20for%20Employers\\_0.pdf](https://businesswales.gov.wales/skillsgateway/sites/skillsgateway/files/documents/Apprenticeships%20Toolkit%20for%20Employers_0.pdf)

**Financial Implications:** None.

**Recommendation 13.** The Committee calls on the Welsh Government and Home Office to increase its efforts to resolve the issue of funding for police apprenticeships in Wales, ensuring that the Police forces are kept fully up to date with progress on the negotiations.

## Response: Accept in Principle

During 2018/2019, the Police Forces across England and Wales are introducing new and broader workforce training initiatives via apprenticeships at level 4-7, to improve

the training regime for uniformed recruits. The total set up cost is estimated at £1.1 million for the police forces in Wales. Following extensive discussions, the Home Office has agreed to fund the costs of levels 4–7 training (£600k). The Welsh Government has confirmed that there will be a contribution for start-up costs (£400k) which is to be invested in activities such as trainer capacity, materials, and a range of other related expenditure. However, this is a one-off arrangement for 2018/19 and will not be repeated in future years. Therefore, this can only be viewed as a short-term measure and further negotiations will be necessary.

**Financial Implications:** Additional negotiations will be necessary to determine ongoing costs.