

Apprenticeship Skills in Wales

Introduction

1. Aligning apprenticeships with the needs of the Welsh economy is at the centre of our skills policy. We are building our skills system to better respond to industry changes to enable Wales to compete globally by having workers equipped with high level technical and professional skills.
2. In February 2017, the Welsh Government published *Aligning the Apprenticeship Model with the needs of the Welsh Economy (2017)*¹ setting out the Welsh Government's strategy to invest in training which provides economic and social returns; investing in growth sectors and occupations to address skill shortages and gaps that hold back productivity and growth. We are already working with employers to expand and strengthen routes in STEM, the digital industries, information technology, construction and financial services.
3. During September 2017, the Welsh Government published its National Strategy, 'Prosperity for All'. In December 2017, to support delivery of 'Prosperity for All', we published our 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. The Apprenticeship Programme makes a major contribution to the delivery of all these plans and will in turn contribute to helping Wales respond to skills pressures resulting from the EU exit.
4. Our policy approach is consistent with step 4 of the CBI Wales Plan for Prosperity (2016), the Institute of Directors 10 point plan for the Welsh Economy (2016), the CITB Cymru document Building Skills for the Future (2016) and the ICAEW's document Partnership for Growth (2016). It is also consistent with the recommendations and warnings contained within the National Audit Office in England's report on apprenticeships and the levy (2016)² and the UK Public Accounts Committee report on the same issue in 2016. The Institute for Fiscal Studies stated last year that "a stronger focus on quality and a policy designed to maximise impact rather than numbers" was needed instead³.

Priorities

5. Our priorities are:
 - **investing in higher level skills particularly in STEM and technical areas** - addressing the technical skills gaps at levels 4 and 5 (HNC/D equivalent) where the greatest skills shortages remain and piloting of degree apprenticeships in priority areas at level 6. In Wales post-graduate and professional apprenticeships at level 7 are not funded. The English experience indicates

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

² National Audit Office, *Delivering Value through the Apprenticeships Programme*, 2016.

³ Neil Amin-Smith, Jonathan Cribb, and Luke Sibieta, *Reforms to Apprenticeship Funding in England* (Institute for Fiscal Studies, 2017), 29.

that funding level 7 apprenticeship skills represents 'deadweight' loss, i.e. the intended outcome might have occurred (to an extent) in the absence of government intervention. We are focusing our investment in areas of need which will deliver the greatest economic returns.

- **driving inclusivity, equality equity of opportunity** – creating equality of opportunity is focused on removing potential barriers to apprenticeships experienced by under-represented groups and breaking the cycle of low-skills, low-pay through providing a stepping-stone to a higher paid job.
 - **responding to current and projected skills gaps** - we are increasing support for young people to smoothly transition onto an apprenticeship from a further education college or school.
 - **delivering apprenticeships through the medium of Welsh and/or bilingually** – increasing opportunities through developing provision in partnership with Coleg Cymraeg Cenedlaethol.
6. We are delivering these priorities by **investing £116m in apprenticeships delivery during the 2018/19 contract year** and remain on track to meet our commitment of 100,000 all-age quality apprenticeships by the end of this Assembly term in 2021.

Prioritising investment in high level skills that drive growth

Strengthening the employer voice

7. We are strengthening our relationship with employers to stimulate growth by putting in place arrangements for developing higher level apprenticeships where we establish evidence for need contextualised against regional and national priorities:
- three Regional Skills Partnerships (RSPs) produce annual Employment and Skills Plans that feed into apprenticeship investment decisions;
 - the Wales Apprenticeships Advisory Board (WAAB), operating under the auspices of the Wales Employment and Skills Board (WESB), provide strategic input and robust challenge to shape future apprenticeships skills. The WAAB is chaired by the CBI Wales CEO, bringing together employers, employer representative and social partners to offer insight on policy and delivery from a range of perspectives⁴;
 - the WAAB will advise on the scope and range of high performing apprenticeship frameworks to drive forward the Welsh economy, ensuring gaps identified via RSP plans are considered and addressed swiftly and portability and the value of apprenticeships are maintained for industries that operate across borders.

⁴ WAAB Membership: Core Employers - Two employers nominated from each Regional Skills Partnership region - 6 in total (must include an equal balance of SME and large business from each region); other Members – Qualifications Wales, Confederation of British Industry, Federation of Small Businesses, Wales Trades Union Congress, Higher Education Funding Council for Wales, Chwarae Teg; additional employers and sector representatives to attend when required.

Expanding Higher Apprenticeships

8. Based on 2012 data, the Organisation for Economic Co-operation and Development (OECD) estimates that only 10 per cent of UK (England) adults hold stand-alone Levels 4 and 5, 'professional and technical qualifications', as their highest award⁵. This placed the UK 16th out of 19 OECD countries with data. 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.
9. 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 Review⁶ 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.

Introducing Degree Apprenticeships

10. We have been working closely with HEFCW to pilot Degree Apprenticeships, commencing from this September. Delivery will initially be focused on degree level skills gaps identified by Regional Skills Partnerships in Digital/ICT and Advanced Engineering. The second stage of the pilot will look to expand delivery into other priority sectors, for example, in health and social care. At every stage degree apprenticeship investment will be determined by evidence of skills gaps/shortages and the impact on the Welsh economy.

Improving Regulatory Oversight and Prioritising Investment

11. We have:
 - improved the content of our Apprenticeship Frameworks, by introducing qualifications that better meet industry need for example. This process will continue as we review content of all our operational Apprenticeships Frameworks as the Welsh Government takes stronger regulatory oversight of the apprenticeships system inherited from previous shared arrangements with England;
 - introduced restrictions on low level apprenticeships in non-priority areas for over 20 year olds in Business Administration, Hairdressing and Beauty, Customer Service and Retail (areas which consist of relatively low level competences and are not occupation specific);
 - introduced measures where progression for those beginning on lower level apprenticeships is seamless and automatic. Apprentices deserve similar

⁵ OECD, *Skills Beyond School: Synthesis Report, OECD Reviews of Vocational Education and Training*, 2014.

⁶ <https://beta.gov.wales/review-higher-education-funding-and-student-finance-arrangements-final-report>

chances to their A Level peers to progress to the next level, including higher apprenticeships.

12. Our policy is to focus on apprenticeships at level 3 and above, where returns tend to be higher and where the greatest success is seen by other European countries. Foundation Apprenticeships provide limited benefits to the labour market and the future economy is likely to be increasingly characterised by growth in jobs that require higher level qualifications and skills.
13. We continue to recognise the value of entry level skills as a useful platform to higher achievement and that they can be the appropriate level for some occupations. On this basis we will continue to support level 2 apprenticeships as the transition level to enable practitioners to progress to level 3 - there should be automatic progression to an apprenticeship at level 3.
14. We are monitoring the effectiveness and relevance of Foundation Apprenticeships to determine whether a new approach is required to meet the skills requirement for entry level jobs.

Review of Apprenticeship Funding

15. The Review of Apprenticeship Funding commenced in 2017 and is now nearing completion. As part of the review, activity levels and delivery costs are being reviewed for the ten most commonly delivered apprenticeship frameworks. Aligned to this, officials have also undertaken a separate exercise to look at costs for Essential Skills delivery.
16. The review has been informed by information and data from the provider network and most providers have had the opportunity contribute to the review. Officials have also established a Sector Steering Group to act as a sounding board and advise on emerging issues from the review. The review is expected to conclude early next year with new rates published to coincide with the tender for the next round of apprenticeship delivery.

Framework review and development

17. To be more responsive to the often rapidly changing employer needs we are revising arrangements to develop framework learning content, to ensure that we have apprenticeships designed to meet the needs of the economy and are responsive to industry changes. Apprenticeship design will be informed through recommendations from Regional Skills Partnerships, labour market information and sector reviews carried about by Qualifications Wales.
18. Qualifications Wales are undertaking Sector Reviews to ensure vocational qualifications reflect the skills that employers need. For each sector Qualifications Wales consider whether the qualifications and underpinning system are technically effective. The sequence of the sector reviews is:
 - Health and Social Care (including child care and play work) published in July 2016;
 - Construction and the Built Environment (published in February 2018);

- Information and Communication Technology (to be published in 2018);
- Engineering, advanced manufacturing and energy (to be published in 2019);
- Financial services (to be arranged);
- Customer services and retail (to be arranged);
- Travel and tourism (to be arranged);
- Hospitality and catering (to be arranged).

19. The outcome of these reviews feed into the content of apprenticeships, ensuring their continued relevance. Concurrently we will be reducing the number of apprenticeship frameworks to better match the needs of the economy and strengthening the content. The WAAB will advise on apprenticeship framework developments with the aim of delivering a maximum of 30 high performing frameworks to drive forward the Welsh economy.

20. Against this backdrop, the UK Government are introducing T levels – new technical study programmes at level 3 that will sit alongside English apprenticeships and A Levels within 15 industry routes. The first T levels will be introduced in 2020 with full roll-out intended from 2023. T Levels qualifications will be developed based on employer panels in England with no devolved administration involvement or account of 3 nations National Occupational Standards (NOS). Recognising that the qualification / NOS environment cuts across borders, we have developed a Celtic Model for occupational families that marry across to the 15 T-Levels. As the T Level reforms mature we will continue to work to review our approach against consequences for Wales.

Post-graduate and professional apprenticeships at level 7

21. In Wales post-graduate and professional apprenticeships at level 7 are not funded. The English experience indicates that funding level 7 apprenticeship skills represents 'deadweight' loss, i.e. the intended outcome might have occurred (to an extent) in the absence of government intervention. In England professional development courses are being relabelled as 'apprenticeships' to command government funding. Existing courses, including re-designed MBAs, are being marketed as apprenticeships.⁷ Costs are being shifted away from the employer or individual, towards government. In Wales we already have avenues for individuals or employers to finance level 7 skills acquisition, principally through loan schemes.

Apprenticeship Levy

22. We have introduced a visible approach on how levy-paying employers can access and influence Welsh apprenticeship delivery, whilst continuing to emphasise that there is no new money for Wales as a result of the Apprenticeship Levy:

- Regional Skills Partnerships consulting with levy-paying employers to determine skills demands to decide where best to invest;
- a team of advisors established to support levy-paying employers where the training falls in-line with priority sectors;

⁷ The great training robbery: assessing the first year of the apprenticeship levy (2018) – Reform:
<http://www.reform.uk/publication/the-great-training-robbery-assessing-the-first-year-of-the-apprenticeship-levy/>

- publishing a factual guide for Welsh levy payers including how they can access the programme; and
- publishing a factual guide aimed at primary and secondary schools in Wales.

23. Investment is targeted at priority sectors and higher levels in technical areas:

- recognising that employers will continue to have workforce development needs for flexible, short-term programmes in non-priority areas; and
- channelling investment to where it will have the greatest impact and continuing to work with employers to make sure that apprenticeships meet their needs; and
- as highlighted above (para 11) we have introduced restrictions on low-level apprenticeships in non-priority areas for over 20 year olds.

24. Interest in apprenticeships is increasing from Levy paying employers. To manage emerging and latent demand, we have been working with large companies and the public sector under skill 'clusters':

- Health – Dental Nursing; Specialist Therapies, Laboratory Technician, Data Informatics and Pharmacy.
- Early Years and Care.
- Public Sector – integrating apprenticeships into public sector workforce plans.
- 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, Energy, Media/Journalism, Aerospace, Continuous Improvement Systems and Engineering & Manufacturing.

Encouraging SMEs to use apprenticeships

25. We are offering an incentive of up to £3,500 for SMEs (who are new to apprenticeships) to recruit a young apprentice. The Business Wales Skills Gateway team ensure an efficient service is offered to employers looking to recruit an apprentice and developing on-line guidance for employers to help them through the referral and recruitment process. Detailed employer guidance has also been published which provides detail on individual apprenticeships and how to access them.

26. In response to need identified by Regional Skill Partnerships, we are extending and expanding Shared Apprenticeship programmes in other areas of Wales beyond the Valleys Taskforce Area, committing £0.75m in 2018-19 and £0.75m in 2019-20.

27. A team of Apprenticeship Levy Managers (Welsh Government and Apprenticeship Providers) are working with SMEs, as well as larger businesses are encouraging recruitment to support business needs. To compliment this, we are working closely with the Federation for Small Businesses to understand how we can cluster delivery around certain sectors, so that SMEs can better access the programme.

Driving inclusivity, equality and equity of opportunity

28. 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).

29. Ensuring that any issues raised by the Welsh element of the UK-wide Apprenticeship Pay Survey are addressed with providers and employers.

Responding to current and projected skills gaps

30. In responding to future skills gaps we are increasing young people entering an apprenticeship. Currently about 19 per cent of apprentices are aged 16-19 and about 27 per cent of our apprentices are aged between 20-24. We are transforming careers advice, guidance and support on the range of options we are creating for young people. Smooth and supportive transition into the labour market is key, be it from a further education college or direct from school. To do this we have put in place measures to help engage young people leaving school or college:

- Introducing **Junior Apprenticeships** for pupils aged 14 to 16 to provide a first step towards an apprenticeship.
- Offering an **enhanced payment to providers** to encourage take-up of apprentices aged 16 to 19.
- **Annual campaigns to raise the profile of apprenticeships**, together with focusing on advertising vacancies when students leave school or college to maximise choice.
- The **Preparation to Apprenticeship Programme** aimed at 16-19 year olds helps young people enter vocational learning at a level three even if they have an equivalent academic qualification.

31. Our biggest development is called **Have a Go**, aimed at raising the profile of vocational education by 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.

32. Careers Wales has significantly increased the number of advisors working with schools and has an extensive range of bilingual resources and tools to help young people think about their choices.

Delivering apprenticeships through the medium of Welsh and/or bilingually

33. An action plan to develop Welsh medium provision within the post 16 sectors is being developed in partnership with Coleg Cymraeg Cenedlaethol. The Coleg is an organisation that in the past has supported the development of Welsh medium provision within higher education, but its remit has recently been extended to the post 16 sectors.
34. An advisory board made up of representatives from the further education and apprenticeship sectors is supporting the activity and submitted their initial report to Ministers in July. An implementation plan is being developed and will be submitted to Ministers during the autumn. Action to support the sector has already begun, including mapping the availability of Welsh medium learning resources and research into the attitudes of learners which will influence future interventions.

Conclusion

35. In Wales we put quality of apprenticeships before quantity - building the value and relevance of apprenticeships to boost the prestige of the programme. Public money is scarce and we expend our funding on training which delivers the greatest dividends for Wales. The plans and measures we are putting in place support and align to our Economic Plan aimed at delivering a high-skilled, competitive economy that benefits people throughout the country.