



Arbenigwyr mewn Busnes
Experts in Business

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau / Economy, Infrastructure and Skills Committee
Prentisiaethau yng Nghymru 2017 / Apprenticeships in Wales 2017
Ymateb gan Ffederasiwn Busnesau Bach / Evidence from Federation of Small Businesses

About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales. With 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees; FSB Wales is in constant contact with business at a grassroots level. It undertakes regular online surveys of its members as well as a biennial membership survey on a wide range of issues and concerns facing small business.

Summary and Recommendations

- Around 13 per cent of businesses in Wales currently offer formal apprenticeships.
- 55 per cent of firms suggest structural barriers prevent them from taking on an apprentice, with 13 per cent highlighting awareness issues.
- Structural barriers included issues such as lack of suitability due to size of establishment (19 per cent), apprenticeships not being offered in their industry (10 per cent) or an inability to afford apprenticeships (8 per cent).
- The highest reported concerns are a lack of awareness of relevant apprenticeships, a lack of financial incentive and a lack of support for dealing with the recruitment process.
- The role of Regional Learning Partnerships should be explained in relation to the supply of apprenticeships.
- The purpose of the Wales Employment and Skills Board should be clarified.
- The role and functions of Careers Wales should be reviewed. Priorities such as parity of esteem, balancing the gender profile of provision and raising awareness of apprenticeships should play a stronger role in its future objectives.
- FSB Wales welcomes the Welsh Government's ambitions to improve and streamline the Apprenticeship Matching Service.
- The proposed Tertiary Education Authority should have parity of esteem as a primary objective in its statutory underpinning.
- Qualifications Wales should take ownership of the development of higher level apprenticeships and undertake meaningful engagement with SMEs in developing qualifications.
- Funding for apprenticeships should reflect labour market intelligence.

Introduction

- 1.1. In 2012 FSB Wales contributed to the committee's predecessor's inquiry which led to significant reform in relation to the apprenticeship system in Wales. FSB Wales therefore welcomes the opportunity to contribute to the Economy, Infrastructure and Skills Committee inquiry into apprenticeships in Wales.
- 1.2. The skills system in Wales has undergone a significant period of reform during the fourth and fifth National Assembly terms, not least in the area of apprenticeships. The Welsh Government has established Qualifications Wales as the statutory regulator of qualifications in Wales and this is leading to a reduction in the number of qualifications available in both knowledge and competence-based vocational qualifications. This has brought Wales into closer alignment with the policy infrastructure in Scotland, in contrast to England where the adoption of trailblazers and apprenticeship standards has begun.

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- 1.3. Apprenticeship funding has also experienced a period of dramatic change. Welsh Government's Framework for Co-Investment in Skills has been overshadowed by the imposition of the UK Government's apprenticeship levy, leaving the future funding system of apprenticeships in Wales less certain. The Welsh Government has responded positively to the Hazelkorn Review suggesting further reforms to the funding of skills in Wales may take place in the future through a Tertiary Education Authority.¹
- 1.4. In light of these significant reforms and the Welsh Government's commitment to 100,000 apprenticeships over the life of this National Assembly, the committee's inquiry is timely.

Barriers to Apprenticeships

- 2.1. FSB Wales' research on apprenticeships highlights a number of key barriers to the uptake of apprenticeships in Wales. The highest reported concerns are a lack of awareness of relevant apprenticeships, a lack of financial incentive and a lack of support for dealing with the recruitment process.²
- 2.2. This is largely reflected in the UKCES Employer Perspectives Survey that suggested around 13 per cent of firms offer formal apprenticeships and the potential for around 29 per cent of firms to offer apprenticeships in the future. Indeed, the UKCES report highlighted structural barriers such as lack of suitability due to size of establishment (19 per cent), apprenticeships not being offered in their industry (10 per cent) or an inability to afford apprenticeships (8 per cent). Structural barriers were highlighted by 55 per cent of firms with a further 12 per cent highlighting a lack of awareness.
- 2.3. In our response to the 2012 inquiry we highlighted these concerns and a number of time-limited interventions were introduced by the Welsh Government including an extended £40m Young Recruits Programme offering an increased subsidy to SMEs and support with hiring costs.³ This has since elapsed however the committee should further consider the effectiveness of this intervention and whether it could be replicated in the current funding landscape.
- 2.4. Evidence gathered by FSB in England suggests that there is a strong link between firms that are growing or are looking to grow and apprenticeship recruitment.⁴ Drawing on this, any future support provided by Welsh Government could be targeted at those firms that are growing in order to position apprenticeships as a solution to training for growth businesses.

¹ Welsh Government. 2017. *Welsh Government response to Hazelkorn report on post-compulsory education and training in Wales*. [Online]. Available at:

<http://gov.wales/topics/educationandskills/publications/reports/review-of-the-oversight-and-regulation-of-post-compulsory-education-and-training-in-wales/?lang=en> (accessed 26th April 2017).

² FSB Wales 2013 Skills Survey

³ WalesOnline. 2013. *Apprenticeships get £40m boost*

[Online]. Available at: <http://gov.wales/docs/dcells/publications/140129-policy-statement-on-skills-en.pdf> (accessed 26th April 2017).

⁴ FSB. 2016. *Make or Break: Getting Apprenticeship Reform Right for Small Businesses*. P.34



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Skills Governance

- 3.1. In our response to the committee's inquiry in 2012 we highlighted the importance of the Sector Skills Councils (SSCs) in providing input into the design and provision of qualifications in Wales. The SSCs no longer have a significant presence in Wales and in their place the Welsh Government's Policy Statement on Skills has created three regional learning partnerships (RLPs).⁵ FSB Wales welcomes RLPs in providing a regional focus on skills requirements. Our engagement to-date with the three RLPs has been positive.
- 3.2. However, the scale of resources available to RLPs to properly ascertain and input into the delivery of apprenticeships is not yet clear. In particular, clarification on how the three regional bodies will impact on the Welsh Government's contracts with training providers is needed. This would be the most significant policy lever available to them, given the budget is controlled by Welsh Government.
- 3.3. Beyond this, there is a need for regional bodies (including the emerging city deals) to move beyond shallow engagement measures towards meaningful dialogue with SMEs in their locality.
- 3.4. The Wales Employment and Skills Board has a limited profile at present and its position in relation to overall skills policy in Wales is not clear. Welsh Government's recently announced Apprenticeship Skills Policy Plan suggests it will have a role in delivery of the apprenticeship action plan and will advise on frameworks.⁶ In relation to frameworks the relationship between WESB and Qualifications Wales will be of relevance. The committee should examine this further with a view to strengthening its role as an employer engagement body.

Careers Advice on Apprenticeships

- 4.1. The service available through Careers Wales has been under significant pressure over the previous five years. In 2010-11 Careers Wales' budget was £42m whilst in the current financial year it is £18m. This was a decrease of 57 per cent. There have been suggestions that there is now only one careers advisor for every six secondary schools.⁷
- 4.2. While there are efficiencies that can be made from the move to online services, if we are to tackle the parity of esteem gap and establish apprenticeships as a positive alternative to university education then Careers Wales needs to be adequately resourced and have a clear strategic purpose. This should begin with a proper reassessment of the role and functions of Careers Wales to ensure it is fit for the future.

⁵ WalesOnline. 2013. *Apprenticeships get £40m boost*

[Online]. Available at: <http://gov.wales/docs/dcells/publications/140129-policy-statement-on-skills-en.pdf> (accessed 26th April 2017).

⁶ Welsh Government. 2017. *Aligning the Apprenticeship model to the needs of the Welsh economy* [Online]. Available at: <http://gov.wales/docs/dcells/publications/170206-app-policy-plan-en-v2.pdf> (accessed 26th April 2017).

⁷ WalesOnline. 2016. *4,500 pupils to every one careers adviser – anger as Wales slashes schools service* [Online]. Available at: <http://www.walesonline.co.uk/news/education/4500-pupils-every-one-careers-10987642> (accessed April 2017).



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- 4.3. As part of this review, consideration should be given to Careers Wales overarching objectives. FSB Wales believes that this should include issues such as gender stereotyping in apprenticeships, parity of esteem between vocational and academic routes and raising awareness of the benefits of apprenticeships. For instance, based on 2015/16 apprenticeship programmes, only 2.5 per cent of construction apprenticeships in Wales were female.⁸ FSB Wales would like to see further consideration of role models in terms of apprentices and small employers as part of any review of careers information, advice and guidance in Wales.

Apprenticeship Matching Service

- 5.1. FSB Wales notes the Welsh Government's "*ambition to streamline and improve our on-line Apprenticeship Matching Service to provide better support for employers and providers advertising Apprentice vacancies*"⁹. According to the UKCES Employer Perspectives Survey awareness of the Apprenticeship Matching Service is low with only 1 per cent of employers having used the service and 8 per cent being aware of it in 2014.¹⁰
- 5.2. While this is likely to have improved over time, it does suggest that awareness is low. Given the service is hosted by Careers Wales it is likely that the under-resourcing of the broader service has impacted on awareness. As such, FSB Wales welcomes the Welsh Government's commitment to improve the service and believes an appropriately funded Careers Wales should be tasked with improving information and support for small businesses looking to engage with apprenticeships.
- 5.3. As part of the review of the apprenticeship matching service, Welsh Government should examine introducing an Apprenticeship Investment Calculator. This would help small businesses work out the cost of training an apprentice, to plan for how it will be paid and to assess the return on investment.

Parity of Esteem

- 6.1. In order to achieve parity of esteem between vocational and academic qualifications the Welsh Government should; set out clear pathways for vocational training routes, ensure good quality careers information, advice and guidance is given to young people in Wales and ensure qualifications are relevant and add-value to Wales' SMEs.
- 6.2. This could be aided by the findings of the Hazelkorn Review if implemented. For instance, the Welsh Government's new student finance support package for Higher Education is based on equivalency with the living wage while apprenticeship funding does not apply the

⁸ StatsWales. 2017. *Learning programmes for Foundation Apprenticeships, Apprenticeships and Higher Apprenticeships* [Online]. Available: <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Further-Education-and-Work-Based-Learning/Learners/Work-Based-Learning/learningprogrammesapprenticeships> (accessed 26th April 2017).

⁹ Welsh Government. 2017. *Aligning the Apprenticeship model to the needs of the Welsh economy* [Online]. Available at: <http://gov.wales/docs/dcells/publications/170206-app-policy-plan-en-v2.pdf> (accessed 26th April 2017). P.19

¹⁰ FSB Wales. 2014. *Employer Perspectives Survey 2014: Wales Slide Pack*. [Online]. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415893/EPS_2014_Wales_Slide_Pack_FINAL_for_web.pdf (accessed 26th April 2017).



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same logic. The proposed Tertiary Education Authority could be given a statutory responsibility to promote parity of esteem through its establishing legislation. This would ensure its evidence-based funding decisions take issues such as this into account when deciding on the balance between funding for higher education, further education and work-based learning.

Higher level apprenticeships

- 7.1. The Welsh Government has successfully pursued the development of apprenticeships at level 4 and above. However, there are a number of issues with regards to this for SMEs. Firstly, the process for the development appears to be demand led with larger firms, often with the capacity to develop content for qualifications, driving the process. FSB Wales would like to see Qualifications Wales as the regulator work with SMEs to develop frameworks for higher level apprenticeships.

Employer Engagement with Apprenticeships

- 8.1 Employer engagement with apprenticeships can mean a number of things. Firstly, it can relate to uptake and usage of apprenticeships. This can be addressed by reducing the perceived barriers as highlighted previously and by ensuring sufficient financial support is provided.
- 8.2. Secondly, it can relate to the strategic provision of funding for further education and work-based learning providers. This should be evidence-based and should reflect labour market requirements. The practical lever for this would be through Welsh Government's annual contracting arrangements with work-based learning providers.
- 8.3. Finally, it can relate to the content of apprenticeships. The landscape is changing in this regard with the lack of presence of Sector Skills Councils and with the advent of higher level apprenticeships. Qualifications Wales needs to take a leading role in facilitating this and ensuring meaningful dialogue with SMEs on what they need from apprenticeships.