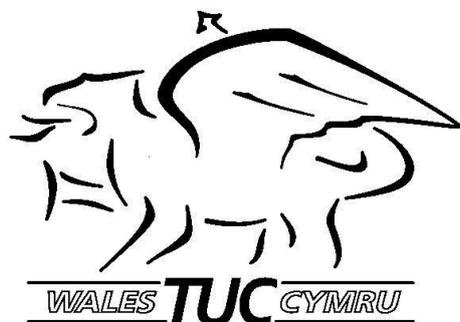


Enterprise and Business Committee APP25

Inquiry into Apprenticeships

Evidence from Wales TUC Cymru



## **Apprenticeships in Wales**

Wales TUC submission to the Enterprise and Business Committee Inquiry

# Enterprise and Business Committee APP25

## Inquiry into Apprenticeships

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#### **Introduction**

1.1 – The Wales TUC welcomes the opportunity to contribute to the Enterprise and Business Committee Inquiry into Apprenticeships in Wales. The Inquiry comes at a key time in the Welsh Government's agenda regarding apprenticeships, coinciding not just with the increased expansion in apprenticeships, but also with a continued media attention on low paid and short-term schemes.

1.2 - The TUC have developed a clear voice in the UK apprenticeship debate and the Wales TUC, through the work of the Learning Services department, is supporting trade unions to increase engagement with apprenticeship schemes, challenge employers to create new apprenticeship schemes and support apprentices in the workplace. Wales TUC Learning Services will be carrying out a number of activities over the coming year to further develop trades union involvement and impact in these areas.

1.3 – The submission focuses on creating the correct circumstances in Wales to increase employer take up of apprenticeship schemes which has been relatively weak in recent years (overall engagement is considered to be between 4 and 13 per cent across the UK). It aims to do this by examining relevant levers available to Welsh Government, employer attitudes toward apprentices and the potential impact of the trade union movement in Wales. The Wales TUC believes that apprenticeships present a real opportunity to develop social partnership between employers, government, trade unions and the wider community in a way that reflects the successful models of other European Countries.

1.4 – The submission will also consider issues concerning the public sector, in particular local authorities, as well as issues that relate to the private sector and industries that are traditionally unionised.

1.5 – Finally, the submission will look at other areas that we view as critical such as quality and availability of apprenticeship schemes. Equality issues such as gender segregation and pay disparity and the significant barriers to accessing apprenticeships for people from BME groups and disabled people are also of concern.

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#### **Employer Engagement**

2.1 - The current economic situation and indeed the circumstances that have developed over recent years has certainly resulted in many employers either reducing apprenticeship numbers or at best a situation of nil growth (in more established employer schemes) and in some cases a complete withdrawal. Recruitment freezes still exist in the public sector in particular and many employers in both the public and private sector are contracting employee numbers. However, much of the anecdotal evidence gathered from affiliate unions over the last year has indicated tentative growth. However, this is dependent on sector and size of employer and is focussed on some indications of growth within local authorities and certain sectors such as construction and energy.

2.2 – The Wales TUC is concerned about the continuing problem of demand among young people (and adult employees) for apprenticeship places outstripping supply. Employer engagement with apprenticeships in the UK lags behind the rest of Europe. Only 30 per cent of companies with more than 500 staff have schemes, compared to virtually all employers of that size in Germany. For example, affiliate unions who are involved in schemes within the petrochemicals sector in the South West have reported cases of almost 300 applicants for 4 available places.

2.3 – The Wales TUC recognises the annual investment of around £90 million to support apprenticeships provided by Welsh Government. However, evidence based on discussions with employers provided by our affiliate unions repeatedly raise the issue of overall costs acting as a barrier to increased recruitment of apprentices. Many employers are reporting an awareness of available funding for training costs but in many cases this does not encourage the employers to engage. We also recognise that there is a danger of employers becoming too reliant on government subsidies which could potentially lead to schemes becoming unsustainable. The Wales TUC strongly believes that employers have a responsibility to financially support apprenticeship schemes, however, we would welcome a review of

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available funding in Wales for apprenticeships to examine the possibility of a ‘smarter’ use of funds including EU funding to help reduce barriers to employer recruitment of apprentices.

2.4 – The Wales TUC welcome the recent announcement of the Jobs Growth Wales initiative where 16-24 year olds are able to access minimum wage costs for 6 months and believe this may have an impact on employer engagement. Similarly, we welcome the existence of the Young Recruits Programme through which employers can access a £50 per week wage subsidy over a 12 month period. However, we believe that it is vital to build on this scheme and ensure that an element of compulsion exists for employers who access this support to act appropriately in terms of apprentice progression and ensure sustainability for apprentices during and when they come out of their time. The Wales TUC recommend that trade unions are involved in this process and employers are strongly encouraged to develop partnership agreements with stakeholders such as trade unions and Welsh Government that act to underpin quality assurance of such schemes and ensure that employers do not develop a ‘learned reliance’ on subsidies.

2.5 – Other potential policy drivers in Wales could also be explored to reduce barriers to employer engagement. Welsh Government should further investigate the issue of public procurement to drive up demand from employers. The public sector and in particular local authorities in Wales have a vital role to play here ensuring that employers who contract with the public sector have a requirement for an appropriate number of apprentices.

2.6 – Anecdotal evidence from our affiliate unions which organise within local authorities in Wales report a promising and “very positive” outlook to potential growth in take up of apprenticeships. While apprenticeships within local authorities has diminished over decades, signs are good that this trend could be reversed as several authorities are planning for enhanced apprentice schemes with some intending to almost double apprentice places over the next year. However, while high profile announcements exist like that of 150 new places in Caerphilly, it is important to emphasise that many local authorities are still in the early planning stage within this process. Our affiliates believe that examples of best practice exist in local authorities where trade unions are closely involved and are included in a social partnership approach to the planning, recruitment, delivery and on-going support of apprentices. Therefore the Wales TUC would welcome any encouragement for local authorities to engage in this approach to apprenticeship schemes.

2.7 – In general the Wales TUC strongly believe that trade unions have been proven to have a very positive effect on the success and sustainability of apprenticeship schemes and can play a vital role in engaging employers in this area. Unions can work in partnership with employers and other stakeholders in succession planning for future skills and job requirements and implementing joint targets for recruiting and sustaining higher levels of apprentices. Evidence from our affiliates suggest that where this occurs (such as in some of

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the large utility companies like Wales and West Utilities and other large employers with successful established schemes eg Airbus) it results in improved completion rates and, crucially, the likelihood of apprentices progressing into full employment. Unions also have a vital role to play in raising employer awareness of apprenticeships and the long term business case.

2.8 - The Wales TUC remains concerned that some apprentices may be introduced to displace existing employees, especially in the current economic climate when redundancy programmes and apprenticeship recruitment can be occurring simultaneously. The TUC and all its affiliated unions are opposed to any circumstances involving apprentices being recruited as a cover for job substitution. Unions have sought to mitigate this threat by developing apprenticeship agreements which can ensure that any such practice is not allowed.

#### **Delivery and Quality**

3.1 – The Wales TUC support the expansion of apprenticeships in Wales and it is key that quality apprenticeship routes remains paramount to Welsh Government policy. It is important that the quality schemes do not suffer due to an over emphasis on numerical targets. Apprenticeships must be high-quality, holistic career development opportunities and should not be viewed simply as a means of subsidising employers to deliver occupation-specific training, although that form of training is one element of the apprenticeship framework.

3.2 – Trade unions in some areas and sectors in Wales currently play an important role in the quality assurance of development of employer schemes and delivery of training. Within some sectors (particularly construction and engineering) unions have a role to play in monitoring delivery through joint industry boards and this should be widened to include other sectors and apprenticeship frameworks where unions have significant recognition. Trade union involvement in quality assurance is typically limited to union positions on boards of Sector Skills Councils, many of which are UK wide and do not focus specifically on Wales alone.

3.3 – Sector Skills Councils have limited capacity in Wales which acts as a barrier to their engagement at a Welsh level. Trades unions do have representation on SSC boards (although

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many at a UK level only) and can influence quality through this route. However, given the lack of capacity in many SSCs, their ability to influence employers and raise employer engagement is limited.

3.3 – Wales TUC recognise the importance of completion rates and are pleased that projected rates for 2011/12 are good. However, this should not be seen as the only measure of success in Wales. Issues such as relevance and quality of training, rights and working conditions of the apprentice, progression onto further training and the securing of permanent employment should be viewed as equally important. These areas are where trade unions have a proven success rate in raising standards. Research by the TUC shows that, on average, union members receive better pay and conditions and, tellingly, substantially more training than non-unionised employees.

3.4 – Evidence from affiliated unions indicate that while there is some broadening of availability of apprenticeship schemes outside of the traditional sectors, the majority of apprentices in Wales are still in health and social care, construction and engineering. It is apparent that there is some growth in areas such as business and administration and some pockets of good practice with union involvement in less traditional areas such as the creative industries. However, the TUC recognises that trade unions have something to offer in a wider range of sectors and industries and would welcome discussions with Welsh Government on how we can increase union input in some of the ‘new’ areas where apprenticeships can increase.

3.5 – Apprenticeship agreements that are signed up to by all stakeholders including trade unions are key to the successful long term development of apprenticeships in Wales. Over the next year the Wales TUC through its Learning Services department will be undertaking activities to ensure that union officials and workplace representatives have the necessary skills and knowledge to engage in greater detail with such agreements. By developing briefings, raising awareness and providing a ‘union toolkit’ we aim to ensure that trade unions affect quality and delivery of the whole apprenticeship experience for both the apprentice and the employer. We aim to utilise the role of workplace representatives and officials to improve the recruitment, pay and conditions of the apprentice and the role of the union learning representative to ensure good quality delivery, support and mentoring of apprentices in the workplace.

#### **Welsh Government Policy and Initiatives**

4.1 – The Wales TUC supports the Welsh Government all age approach to apprenticeships and its specific priority focus on those under 25. In addition, we welcome the recent requirement for all apprentices in Wales to be of employed status.

4.2 – The Wales TUC believes that the Welsh Government can utilise its relationship with, and support for, anchor companies in order to increase the number of apprenticeship places they provide – even beyond the number which that anchor company intends to employ. If handled

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carefully with proper planning, this can make up for a shortfall in apprenticeship places and/or quality of training provision further down the supply chain while guaranteeing smaller companies a supply of skilled recruits and ensuring all apprentices have appropriate employment on completion of their training.

4.3 – Welsh Government’s Pathways to Apprenticeship programme goes some way to ensuring the vital link between schools, FEIs and apprenticeships. However, evidence from affiliated unions suggests that more development work to improve this link and align the learning outcomes from schools and FE to fit with the skills and knowledge needed to undertake full apprenticeships is desirable. A more strategic approach similar to that of the pathways programme could be considered across a broader range of schools and FE programmes.

4.4 – Flexible approaches to vocational training that include all or part of an apprenticeship framework (such as Welsh Government’s ‘Flexible Learning Programme’) work well in terms of providing the bite sized and flexible approach to vocational skills development in the workplace. However, the Wales TUC believe that this initiative, whilst welcomed, is more appropriate for individuals already employed in the workplace and in general this type of shorter flexible programme should be seen as a vehicle for employers to develop vocational skills for existing employee. It is imperative that the integrity of the full apprenticeship framework is maintained and we welcome the minimum requirements set out by the SASW.

#### **Equality**

5.1 – It is imperative that there is equivalent emphasis on equality and diversity within apprenticeships as with all other major educational and vocational pathways. Gender segregation remains a problem in some traditional apprenticeships such as engineering although not within apprenticeship figures as a whole in Wales. In addition, numbers of apprentices from ethnic minorities and those reporting a disability are extremely low across the total number of apprentices in Wales. The Wales TUC would welcome discussions with Welsh Government’s apprenticeship unit regarding specific actions to address these issues in Wales and broaden awareness and access within these groups.

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#### **Conclusions**

5.1 – The Wales TUC broadly agrees with an increased emphasis on apprenticeship take up in Wales. The trade union movement has much to offer both in the strategic planning, recruitment, support, monitoring and quality assurance of apprenticeship schemes. By developing a fully integrated social partnership approach through joint agreements and strategies, trade unions can ensure that available funding is maximised, that quality of apprenticeships remains high and outcomes, including progression into full employment and sustainability, have a positive effect on skills in the Welsh economy.

5.2 – Compared to many other European countries, employer take up of apprenticeships remains poor and there is much work to do in Wales in terms of employer engagement. Demand for apprenticeship places currently far outstrips supply. Barriers to employer engagement can be removed with a ‘smarter’ use of funding and some positive moves in this direction such as Jobs Growth Wales and the Young Recruits programme have been made in Wales. However, it is also paramount that employers recognise their part in terms of investing in apprenticeship programmes to address long term skills shortages and succession planning and that apprentices are not used as job replacement or cheap labour. Other policy drivers such as a more extensive use of procurement could contribute to a genuine long term boost for the development and increase apprenticeship numbers in Wales.

5.3 – The quality and delivery of apprenticeships is vital and it is important that the integrity and image of apprenticeships is maintained and developed. Unions can play a role in quality assurance and working with Welsh Government to set and enforce national standards for apprenticeships. In addition, the Wales TUC believe that by giving union officials and workplace representatives the tools to become more involved in apprenticeship schemes ensures that the delivery of training and the experience of the apprentice whilst at the workplace is good.

5.4 – Local authorities can have a vital role to play both as an employer, and in use of procurement to promote the take up of apprentices. Whilst there appears to be some very positive development in this area many authorities are still at the very early stages and more strategic work along a European social partnership model could ensure these development blossom in Wales long term.