



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Pwyllgor yr Economi, Seilwaith a Sgiliau](#)

[The Economy, Infrastructure and Skills
Committee](#)

02/02/2017

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Hannah Blythyn Bywgraffiad Biography	Llafur Labour
Hefin David Bywgraffiad Biography	Llafur Labour
Russell George Bywgraffiad Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Vikki Howells Bywgraffiad Biography	Llafur Labour
Mark Isherwood Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Jeremy Miles Bywgraffiad Biography	Llafur Labour
David J. Rowlands Bywgraffiad Biography	UKIP Cymru UKIP Wales

Eraill yn bresennol
Others in attendance

Rachel Bowen	Cyfarwyddwr Polisi a Datblygu, Colegau Cymru Director of Policy and Development, Colleges Wales
Natasha Davies	Arweinydd Polisi ac Ymchwil, Chwarae Teg Policy and Research Lead, Chwarae Teg
Joanne Foster	Llywodraeth y DU ac Arweinydd Cysylltiadau Busnes, GE Aviation UK Government & Business Relations Leader, GE Aviation
Craige Heaney	Pennaeth Gweithrediadau Grŵp Dysgu a Datblygu, Centrica Head of Learning and Development Group

Operations, Centrica

Sarah John Cadeirydd, Ffederasiwn Hyfforddiant Cenedlaethol Cymru
Chair, National Training Federation for Wales

Gavin Jones Pennaeth Rhaglenni Gyrfaedd Cynnar, Airbus UK
Head of Early Careers Programmes, Airbus UK

Anne Middleton Rheolwr Adnoddau Dynol, Atradius
Human Resources Manager, Atradius

Dr Alison Parken Cyfarwyddwr, Menywod yn Ychwanegu Gwerth at yr Economi (WAVE), Prifysgol Caerdydd
Project Director, Women Adding Value to the Economy (WAVE), Cardiff University

Jeff Protheroe Rheolwr Gweithrediadau, Ffederasiwn Hyfforddiant Cenedlaethol Cymru
Operations Manager, National Training Federation for Wales

Claire Roberts Cyfarwyddwr Ymgysylltu, Colegau Cymru
Director of Engagement, Colleges Wales

Helen Walbey Cyfarwyddwr, Beiciau Modur a Sgwteri Rideout
Director, Rideout Motorcycles and Scooters

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Robert Lloyd-Williams Dirprwy Clerc
Deputy Clerk

Rhys Morgan Ail Clerc
Second Clerk

Gareth Price Clerc
Clerk

Anne Thomas Y Gwasanaeth Ymchwil
Research Service

Gareth Thomas Y Gwasanaeth Ymchwil
Research Service

*Dechreuodd y cyfarfod am 09:16.
The meeting began at 09:16.*

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest

[1] **Russell George:** Croeso, bawb. **Russell George:** Welcome, everyone.
Croeso i Bwyllgor yr Economi, Welcome to the Economy,
Seilwaith a Sgiliau. Infrastructure and Skills Committee.

[2] Item 1: this morning we have apologies from Adam Price, and for this
afternoon's session, from Mark Isherwood. Can I ask if there are any
declarations of interest from Members?

[3] **Mark Isherwood:** I'm leaving for a meeting, but I will be returning
afterwards.

[4] **Russell George:** Thank you, Mark. I'm grateful.

09:17

Panel Busnes—Yr Ardoll Brentisiaethau yng Nghymru Business Panel—The Apprenticeship Levy in Wales

[5] **Russell George:** This morning, we're starting our first session with
regard to our inquiry on the apprenticeship levy in Wales. Our first session
this morning is with a panel of businesspeople, who are going to give us
evidence this morning. My understanding is that you've not given evidence to
committees previously; so, a very warm welcome to the National Assembly
for Wales. We are a very friendly committee. So, if I could just ask you to—.
We've got, I think, an hour this morning. There'll be a series of questions
from Members in subject areas, but if I could just start. Perhaps I could ask
you to just introduce yourselves and give your name for the record—what
your business does and how many apprentices you employ in Wales. Do they
follow a framework and do you get funding from the Welsh Government? Just

a little bit of an introduction, perhaps no more than a couple of minutes—maybe 30 seconds or a minute—just to introduce yourself and give us a little bit of background about yourselves. Is there anybody that's keen to go first?

[6] **Ms Middleton:** I'll go first, if you like.

[7] **Russell George:** Anne.

[8] **Ms Middleton:** My name is Anne Middleton. I'm the HR manager of Atradius, just round the corner. We do business-to-business trade credit insurance. It started out life as the old Export Credit Guarantee Department of the civil service. Nowadays, we're part of a global credit insurance organisation, with the offices that I'm responsible for in the UK and Ireland, but our head offices are in Amsterdam. We have about 450 people working in the UK. Roughly 380 of them are working around the corner in our beautiful grey building in-between the Senedd and the Norwegian church. We don't really do apprentices as, I guess, the norm might be viewed, but we do have what we class as a graduate programme, but that's amongst a consortium of financial services companies in south Wales. At the moment, we've got about 35 graduates going through a programme for which we get funding from the Welsh European Funding Office.

[9] **Russell George:** I'm grateful. Mr Heaney.

[10] **Mr Heaney:** Good morning. My name's Craige Heaney. I'm the head of learning and development for group operations for Centrica. Centrica is the parent brand for British Gas and Direct Energy. We provide energy—electricity and gas—to commercial as well as residential customers. We currently have an employee base of 38,000 employees across the group. So, it's international. In Wales, we have about 1,800 employees. Currently, we have around 74 apprentices on our programme who focus on smart engineering, but on average per annum we have 1,200 apprentices. My role is primarily looking after the apprenticeship schemes that we currently offer, of which there are three, and we are currently planning to expand our apprenticeship offer significantly this year and in the following two years.

[11] **Russell George:** Do the Welsh Government fund your apprentices?

[12] **Mr Heaney:** They do not, no.

[13] **Russell George:** Okay. Ms Foster.

[14] **Ms Foster:** Good morning, I'm Joanne Foster. Thanks for having me. I'm the business and government relations leader for GE Aviation across the UK. I'm based at the site in Nantgarw, where we have about 1,200 staff. It is a maintenance, repair and overhaul shop and it is GE's largest engine shop in the world. We overhaul about 420 engines a year. We have about 65 apprentices on site across three academic years, and our apprentice recruitment is the biggest tranche of recruitment we do each year. We have about 900 applications for 24 places, so it's hugely popular and we're really proud of it. We get Welsh Government funding across all the programmes. We have engineering and business admin apprentices, and we have a good partnership with the Welsh Government on all of them.

[15] **Russell George:** Sorry, do the Welsh Government fund those places?

[16] **Ms Forster:** Yes.

[17] **Russell George:** Do they follow a framework?

[18] **Ms Foster:** Yes, they do.

[19] **Russell George:** Okay. Mr Jones.

[20] **Mr Jones:** My name's Gavin Jones. I'm head of early careers for Airbus, based primarily up in Broughton. In the commercial sector of the business, we have about 10,000 employees based across both the Broughton site in north Wales and Bristol—in Filton, just on the other side of the water. From an apprenticeships perspective, we've got just over 250 on our programmes at the minute and they are predominantly at Broughton, but a fair number are down at the Filton site. From a framework perspective, yes, clearly, with the apprentices in the Broughton plant, they do draw down from the Welsh system, and we've been well supported for many, many years. We have a long history of apprenticeships at the Broughton plant and we hope for that to continue.

[21] **Russell George:** Okay. I'm very grateful for your opening comments. There's a series of questions now, and I'll come to Vikki Howells first.

[22] **Vikki Howells:** Thank you, Chair. Good morning. I'd like to ask you all the extent to which you think the introduction of the UK apprenticeship levy is going to have an impact upon your business.

[23] **Ms Middleton:** We fear that the impact on our businesses is going to be that we can't keep supporting the initiatives that we've got going on at the moment specifically for our organisation. We believe that it's a good impact; we think that to have a levy for employers to pay into skills for the future is a good thing, it's a positive thing. How we might be able to draw down that money, how we might be able to spend it and what constraints there might be on us might limit the impact on my particular organisation, and that's what we're fearful of.

[24] **Mr Heaney:** We've done significant analysis around the introduction of the levy. We've got a proud history of apprenticeships throughout the UK and we generally have a positive view of the introduction of the levy, but we see a significant opportunity to expand our apprenticeships. So, from our perspective, one of the constraints we're concerned about is: we operate across the UK, and with the introduction of the levy, predominantly we'll be drawing down funding in England. That presents a significant challenge for us, because we have apprenticeship programmes in Scotland and in Wales and we're unable to draw down funding from them because there are separate frameworks that require separate resources and separate investment. For us, the challenge is, at the same time that we want to expand our apprenticeship offer, we're getting constrained by different frameworks. So, for us, that is a significant concern, but I would say that that doesn't underestimate the commitment we have to continue to train and invest in those nations—it just undermines the opportunity.

[25] **Vikki Howells:** Thank you.

[26] **Ms Foster:** Obviously, there's the immediate financial impact, and we're bound and constrained by that. I think, like all the other guests, we are committed to the apprenticeship programme, and so in the short to medium term we have no plans to do anything different. One of the challenges, I think, is that, as a business, we are constantly trying to be creative, stay ahead of the game and look at bigger, better programmes that we can offer to attract the best talent, and I think that the longer term impact might be how creative we can be and the resource that we have to keep delivering the best. I think that's probably the principal concern.

[27] **Mr Jones:** From an Airbus perspective, as I said before, we have a long history of recruiting apprentices, and those guys who have visited our plant will know that. We will continue to do that. We particularly need to do that

both now and in the future to ensure that we maintain our position in the market and ensure that we remain viable and we secure the future of wing manufacture in the UK. Clearly, on the impact on us, there's a financial impact on us, but, secondarily, there's also the impact of the complications of cross-border funding and how we mitigate that. So, yes, we will continue. Is it going to affect us? Clearly, we need to manage that impact and make sure that we do mitigate that financial impact on the business in one way or another.

[28] Secondarily, then, it's to make sure that we do have the right level of apprenticeships available for us. We have a high level of apprenticeships we take from level 3 to level 6—that's what we need to do for our business, because of the technological aspect of what we do. So, I guess, in summary: financial, yes, and also then, from a skills development perspective, we need to ensure that the complications around how we draw down on that funding do not impact on the actual delivery.

[29] **Vikki Howells:** Thank you. Just to clarify, then, would any of you on the panel anticipate that the introduction of the levy will actually affect the numbers of apprentices that your organisations take on?

[30] **Ms Middleton:** Possibly. Possibly, because it comes out of the same pot, or at least, it does in the organisation I represent. So, if, for example, we are constrained by the rules that are going to be imposed, whatever they look like—because I don't know what they look like at the moment—for Wales, then it could be that we actually have fewer young people to train, and I'm going to call them that, because I don't know what that looks like yet. It may be that I can no longer run the graduate programme that I have in place at the moment, which fits the organisation I represent perfectly. If that changes, then it's going to be at the cost of another initiative such as the graduate programme. So, I'm going to have to change what I do, and maybe that will mean fewer apprentices.

[31] **Mr Heaney:** I would add to that in terms of—we don't necessarily see there'll be a decline in the number of apprentices that we take on, but where there is a missed opportunity is there are up to 200 to 300 people being recruited in Wales every year on behalf of British Gas, and a small proportion of them are trained through the apprenticeship route. I have an opportunity to train them through the apprenticeship route, but, because of there being different frameworks, it makes it difficult for that to be recognised as an apprenticeship. I recognise that, obviously, the Welsh Government has a

target of 100,000, and we feel that there's a bigger opportunity for us to contribute to that target. So, it's not necessarily from our perspective that we see there being a reduction in apprenticeships, but, where we are expanding our apprenticeship schemes, I feel that there is a potential missed opportunity.

[32] **Ms Foster:** And we have no plans to reduce the scheme that we currently run. In fact, as a site, we have projected growth in the next few years, and I think we are lucky in the aerospace industry in Wales that we belong to a sector that the Welsh Government is particularly interested in and has invested in. We feel the benefit of that and continue to.

[33] **Mr Jones:** I would echo that last sentiment. The support we get is very much appreciated, and, being classed as an anchor company, we're very proud of that, and we wish to maintain that. Will it affect our numbers? I certainly hope not. We foresee growth, if you consider where we are—we're in a very, very fortunate position as an organisation, where we have 6,800 aircraft on backlog order. So, from that perspective, we need to keep recruiting as people start to retire. We have an ageing demographic, as the whole of the UK does. We will continue to recruit apprentices, despite the levy, not because of the levy. We need to do that. What we need to clearly do is mitigate the cost of the levy and the impact that that has, purely from a financial perspective, and, as I said before, from an administrative perspective. So, the answer in short is 'no,' but there is a balance to be found about how we manage the financial and legislative impact.

9:30

[34] **Vikki Howells:** Thank you. Finally, other than cross-border issues, which I know is a big issue, and one of my colleagues will follow up on that as a separate line of inquiry, are there any other unintended consequences that any of you on the panel think may arise as a result of the levy?

[35] **Ms Middleton:** I wonder, again for my particular organisation, whether we'll start looking at things that don't really fit my business. That causes me some concern, so my one plea would be if we can have something that's maybe a bit pragmatic, a little more flexible than rigid rules, so that we can work our way through this, because it's a new thing for us, and we'd like to learn along the process and to do the right thing as well. So, making unintended consequences—maybe we've looked at this apprenticeship label and made it a little narrow. Maybe that's just a perception, but maybe it

could be viewed as a little wider and a little more flexible in terms of fitting different organisations' shapes and sizes.

[36] **Mr Heaney:** I think, in terms of unintended consequences, there is a risk that apprenticeship providers use the funding to fund other training activity. We've absolutely considered that, and one of the policies we've implemented within Centrica is that we ring-fence any apprenticeship spend and reinvest that back into apprenticeships, and therefore any training budget is separated very clearly so that there's no risk of that being an unintended consequence. Because I think the whole emphasis of it is: how do you increase the number of apprentices and reinvest in those apprentices? That, in our minds, is exactly how we intend to use it.

[37] **Ms Foster:** Yes, and from a positive point of view, really, the broadening of the term 'apprentice' and what that means I think is not necessarily a bad thing. One of the unintended consequences for us already is that we're looking at trialling master craftspeople, working with the colleges to develop higher level and new things that are cutting edge—whether we can use some of the money that we get for digital to retrain members of staff. So, I think broadening the term and trying to be more creative in the way that we train people and what we offer is definitely one of the unintended consequences, and not a bad thing.

[38] **Mr Jones:** From my perspective, I guess another positive perspective is that, hopefully, the levy will be raising the subject matter a little bit more in the public eye and bringing apprenticeships more to the younger generation as a viable career path. That's something that we certainly hope will impact us, and certainly we would benefit from that. Also, again because of the financial impact of it widening the availability of training and skills to the wider workforce, that would certainly be a positive impact that we would look to secure.

[39] **Vikki Howells:** Thank you.

[40] **Russell George:** Hefin David.

[41] **Hefin David:** Can I just ask Anne a question? You said that it would mean that you can't support existing programmes, but you haven't got apprenticeships—you've got 35 graduates—

[42] **Ms Middleton:** Yes.

[43] **Hefin David:**—who are currently supported by European funding.

[44] **Ms Middleton:** Yes.

[45] **Hefin David:** So, when that European funding goes, wouldn't it come in and help support some of the money that's gone? How are you going to replace that? What match contribution do you make?

[46] **Ms Middleton:** So, we started off as a pilot about four years ago, with 20 graduates, and we had a contribution of something like £6,000 per annum. We've recently had another programme agreed, following on from the current one, so, 2017–19. We'll be paying full salaries now on half of the training budget. So, the pilot was very successful, and not just in our organisation, but within 10 members of the consortium, all in financial services in south Wales. So, we're at the stage now where, if you like, we're fully funding it from a salary position and half training it from a training funded position. So, I think that's been quite successful for all parties. They all recognise the value of it. So, in the future, we'll be looking for funding for training and for skills rather than anything else, because we've already gone through those programmes and proven that it's of worth.

[47] Going forward, we hope to continue this because we've got something like—you know, the ageing demographic is in our organisation as well. We've got about 30 per cent of our workforce retiring over the next three to five years. We haven't got any budget to take on new staff. We want to stay in Wales. Our head office is in Amsterdam. We want to keep pointing at great programmes like this to support where we are in our geography. So, hopefully, we want to continue being able to point at support from Welsh Government, to say, 'Yes, we have a skills agenda, which supports our organisation and within our region'.

[48] **Hefin David:** Will there be a big hole in your budget after 2020?

[49] **Ms Middleton:** Possibly; possibly—not in terms of taking these people on, but in training, for sure.

[50] **Russell George:** Jeremy Miles.

[51] **Jeremy Miles:** Thank you. Thank you for your comments and observations on this levy. In the conversations I've had with employers since

the proposal was announced, most of them, with regard to their Welsh operations, have disregarded it as a big, unwelcome tax, quite honestly. But, in terms of what they might expect to get back for that payment, if you like, some have articulated to me the approach which is to say that there are 100,000 apprenticeships coming forward through the Welsh Government's programmes, and they're thinking in terms of what piece of that policy might each employer get in return for making a new payment, if you like. I just wondered about your thoughts about that, firstly. And the second question is: this isn't, I think, permitted by the current way it's been set up, but some have been saying, 'Well, actually, we haven't got capacity to deliver more apprentices than we have at the moment', and that, obviously, will vary between companies, 'But we've got a supply chain where it would be great if we were able to support businesses and employers in our supply chain.' As I said, this system doesn't allow that at present, but would you think that would be something you would welcome as businesses?

[52] **Mr Heaney:** Shall we buck the trend, as poor old Anne has started all the responses? [*Laughter.*]

[53] **Ms Middleton:** Thank you.

[54] **Mr Heaney:** So, I'll start with the latter question. So, within Centrica, we've obviously engaged the English Government around how we can spend that levy, and we'll continue to do so. And therefore, very clearly, I think there is an opportunity for us to spend that money in the supply chain that then increases the level of growth, but also then increases the level of attractiveness around apprenticeships and developing the skill sets. From our perspective, we don't necessarily see that the levy is viewed just as a tax, and I think Ms Howells's question around what are the unintended consequences highlighted perfectly to us in British Gas and Centrica that it forces us as a business to understand what is the tax that is going to be taken against our payroll, and therefore how do we invest it.

[55] But, actually, the unintended consequence for us is we've really considered carefully what are the skills that we need in all of the UK, and therefore it's really sharpened our focus that all an apprenticeship is is ensuring an individual has the right skills and knowledge to do the job and that they have a career, and that they've got clarity about what the options are that they can obtain within that career. So, from our perspective, that's specifically led to challenging our thinking around—. Historically, Centrica has focused on engineering apprenticeships at level 2 and level 3: installing

boilers, installing smart meters, repairing them, doing it upstream in terms of our hubs, our gas terminals. That's been our bread and butter. But, for us, we recognise that, actually, whether it's digital or information systems apprenticeships, or whether it's customer services, we have those opportunities in the organisation now, and therefore we can expand the apprenticeship offer and, with the levy, we're able to then reinvest in that to expand the offer and broaden it, and then increase the levels that we can offer within our organisation.

[56] **Ms Foster:** Shall I go next? Well, we have to pay it, it's the rules, and so we're ready to do that. I think, like my colleagues here, the fact that we do has raised the profile of it internally, and there's a lot more focused discussion on are we getting a bang for our buck, and are we doing the right things and are we going to maximise what we get back—and that's across the four nations. We take on apprentices that we think we've got the capacity to give jobs to. So, we don't take on 100 and give jobs to 25; we take on 25 and we can employ 25, and that's all on our projected capacity and growth. So, if we've got projected growth, we'll take on more.

[57] In terms of a piece of the pie on new starters and Welsh Government pledges, we're always open to a discussion about how we can make more happen and contribute to making sure that they achieve this target, because that's better for all of us. The supply chain: as a global business with a global supply chain, it's something that we're constantly looking at, and the prosperity agenda of the UK Government is forcing all of our businesses to look at how we use the UK supply chain to best effect, and whether we can do more. That's had a positive knock-on effect for Wales, because we're trying to do that everywhere. I know that Airbus do that very well, actually—they've got the data and information on the supply chain. So, that's something that I think we'll be doing more of and looking to have more conversations about, particularly with Welsh Government.

[58] **Mr Jones:** I'll pick up the last point first, just to echo what Jo was saying. The supply chain, for us, is of massive importance because of the volumes that we're producing. So, clearly, being able to spend or help to support that supply chain in real terms is essential. If we can't do that, they will also suffer the levy, for want of a better phrase; they will pay the levy. They need to be able to manage that impact as well, and they do have the same issues from the cross-border perspective. So, yes, we would definitely want to invest into the supply chain.

[59] With regard to the broader aspects of the levy itself, it's a fact: we have to pay it, and in April we will do. And like the other guys here, it has sharpened our focus; we have had to look at it in our financial—. We work on finances and you've got to look at the impact on your business. And so, we are looking, given the way the current policies are set up, at how we can draw down, in dialogue with yourselves and Government officials. Thankfully, we can have that dialogue because we are in that sector, to look at how we can broaden the scope of what is available for funding, particularly if you focus on the future state of Airbus. If you consider the new technologies that we're going to have to bring in just to simply keep pace with the production rates that we've got, the workforce needs investing into with skills, training and education, so apprenticeships, absolutely, are the key for the future. But also, retraining education is another key aspect that we need to be able to invest in. So, we do need that broader remit, and we would certainly be open to discussions from that perspective.

[60] **Jeremy Miles:** So, on that point specifically, am I understanding you: you're saying that there are conversations that you're having with the Welsh Government about additional support you might get from the Welsh Government in return for having paid the levies? Have I misunderstood what you're saying?

[61] **Mr Jones:** I think there's regular dialogue and we are very fortunate, as I said before, as an anchor company to be in a position to have that dialogue around about the needs of our skillsets and the needs of our programmes. We need, for example, to attract higher apprentices as our engineers retire and leave the business. We need to be able to track the young talent into our business. We need the right qualifications to attract from school, otherwise they may go to university and not take an apprenticeship, as an example. So, from that perspective, yes, we are in regular dialogue on those points. We have raised our concerns and continue to do so, and that's why we're pleased to be here today to reiterate those points.

[62] **Jeremy Miles:** What sort of support would that look like?

[63] **Mr Jones:** I think, as I said, from a workforce development perspective, aspects of retraining, being able to spend sums of money and invest back into the retraining of the workforce. We will see a natural progression of our manufacturing processes. I know a few of you have been to the plant; you may understand that. We are moving towards more automation and that means retraining, that means investment. That's a prime example of focus.

It's a technology set; it's high-end technology and requires training to go with it.

[64] **Jeremy Miles:** Okay, thank you.

[65] **Ms Middleton:** For us, I think it's—. We're trying to develop a centre of excellence in financial services in south Wales; that's what we set ourselves out to do as a consortium. Atradius plays their part in that. I've listened about having the right skills and knowledge for our businesses; it's the same, I think, right across the piece here. The range of opportunities that are available to young people are not known by young people; they simply are not aware. Taking normal age apprenticeships, what I view as an apprentice being 16 to 18, maybe 18, 19, I'm looking at people who have graduated and are 22, 23, still totally unaware what they want to do even if they've got a degree in a specific subject—no idea what they want to do. What we're trying to do is to open their eyes to the huge range of opportunities and companies where they can work in south Wales and, hopefully, retain them here, so that when my 30 per cent retire I've got a talent pool to tap into. It all feeds into each other.

9:45

[66] So, for me, to lose this great initiative that we've got going on, because of budget, because this apprenticeship levy is coming out of the same pot, would be a crying shame.

[67] **Jeremy Miles:** And the supply chain point?

[68] **Ms Middleton:** Yes. I mean we have to have people coming through, from the youngest ages, coming through to our organisation, and we're trying to do more with that as well. But I have to be parochial and look at what my organisation needs, and my organisation needs people who've had a little bit of experience, who are starting to look for their careers, who can sit in front of a financial director and hold their own. So, for me, parochially, I'm looking to see the wider element, the wider range of things that could be labelled as an apprentice, from first O-levels—I'm old, I'm sorry—O-levels, A-levels, GCSEs, through to graduates, and have that as a wider range of apprenticeship labels that could be applied to get funding for training, to have a centre of excellence in this region in financial services. That's where I'm at.

[69] **Russell George:** We've got quite a few subject areas to cover yet, so when Members ask questions, don't feel obliged to answer every question each. The question I had is: earlier, Vikki Howells asked you if, as a result of the introduction of the levy, you would be offering perhaps fewer apprenticeships as a result of that, and of those of you who answered that no, you wouldn't, would it change where you deliver those apprenticeships?

[70] **Ms Foster:** No, because we have the one big site in Wales. So, like I said, it's our biggest recruitment every year. We win awards for it. And the young people are hugely important to the business. They speak for the business. They do so much more than come to work every day. They do the Duke of Edinburgh; they do science, technology, engineering and mathematics work locally. We push them really hard to be good citizens as well as good employees. So, no.

[71] **Russell George:** And, obviously, 'no' is the answer for you both as well.

[72] **Mr Heaney:** Slightly. In the sense of, like I said, we've got 1,200 apprentices that come through our schemes year on year. We've got six academy sites. We've got one academy site up in Tredegar. And, actually, we've got 400 engineers who travel all across your communities, installing smart metres and repairing boilers. One of the considerations we have is that we know we're going to ramp up significantly, over the next two to three years, our engineering workforce to install those smart metres. And, therefore, one of the considerations we have is, currently, we train those apprentices without any funding or recognition of there being an apprenticeship in Tredegar. We will continue to do that, absolutely, but one of the considerations we would have would be which would be most cost-effective in terms of the academies that we deliver those apprenticeships in. So, what you're hearing me say is that it will be a consideration in the future as we ramp up the workforce. Right now, no, it wouldn't.

[73] **Russell George:** So, no, it wouldn't, but it might be in the future.

[74] **Mr Heaney:** Exactly.

[75] **Russell George:** Okay. Only if you've got a point to add.

[76] **Mr Jones:** I would just say, as I said before, it's a consideration. Clearly, with the drive of the Broughton plant and the size of the

manufacturing system that we have there, we need to recruit, and we need to continue to do so. However, that doesn't mean that there wouldn't be a consideration given to the Filton plant in Bristol, because even though it's on the English side, so, therefore, it's applicable that we run the standards there and we would then draw the funding down in that site. So, there may be less of the manufacturing functions. There may be the likes of finance and human resources—those are procurement supply chain management elements. With the apprenticeships that we have developed to supply those, you may see a focus going down there, but only purely and simply because of the way that the current policy has been laid out.

[77] **Russell George:** So, are you suggesting that some of your apprentices might go to Bristol to be trained, but then come back into Wales to work?

[78] **Mr Jones:** No, I think it's more about the ability to run certain standards and certain frameworks in England or in Wales. That's the key point there. So, in the main, the manufacturing apprenticeships will stay in Broughton because that's where the manufacturing plant is. Filton—sorry, you may or not be aware—is the design centre. So, there is a very small manufacturing element there. Therefore, by default, the focus of the apprenticeships is different down in Filton.

[79] **Russell George:** Okay. Hannah Blythyn. No, Mark Isherwood; my apologies.

[80] **Mark Isherwood:** I know, living in north-east Wales, that Airbus is seen by many young people as effectively another university option, it's so important. Mr Jones refers to a dialogue with the Welsh Government on the apprenticeship levy as part of an ongoing dialogue, rather than being necessarily specific to the apprenticeship levy, I presume. It's given you the opportunity to engage on this matter because you already have a dialogue rather than the other way around. So, as businesses, what information have you received formally about the apprenticeship levy?

[81] **Ms Foster:** From the Welsh Government?

[82] **Mark Isherwood:** From anywhere.

[83] **Mr Jones:** It's my turn to go first, I think. Obviously, there's the policy guidance that's coming out of the Department for Education, so clearly we're tied in to that very closely, as you would expect. There are obviously

discussions that are going on with our education partners; there are discussions that are going on with Welsh officials on work-based learning and higher education areas because we're trying to ascertain and understand exactly how it's all going to work. Notwithstanding next week's announcement from the Minister for Skills and Science, then obviously there are some questions that are still outstanding—understanding of the detail. Hopefully, next week should close some of those off. But, yes, there's a lot of information coming from the Department for Education. It is regularly changing, which is one thing I would say. It's been adapted pretty much, not continuously, but not far short of it, so keeping abreast of that is driving us to hold probably further discussions on top of the ones that we would normally have.

[84] **Mr Heaney:** So, we've obviously been heavily involved in the consultation and have received a huge amount of documentation and policy, but feel actually that we've had a valid opportunity to influence that policy. I think that, in relation to Welsh Government, we've spent time with the Minister for Skills and Science, specifically talking about our trailblazer apprenticeships and the impact of the levy and the conversations have been positive. I think the purpose of today is really to articulate what our position is and how we move it forward so that we can benefit across the UK.

[85] **Ms Foster:** We've responded to all the consultations of the UK Government and the Scottish Government and we shout as loudly as we possibly can to anyone who listens. The Confederation of British Industry have been hugely helpful as well in marshalling some of the information and boiling it down because it is quite a technical area.

[86] **Ms Middleton:** We've had a lot of information in terms of written information, but little information in terms of how it's all going to work in Wales, in truth—how we can continue, or not, doing what we're currently doing is still a mystery. To talk to people would be good; we'd be very happy to do that. Even down to what's going to happen on the actual payroll side, I understand, isn't finally confirmed yet. So, more information specifically on what we do and how we do it would be welcome, I think, from my perspective.

[87] **Mark Isherwood:** Thank you. You mentioned the Scottish consultation. We know that Scotland and Northern Ireland have consulted since the announcement of the levy, and Welsh Government consulted on its strategy before the levy was announced. Concerns have been raised with me by some

large employers in north Wales that, for example, if they were unable to access an equivalent to the digital voucher scheme, they feel that they might be facing greater barriers to accessing finance than colleagues across the border. To a greater or lesser extent, you've all referred to some contact with the Welsh Government, whether that was proactive or reactive, but what more, if anything, do you feel the Welsh Government could be doing to engage with you on the specific issue of the apprenticeship levy?

[88] **Ms Middleton:** I'd like to see some stakes in the ground really; I think that's where I'm at. It's a little bit bewildering with all of the information that's coming out. We seem to be more aware of what's going on in England than in Wales. I'd just like to know how we do draw down and what the opportunities are in the future because I think it is a positive. As I said before, we're very happy to pay the levy and we think it's a great thing. But what I don't know yet is how I can use it for my organisation and that's what I'd like to engage on with somebody to find out.

[89] **Russell George:** Anybody else on that point?

[90] **Mr Heaney:** What we would ideally like from the Welsh Government—we've had positive discussions that have been proactive—is to consider recognising what the trailblazer apprenticeship looks like across the border. To be completely candid, we've had independent studies conducted with 'The Specification of Apprenticeship Standards for Wales', along with what we have delivered under the trailblazer, and actually the synergies exist, both in terms of learning outcomes and in terms of standards. Therefore, recognising that as an apprenticeship then enables the discussions around how we draw down the funding. But at the very least, when we are training our employees in Wales, they get a recognised standard under the umbrella, which gives them that as an apprenticeship, I would say.

[91] **Ms Foster:** We would have obviously responded to any formal consultation. You're talking to aerospace businesses—we're hugely lucky that we're a preferred sector, so we do have a dialogue. I know that we can pick the phone up and have found the Welsh Government to be very agile when we have needed them, and vice versa. You know, it's a partnership. But we are in a preferred sector, so the views of other people might be different. I've got a view on trailblazers, but maybe that's a different line of questioning.

[92] **Russell George:** Perhaps we'll come back to that later if we've got

time. Thank you.

[93] **Mr Jones:** Just from our perspective—obviously, in next week’s announcement, we’ll see more detail. As Jo was saying, we clearly are in a fortunate position from the outset to highlight our concerns and issues. We’ll see what next week brings. I’m sure the bat phone will be ringing hot quite quickly after that. [*Laughter.*]

[94] **Mark Isherwood:** That must be in the report. [*Laughter.*]

[95] **Mr Jones:** Please strike that from the record. [*Laughter.*] Sorry.

[96] **Russell George:** Mark, do you have any further questions?

[97] **Mark Isherwood:** No. Thank you.

[98] **Russell George:** I think one of you said that you’d had more information from the UK Government than the Welsh Government. But can I ask, when you receive information from the UK Government, does it make it clear that there are different circumstances in the devolved areas of the country?

[99] **Ms Middleton:** Yes.

[100] **Russell George:** It does. Tight. It’s good to know that. David Rowlands.

[101] **David J. Rowlands:** We’ve already touched upon cross-border issues and this increasing divergence of apprenticeship funding and policy impacts on your businesses. I just want to delve a little deeper into that, if we could. Obviously, you have eligibility criteria and apprenticeship standards across the four nations. How would you say this impacts on your business?

[102] **Russell George:** I don’t think you all have to answer. If one of you wants to take the lead on that question—.

[103] **Mr Jones:** I’ll go first on that. From an aerospace perspective, we’ve been working with, I guess, our partners—the likes of BA Systems, Rolls-Royce and MG as well—in our large aerospace employers groups, to make sure that the new apprenticeship standards that are available in England match the existing frameworks that are there. We need to do that because the skill sets need to be portable—the qualifications need to travel because

the industry is so broad-ranging, not just in the UK, but obviously across the world. So, we are in a fortunate position whereby we've managed to match—I don't know whether as many other sectors are in that fortunate position. I would suggest that that fore-planning and fore-investment in time from us has potentially reduced some of the impact from a skills development perspective, notwithstanding the complexities about how you draw the funding down. I'm talking specifically about—the education standards of our apprentices are pretty much matched like-for-like, as you would expect.

[104] **Ms Foster:** We, as one GE across all the businesses and across the UK, work together to make sure we deliver the best in all the nations. In terms of cross-border issues, which you raised, I think the onus is on the Governments to work together to make this run as smoothly as possible. That's a plea, I think, because we don't just want to recruit from the neighbouring two-to-three miles. We want to compete with Bristol, Birmingham, Bath, Leeds—we want to compete with UK cities to attract people to come and work with us. So, if they live over the border, but they work in a Welsh business, it's just not beyond the wit of people to somehow make that work well. So, it's complicated and I don't profess to have a deep understanding of how it's going to work, but I think the onus is on the Government to make this as smooth as possible, to make the workforce as mobile as it can be. It's one of the benefits of working for a big organisation that you can be mobile.

10:00

[105] **Russell George:** David Rowlands. Unless you have a specific point—no. David.

[106] **David J. Rowlands:** Actually, Craige, I'm coming a little bit more specifically to yourselves. Centrica said that they are aligning their

[107] 'UK wide programme to the English system.'

[108] Could you explain a little bit more why that is?

[109] **Mr Heaney:** Because there's a fundamental principle that an apprenticeship should be employer-led, and in that regard, we are clear around the skills that are required for that business, in that community. Therefore, the English standard—the trailblazer, as it's called—is an employer-led standard that is constructed by employers. We have essentially

led on the creation of three of our apprenticeships—that’s smart engineering, the gas engineering and our customer services. What we have found is—leading on, developing that as a standard and then implementing it into our organisation has been astounding. So, we have found that, even in our customer services apprenticeship, with that rigour, with that standard—compared to someone who doesn’t go through an apprenticeship route—they’re 30 days more productive over the year. We have a 7 per cent reduction in attrition, 6 per cent improvement in productivity, and, actually, the service they provide our customers is significantly better. So, from our perspective, what we have found is an employer-less standard being developed and standardised enhances the performance of individuals, but, actually, it gives them better career opportunities.

[110] Therefore, it goes back to my previous point, which is, we see an opportunity in applying that standard across the different nations because we feel that it would fulfil on the skills agenda, it would fulfil on the gender agenda and then obviously broaden it out. I think we’ve mentioned previously that there is and has been an issue with apprenticeships and the stigma attached to them, but, actually, in my experience with apprenticeships over the last decade, it’s shifting—the perceptions are shifting. People are seriously considering whether they go to university and take on a significant amount of debt or go into employment, learn their craft, learn their role, and then at the end of it, have a job.

[111] **David J. Rowlands:** Yes, I think it’s interesting to note that for those of us who are old enough to remember, this is turning the circle back again, because in my day, an apprenticeship was recognised as being a very, very important part of your development in life. I just wanted—do you therefore think that the Welsh Government ought to align its apprenticeships, the actual, physical training of the apprenticeships, much more with what England are doing with regard to this trailblazing?

[112] **Mr Heaney:** I’m not necessarily saying that it has to align to that standard. I think, going back to Jo’s point, it’s got to be UK-wide in terms of how we approach standardising that apprenticeship. That’s what I would recommend. Absolutely.

[113] **David J. Rowlands:** Yes. I think my colleague’s going to develop this just a little bit more with regard to portability.

[114] **Hefin David:** I was going to ask Jo to elaborate—

[115] **Russell George:** I think, Jo, you were indicating before on that point.

[116] **Ms Foster:** Ahead of coming today, I had a chat with our training people about trailblazer apprenticeships and I think she said, 'We're happy with what we've got', and the frameworks that our apprentices use have been developed with the Welsh Government in conjunction with people from the industry. So, our training team definitely feel like they've had influence over the frameworks that teach the young people who come to our business. So, any change in that or a move to trailblazer or a move to align differently—I don't think the presumption should be that there's an English way of doing it and we should align with that, actually. That's not my view. I certainly think any move to differentiate should be in conjunction with business and I do think that we've had a huge influence over the programmes that these young people go on and we'd like to continue that.

[117] **Hefin David:** I think it would be helpful if—. Centrica have provided a slightly different view—it would be helpful if we had some written evidence from GE as well to that effect, so that we could see that clearly in the trail of evidence that we gather.

[118] **Russell George:** David Rowlands—anything else to add?

[119] **David J. Rowlands:** That's fine, I think.

[120] **Russell George:** Do Members have any other questions? Hannah.

[121] **Hannah Blythyn:** I think I'm just going to come in with some general areas around apprenticeships—I don't know whether it's a challenge just to see how long I can sit here without coughing as well. Just to pick up on what Gavin, I think, said about how the supply chain—. There's no need to look so worried Gavin, it's all right.

[122] **Mr Jones:** That's my natural look. [*Laughter.*]

[123] **Hannah Blythyn:** On the importance of the supply chain, one of my questions is: how could large anchor companies such as yours support small and medium businesses in terms of apprenticeships?

[124] **Mr Jones:** I think we already do, to a large extent. If you consider the programmes that are managed currently at the Broughton plant, they're run

in conjunction with many of the suppliers that sit in and around the area around north Wales. For me, I guess we need to continue that and we need to recognise that for the smaller companies, they're still getting the 0.5 per cent of their pay bill hit by the levy. That naturally impacts their finances, and that then, as we've said, sharpens the focus from the business on how they manage that. So, I think it's about how you almost soften the blow, for want of a better phrase. We already work together. We have an established set of frameworks—we have for decades. We've had to: it's how our industry works in the aerospace sector—it's how we've developed. So, the supply chain has naturally come with that. We need to maintain that, and having a dual system does serve to complicate matters, there's no doubt about it. We are lucky, as we've said before, in managing to maintain parity with the two systems from an education perspective, but certainly it would be a lot easier for us and a lot easier for the supply chain if there was a common way of working.

[125] **Russell George:** Hannah Blythyn.

[126] **Hannah Blythyn:** Does anybody else have anything to add?

[127] **Ms Middleton:** Can I mention something? We've not necessarily a strict supply chain, as such, but we have developed this consortium idea, where we have everything from large organisations to SMEs as part of that consortium. We do the same type of things—we provide training programmes and we have invested with the University of South Wales to have a bespoke Master's programme in financial services. We're all involved in that, we all talk about it and we're all trying to get towards this centre of excellence.

[128] So, again, for us, we've got this whole employer-led programme going on, which maybe not in its purest sense answers the supply chain but does spread the word about best practices in terms of how we might train, how we continue training and how we feed into the centre of excellence.

[129] **Russell George:** Jeremy Miles.

[130] **Jeremy Miles:** It seems to me that there's an operational challenge that companies operating across the border face generally, which is that you've got a levy calculated on UK-wide payroll and different apprenticeship regimes in different constituent nations, to state the obvious issue. Had the UK Government chosen a different route, which would have been to look at it only from the point of view of the English payroll, for example, would that have caused any operational challenges in your businesses, or would that

have been something you could have dealt with? So, you'd align the funding to the delivery mechanism in each territory—you'd have a levy based on English payroll for the UK Government's apprenticeship system, which is the digital accounts, and then you'd have the existing arrangements in Wales. Would that have been possible for your companies to manage, had those been the options?

[131] **Mr Heaney:** I'm happy to kick off. In that circumstance, we'd still have the same challenges that we have today, which has been an ongoing challenge. If the English Government had an English framework with an English levy, I still have employees in Wales and I still want to employ them as apprentices, and I have employees up in Scotland and I still want to train them as apprentices. The problem I have is: I don't have the resource to set up three different administration functions to administer the apprenticeship frameworks and all of the resource required to draw down the funding in those different frameworks. Therefore, the issue, in my mind, would still exist.

[132] **Jeremy Miles:** So, it's not a levy issue, from your point of view—it's the portability of the—

[133] **Mr Heaney:** Exactly—it's the alignment around the standard and then how you draw down the funding across the UK.

[134] **Jeremy Miles:** Anybody else?

[135] **Ms Middleton:** For us, the majority of our people are in Wales anyway, so the big thing for us is how flexible and pragmatic we can be on what we can label as apprenticeships in Wales.

[136] **Jeremy Miles:** So, again, that's not a levy issue—

[137] **Ms Middleton:** Not at all.

[138] **Jeremy Miles:** —it's a structuring issue.

[139] **Ms Middleton:** Yes.

[140] **Jeremy Miles:** Okay, thanks.

[141] **Russell George:** Only 13 per cent of employers in Wales employ

apprentices, so what can be done to increase that figure in your opinion?

[142] **Mr Jones:** Can I start on that one? It's a bit of a hobby horse for us, I think. From engagement at schools level, we've definitely seen an impact and engagement at schools—so, the education levels, and parents' understanding, as you rightly said before. There is a different mindset as successive generations have gone through university, that there's absolutely nothing wrong with that as an education path. Apprenticeships are just as viable, and I think, for us, improving the education of the teachers, giving them the resources to come and connect with businesses—you know, time out of the class to actually go and visit, to actually come and engage—is absolutely essential to broadening the understanding of what apprenticeships are on offer. I know some of you will be aware of what we have to do in terms of our open days to attract—[*Inaudible.*]
—we put a lot of effort into trying to educate. Even within the north Wales area—you'd think it's a done deal: it's not. It's something we have to put a lot of time and effort in, and increasingly so—so, definitely a focus on funding and assistance for schools, and connecting with employers in a structured way and in a structured way that brings the youngsters, the children, to this as an education path and shows them that it can be fun, it can be engaging, and it certainly is a very, very viable method of earning while you learn. That would be an absolute essential moving forward—an essential point moving forward, for us.

[143] **Mr Heaney:** I completely agree with Mr Jones from an educational perspective. We've done research and what we have found is you have to get into schools earlier to change the thinking of the young people, of the teachers, of the career advisers, but actually parents. Parents themselves are more likely to advocate an individual to go down a university or an academic route than they are apprenticeships, and I think that goes to two problems. One is that, as employers, we have a responsibility to offer quality apprenticeships that lead to employment, and therefore we use that to hold up case studies that advocate the benefit of this. So, I personally know people who work in the Cardiff contact centre who joined us as graduates, 28 years old, who, from their friends, from their parents, from their family, were challenged about the rationale for doing that. We're talking 15 months later, that individual has progressed and has taken on a middle management position because they've learnt the business, they've understood the value, and they've progressed their own career. So, I think education is a big thing, not just at an early age, but then raising the benefits of the career opportunities longer term, I think, needs to be much broader.

[144] **Russell George:** And, for clarity, on communication from the Welsh Government in regard to the apprenticeship levy and their position on it, if you like: has the Welsh Government been communicating well with you on the issue? We've already covered the point; I just want to be clear on that.

[145] **Mr Heaney:** I'm South African, so I'll just say it as it is: 'no', is the answer to that question. But that's not a criticism, if I can be completely candid and open with you. We recognise that there is a lot of digestion of what the levy is and what the implications are, and then a reflection on what it means in terms of the standards that are applied in Wales. I have to say, it's been incredibly positive having the discussions, but I'll go back to Anne's point: we need to put a stake in the ground that says, 'What are we going to do?', 'When are we going to do that by?', and then, 'How can we as employers support you in doing that?'.

[146] **Russell George:** But do you not have any contact where you can pick up the phone and say to a relevant civil servant—you can pick up the phone and say, 'Well, look, what's going on here? Can you tell us, please'?

[147] **Mr Heaney:** Absolutely, Mr Chair, we do. We have connections into the Welsh Government and we do have those conversations. I think it's getting clarity around what is the position of the Welsh Government, both in terms of the levy, but also in terms of this challenge we've all articulated around cross borders.

[148] **Russell George:** But when you ask those questions, though, do they not tell you the answer to that?

[149] **Mr Heaney:** In my experience, no. It's, 'Let's come back and work it through'.

[150] **Ms Foster:** It's a different department as well, isn't it? Our contacts and our account managers, if you like, in the Welsh Government are in the economy department. They look after industry and business: they don't look after the apprentice levy.

[151] **Russell George:** Right, okay. Mark Isherwood.

[152] **Mark Isherwood:** Just a short question that just came to mind: tomorrow morning at Coleg Cambria's annual general meeting, I'm sure this

issue will come up. I suspect you might be represented there.

10:15

[153] **Mr Jones:** [*Inaudible.*]

[154] **Mark Isherwood:** How important is clarity and getting this right to the business planning and offer that the FE and HE colleges and universities that you work with will need?

[155] **Ms Foster:** I think it's crucial. I actually think the FE colleges, particularly—. I mean, we work with Coleg y Cymoedd. They're hugely entrepreneurial. They're brilliant, the colleges, so, yes, the more information and the more concrete numbers we can have all round, the better. I think one thing that perhaps is unfortunate, really, here, is that the structured consultation in England and Scotland has sort of allowed those bits of the business to be a little bit more creative and forward-thinking, because they've had information in a very structured way upfront. So, it's not a criticism, but actually, when we're talking about using the resource to the best effect and being forward-thinking, and how we can keep Wales at the cutting edge of technology and development, then, you know, it's important for that.

[156] **Mr Jones:** I was going to just pick up on your point about higher education and further education. We have a range of apprenticeships, and we have a range from level 3, and we've developed a range up to level 6, and that crosses over the, I guess, the legislation boundaries between work-based learning into higher education. That's because we are needing to offer that to bring the talent to the business, to bring the future engineers to the business. So, getting clarity and getting support around being able to offer those frameworks with the funding that supports those is something that we're in discussions with David about, and, again, I would echo the point that Coleg Cambria, they are, you know, wonderfully supportive, and entrepreneurial, I would say—I'd even go that far. They are very, very good and very supportive to us. However, they have to work within a remit. They're constrained within the boundaries of the policy and the legislation that's laid out, and so are we. So, what would definitely be a focus for us is that transition from offering the higher education as part of apprenticeships.

[157] **Ms Middleton:** Providing the clarity is one thing; getting it right is another, and I'm not sure we're going to get it right in the next six to 12

months, or even two, three, five years. I think it's going to be a learning experience for all of us. I think the needs of businesses are going to change and evolve spectacularly over the next two, three to five years, and we have to be mindful of that as well. So, I think to have a working relationship, where we can have a degree of flexibility and pragmatism to work together to the best success that we can hope for, would be a good thing. We're not going to get it right tomorrow. We appreciate that as businesses, for sure.

[158] **Russell George:** We're just a little—. Any pressing last questions? I was talking to Hefin; he was half looking at me. Right.

[159] **Hefin David:** I was just looking at you.

[160] **Russell George:** That's fine. We're just a little over time, but I would just like to just give one last opportunity for each of you to raise any points that you think you would like to impart to us that perhaps have not been raised through questions, and perhaps also give us your key—. What's your key message to us and the Welsh Government?

[161] **Ms Middleton:** Shall I kick off? I'd like to end as I started. The key message for me is this flexibility and pragmatism in working with us—you know, come and talk to us. We're paying this money; we want to do the right thing for south Wales, our sector, our region and our business. Come and help us do that.

[162] **Russell George:** Okay. Thank you.

[163] **Mr Heaney:** Our key message is that we are absolutely committed to our employees and employment in Wales, and that we see there being an opportunity to leverage all of the points we've made today, and therefore we want to work with you to help engender your agenda as much as ours, is our key message.

[164] **Ms Foster:** Yes, similar: we're hugely proud of our apprenticeship programme, and always looking for ways to grow, develop, be ahead of the game, and ahead of other businesses as well. So, the greater the dialogue—formal and informal—the better.

[165] **Mr Jones:** I guess it's an echo—I'm the last in the line. For me, clarity, exactly what's on offer, keeping working with us, supporting our future development needs for the business—keep that dialogue open and help us

maintain our wing centre of excellence and design in the UK.

[166] **Russell George:** I'm grateful. Can I thank you very much for being with us this morning? I know some of you have travelled some way as well, and I hope that you agree that we're a fairly friendly committee. I know it's your first session giving evidence to a committee of the National Assembly for Wales, so I'm very grateful for your time this morning. We'll take a short break and be back just at half past 10.

[167] **Mr Jones:** Thank you.

[168] **Ms Foster:** Thank you.

[169] **Mr Heaney:** Thank you.

[170] **Ms Middleton:** Thank you.

*Gohiriwyd y cyfarfod rhwng 10:21 a 10:31.
The meeting adjourned between 10:21 and 10:31.*

Darparwyr Hyfforddiant—Yr Ardoll Brentisiaethau yng Nghymru Training Providers—The Apprenticeship Levy in Wales

[171] **Russell George:** Croeso. We move now to item 3, and before us we've got a number of training providers. We're very grateful for you being with us this morning. If I could just ask you, perhaps, just to introduce yourselves for the record: who you represent and any sort of very brief opening statement about what you do. I'll start with Rachel first.

[172] **Dr Bowen:** Rachel Bowen ydw i. **Dr Bowen:** I'm Rachel Bowen. I'm Rydw i'n dysgu Cymraeg, nid ydw i'n learning Welsh at the moment. I'm yn dda iawn ar hyn o bryd. not very advanced yet.

[173] My title is director of policy and development at Colegau Cymru. We've obviously got a huge interest in training, vocational training and the apprenticeship levy. Colegau Cymru represents the 14 further education institutions across Wales.

[174] **Ms Roberts:** Bore da. Claire **Ms Roberts:** Good morning. I'm Claire Roberts ydw i. Rydw i hefyd yn Roberts. I also work for Colleges gweithio i Colegau Cymru fel Wales as director of engagement.

cyfarwyddwr ymgysylltu.

[175] I'm Claire Roberts and I work also for Colegau Cymru, as director of engagement, and, as Rachel said, we represent the 14 FE colleges and institutions in Wales. They pay our annual subscription, so they are our bosses and we're here because we're interested in the apprenticeship levy: one, on our colleges, who will also be paying the levy, but also on the effect it has on engaging with businesses and also on the broader skills and vocational sector skills in general. Diolch.

[176] **Mr Protheroe:** Good morning, bore da. Jeff Protheroe, operations manager of the National Training Federation for Wales, NTfW: we're a pan-Wales organisation representing the interests of the whole work-based learning sector within Wales—106 organisations involved in the delivery of apprenticeships and traineeships, including FE institutions. I'm really looking forward to engaging with the committee today to talk about the benefits of the current apprenticeship programme that we have in Wales and how we should be promoting that to employers in Wales.

[177] **Ms John:** Sarah John: I'm chair of the National Training Federation for Wales, but, in the daytime, I'm also the director for Acorn's learning division, an apprenticeship provider that covers the whole of Wales. My interests today are very much to answer any questions you have about the levy, and how we see it has an impact with the employers that we work with on a daily basis.

[178] **Russell George:** Very grateful. I'll come to Vikki Howells first.

[179] **Vikki Howells:** Thank you, Chair. I'd just like to ask you all on the panel first of all about the extent to which the colleges and training providers that you work with are expecting to have to pay into the levy system.

[180] **Dr Bowen:** Our understanding is that all the further education colleges will be subject to the levy and will make payments.

[181] **Ms John:** We've done a brief analysis on our own organisation, and we will be paying a levy. But, because we're part of a larger organisation that covers into England, we will be paying a levy on employees in Wales and employees in England and then receiving a digital account of about 50 per cent in England and then accessing the apprenticeship programme in Wales.

[182] **Mr Protheroe:** I think, certainly in terms of our training provider

networks, which are small independent training providers who probably fall under the threshold of £3 million—it's probably just going to be the larger organisations, such as FE institutions and larger international and nationals, such as Babcock, PeoplePlus, Rathbone et cetera. Charities—that's one thing to consider as well in terms of paying into the levy. The other thing, I think, that I don't want people to lose sight of is that every single employer, theoretically, is in scope for the levy. It's just that every single employer, regardless of size, gets a £15,000 allowance. So, the levy will, in effect, be appearing on every single employer's payroll. But, as we see, with personal tax allowance, there's that allowance back. As we know, allowances can go up as well as down. So, it's something not to lose sight of.

[183] **Vikki Howells:** Thank you. My second and final question is really to understand whether you think that the introduction of the levy is going to affect, either positively or negatively, the demand for apprenticeship-related training from colleges and training providers.

[184] **Dr Bowen:** I think that we will see evidence of new demand; so, demand from new sectors, and maybe where there haven't been traditional apprenticeship routes in the past. We've seen employers coming in and having initial discussions with colleges—'Okay, well, now, they're going to be paying something'—on how they can, maybe, take advantage of opportunities that they haven't thought of before. You know, there are a lot of positive things that can come out of this. We think that we'll see employers wanting to have a greater say in the kind of apprenticeship training that's provided. So, these more direct engagements are really welcome. Colleges have always been very flexible, and they're there to meet the demand of employers. But, yes, we might see employers wanting to have a greater say. One of the things that might happen is that maybe they won't necessarily want to see time spent on essential skills qualifications if they don't see the relevance of them to that particular business. So, there will be change and there will be demand from new areas, as well as, hopefully, greater demand from existing apprenticeship routes. And where people have used that before, maybe they'll look to recoup their costs more by taking on more people where that's possible.

[185] **Ms Roberts:** I think we've evidenced that this morning from the employer perspective. We had one who really hadn't actually thought a lot about the apprenticeship route, because it had not traditionally engaged with apprenticeships. I've heard a lot of noise around the financial and legal sector in terms of who do fall under the £3 million wage bill and who will

now have to think about the training and what they do, and whether apprenticeships fits in that, or whether they will just take the hit. So, I think we need to be coming up with solutions and looking at the higher level of apprenticeship. The lady from GE mentioned the master craftsperson, which we're also talking about, and we have been over to look at it last week with the Minister for Lifelong Learning and Welsh Language. So, we're looking at new opportunities that this levy will identify for us. Also, as a college sector, the colleges are also looking at now recruiting more apprenticeships as part of this levy.

[186] **Mr Protheroe:** Just for clarity, if I may, was the question around the impact on demand for colleges and providers as employers on their future workforce?

[187] **Vikki Howells:** Yes. But I know that there are going to be other people who will ask questions specifically relating to employers and—

[188] **Mr Protheroe:** Outside of the provider network. But again, clearly, the whole purpose of the levy was to increase employers' demand and interest and awareness of it. FE institutions, large training providers and Acorn Learning—yes, they will be paying in, and as an employer, they'll be expecting to recoup some of that payment as well.

[189] **Ms John:** There's definitely an increase in demand and interest. I support Rachel's statement in that it's the variety of the demand that we're now getting. Like Claire said, it's very much employers saying, 'Well, can I have this? Why can't I have that?' It is looking for those solutions.

[190] **Vikki Howells:** Thank you.

[191] **Russell George:** Will there be more demand from the public sector, do you think, for apprenticeships?

[192] **Ms John:** We hope so.

[193] **Ms Roberts:** We're certainly seeing that, especially around the NHS and the councils as well. Especially in the NHS, we know that we're going to be facing workforce planning gaps and issues; so, let's have a look at how, maybe, we can look at nursing apprenticeships and those kinds of matters. I think that we need to be doing a lot more investigation on the public sector in terms of what the apprenticeship needs are. We are here to work with you

to ensure that we provide answers and solutions to these workforce planning issues in the future.

[194] **Russell George:** When I asked that question, you all nodded, just for the record. Unless anybody else wants to comment on that, I'll move on to the next question. There's another comment.

[195] **Mr Protheroe:** Again, the purpose of the levy is to raise awareness, and what we want to do across the UK is to promote apprenticeships as a viable alternative to other forms of education. What we recognise, particularly in Wales as well, is that we need to get larger organisations—high-tech, high-end, high-value organisations—recruiting apprentices. If we can create the demand, be it from the public services, be it from priority sectors as we've seen today as well, then hopefully we'll go some way to getting the supply side in terms of young, talented people coming out of school wanting to engage with the apprenticeship offer. So, we are expecting to see a demand from all elements of the public sector, including the police, the NHS, local authorities, et cetera. We've been working with some local authorities around trying to make them understand how that would work in reality. But I guess what we haven't got in Wales, which again is something, probably, to be welcomed, is the arbitrary 2.3 per cent target that has been imposed on public sector organisations in England. And then, influencing behaviours: I think we've got to work organically with local authorities and with the public sector to make sure that they have a product and an offer that suits their needs. So there are some challenges ahead to do that. But, again, that is the purpose of the levy.

[196] **Russell George:** Rachel.

[197] **Dr Bowen:** That has to be done coherently. So, where we've got organisations and sectors that haven't had a great tradition of apprenticeships—like the police, like the NHS—we need to think about how we manage that properly. If it's going to be new, we need to have discussions and it links back to the workforce planning issues that Claire has raised. If this is going to be new, we need to make sure that we manage it in a strategic rather than an ad hoc way.

[198] **Ms Roberts:** I think we need to change the perception of apprenticeships as something for young people, as well. We're finding that, actually, at GE, the majority of their apprentices are 23 or 24. They've actually been working in the office and then decided, 'Actually, I want to

work on the shop floor.’ Louise Burnell is someone that we all work very closely with, and she’s amazing, so if you ever want to hear her journey then she’s well worth speaking to. But we’re talking about an ageing population, so let’s look at what we can do and what the apprenticeship can do for the older learner as well.

[199] **Russell George:** Hefin David.

[200] **Hefin David:** In the written evidence from Colegau Cymru, you talk about the expectations of small firms. Can you just explore that in a bit more depth, and tell me more about why small firms would have concerns?

[201] **Dr Bowen:** I think, given that it’s going to be the larger firms that are paying into the levy, there is a concern that, if they seek to recoup all their costs—if they’re paying x amount, they want at least x amount back from the system—will that ultimately mean that, unless we’ve planned this properly, the opportunities for small firms to then have equal access to apprenticeships might be put at risk, not necessarily straight away, but further down the line? Will we need to see some necessary tightening up of criteria? If we can stoke demand to the great levels that we all want to see, we need to make sure that that doesn’t somehow negatively impact on small firms.

[202] **Hefin David:** Jeff.

[203] **Mr Protheroe:** Yes, supporting that, really. We know the economy of Wales is based on a micro and SME basis, and to date the vast majority of apprenticeships have been delivered through SMEs and microbusinesses. They have, for the vast majority of employers, been the backbone to their HR solutions moving forward. Clearly, with the levy being applied to large organisations—and I’ll come back and unpick that in a moment—there is going to be an increase in demand. As Rachel has said, what we want to ensure is that that micro and SME offer is secured and maintained.

[204] Again, just as a point of clarity, I guess: when the levy was introduced, there was this concept of a large employer. Now, most people would think a large employer has 250 employees plus. If you break down £3 million on average wages, you’re looking at a workforce of probably about 115 people. So, SMEs are going to be in scope. And if you look at high-value businesses, you could have a situation where as little as 60 or 70 people are working in an organisation paying into the levy. So, you know, that’s something that we

can't forget as well. This is not about the size of the business; this is about the payroll. This concept we have that a large business is 250 plus—that's not the case for the levy. So, that can't be lost in all of this discussion.

[205] **Hefin David:** So, what is it—two thirds of private sector employees in SMEs, is that right?

[206] **Mr Protheroe:** I would say so, yes. I can get back to you with exact figures, but a vast majority of the apprenticeships provisions are delivered within micro and SMEs.

[207] **Hefin David:** So, they're just missing out.

[208] **Mr Protheroe:** Well they're not paying in, and the fear is that if those who are paying in rush to recoup, then what money is going to be left for those? And that's the exact same position across the border within England as well. In fact, I think it's more pronounced in England than it is in Wales.

10:45

[209] **Hefin David:** Sarah, you wanted to come in there.

[210] **Ms John:** As providers, what we would like to see is the large organisations investing in their supply chains. So, organisations like BT, Centrica and British Gas do, down the line, use contractors. I'm sure you've seen the vans; they'll say 'Kelly services, supporting BT,' or something. Actually, we can drive them to support those smaller businesses to take on more apprentices. In England, it will work that way; after the first 18 months, employers will be allowed to use their digital account to support their supply chain, and we just want to see that become a natural behaviour in Wales. It worked with ISO—when they introduced ISO, Investors in People and things like that, so—

[211] **Hefin David:** Claire, you were going to say something there.

[212] **Ms Roberts:** I think, around that, we could maybe set some soft targets to ensure we're encouraging that kind of engagement, because I think we want to make sure that that kind of mindset is adopted from the outset.

[213] **Hefin David:** My colleague Jeremy Miles raised a similar point in the

previous session regarding the supply chain, too, and we have explored that to an extent.

[214] **Ms Roberts:** Okay, great.

[215] **Russell George:** Jeremy Miles.

[216] **Jeremy Miles:** Actually, that was the point I was going to raise, in fact. What you're saying is very encouraging. You're envisaging that, in 18 months' time, this will become prevalent—that large organisations that may not have the capacity themselves to deliver more apprenticeships, or just may not want to do that for whatever reason, would be able to support their suppliers and, I suppose, customers. If you're a bank, for example, you might provide that as a service to some customers, I suppose. Are you having discussions that suggest that's going to be a reality?

[217] **Ms John:** More with organisations that are in traditional areas, like BT, where they have got a very structured apprenticeship programme, and they're looking at what their options are for the different nations. What we're trying to do is say, 'Okay, now you've got that in place, what about your supply chain? How are you engaging with them to help them to increase their apprenticeships?' I don't know if it would be for customers, as such, but that is an idea that we haven't explored, and that would be interesting.

[218] **Mr Protheroe:** I think, again, just for clarity, the point around the 18 months is linked to the mechanism that is in operation in England in terms of what they can do with their vouchers. Large businesses in Wales can get their supply chain to engage with apprenticeships now. They don't have to wait 18 months, they don't have to wait for vouchers. We know there are situations—for example, GE Aviation over-recruit in order to feed their supply chain. So, there are models of that happening now. But the thing around employers in England being able to use 10 per cent of their contribution to pass on to their supply chain to use—we can do that now.

[219] **Jeremy Miles:** Are you envisaging that, I suppose, a lack of clarity around that distinction might cause Welsh employers to slow down on their propensity to use apprenticeships for the supply chain?

[220] **Ms John:** We are telling employers, 'The money's the money' in Wales—that the levy is there, the funding exists and they don't need to wait for anything, so let's get on and—

[221] **Jeremy Miles:** So, that message is getting through to employers.

[222] **Mr Protheroe:** Yes, it's getting through through the conversations individual providers are having with their employer base, but I think, as was said earlier, only 13 per cent of employers in Wales are engaging. We know 21 per cent want to, but it's getting those messages out to all of the employer base—the 98,000 employers in Wales—that apprenticeships in Wales are open for business: 'Come and engage'.

[223] **Ms Roberts:** I think, maybe, what we're doing is we're engaging with the people who are already engaged in and are interested in that space. So, one of the big companies in Wales, Target, who deal in digital, coding and everything on the bridge in Cardiff—they had no idea about the apprenticeship levy and what it meant for them, but they would certainly be—. They hadn't had any communication or anything, and so they came along to one of the events that the CBI and NPTC Group held and they got the information. So, I think we're engaging with the same people—our usual suspects. We need to be ensuring that we're making the message reach everyone who will be affected by this levy.

[224] **Dr Bowen:** Just to pick up on the point about SMEs, we need to make sure that, when we've got large employers saying what they need, we don't end up with an apprenticeship system that's dictated by the specific needs, too tightly, of one business, so that the skills that are gained can be used in SMEs and are portable, so that things don't become absolutely too niche that SMEs just can't benefit.

[225] **Mr Protheroe:** It is a point, as well, and it may come up further in discussions, in terms of what it is the levy is purchasing. As we know, in England, that they will be purchasing the apprenticeship standard, also known as the 'trailblazer', which is made up of employer representatives. But the feedback we're getting is that the vast majority of employers around the table developing those trailblazers are large macro organisations, so the voice of micro and SMEs is being lost. Now, that is different to what we have in Wales and, indeed, the other devolved administrations, where we currently have national occupational standards that all employers can influence. With all of the developments with apprenticeships across the UK—and the levy is just a small element of it—what we've not lost sight of in Wales, which we must be thankful for, is the voice of micro and SME businesses, which make up the economy.

[226] **Jeremy Miles:** So, if you're an SME in England, you might be better off following the Welsh frameworks.

[227] **Mr Protheroe:** I would like to think so, yes, because we have got a good product in Wales.

[228] **Jeremy Miles:** Okay, thank you.

[229] **Russell George:** Hannah Blythyn.

[230] **Hannah Blythyn:** I think, in your written submissions, there was a call for greater clarity and understanding of how the levy will be used to support apprenticeships and wider vocational education and training in Wales, and the Welsh Government needs a clear communications plan setting out what the levy means for Wales's employers, providers and, importantly, for learners. So, if you could elaborate on what conversations you have had with Welsh Government and what specific information and guidance you're looking for.

[231] **Ms Roberts:** I think 26 per cent of vocational learning is apprenticeship. So, we represent the whole space of vocational education and training. So, what we're saying is we want to make sure that we're still thinking about vocational education and training as a whole, and that you're not sending everyone down the apprenticeship route—they're having that choice and that variety to move on. That's what that was based on, really, and the call for a post-16 vocational education plan that looks at apprenticeships as well as other options as well in terms of BTEC, et cetera.

[232] **Dr Bowen:** Colleges have been approached by employers asking, 'Okay, so this new apprenticeship levy is coming in. What does it mean for me? What am I going to do? How is this going to work?' and I think that, to a great extent, colleges haven't always felt that they've had the answers. For a long time, there was a lack of clarity coming out from the UK Government about how this was going to work in the devolved administrations. So, for a long time, there nothing that the Welsh Government could really say. But I think that communications could have been better, and they now need to be further developed. There is the piece of work coming out next week, and an event next week, around apprenticeships, and the apprenticeship levy. But let's not forget, that will be, I think, 8 February, with the levy coming in in April—more probably could have been done sooner.

[233] Colleges are more than happy to be flexible and work with employers. They already do, but they just need some clarity from Welsh Government, sometimes just on particular issues. Colleges can't provide more than 10 per cent of their total apprenticeship provision outside the priority areas, but they've had big employers coming to them and saying, 'Actually, what we really want is loads of apprenticeships in customer service or in business admin'. But if that would take them over the 10 per cent restriction rule, what do they do? Do they say 'no' to those employers? Does that restriction continue? It's just making sure that, if things are going to stay the way they are, that that's reiterated more clearly.

[234] And I would repeat what Jeff has said—we do have a really good offer in Wales, so we need to talk about that and say that that's continuing. If we're restating, 'This is great. It still works', then we need to do that better.

[235] **Mr Protheroe:** I think, just to support colleagues from ColegauCymru in terms of the call for a post-16 skills plan, clearly we're here to talk about the apprenticeship levy today, but we recognise that apprenticeships are part of the offer, and we recognise that apprenticeships, for a variety of different reasons, are not for everybody. We recognise and call for this parity of esteem with vocational qualifications and academic. I know this is well rehearsed in previous committees. We know there's a movement with the Hazelkorn review and the move towards a tertiary education authority. I guess what would be useful for this committee to press or engage Welsh Government on is, with the advent of the apprenticeship levy, and with the imminent apprenticeship policy direction for Wales, where does that leave the existing skills plan that Wales is working in, which is the skills implementation plan, which was meant to be a 10-year plan, introduced in 2014? So, we've got a skills plan, but there have been a lot of changes, both on a macro and a micro level. Most of that it still very valid, in terms of performance measures, priority sectors, et cetera. But it's looking at it in its entirety. But it is very welcome, and I think the network is very welcoming of the fact that post-16 education in its entirety is now being seen as a credible offer, along with schools.

[236] **Ms John:** We have set up levy co-ordinators now from across the work-based learning network of apprenticeship providers, and there was a meeting yesterday with Welsh Government to take forward the message and drive some communication. So, things are happening.

[237] **Russell George:** Do Members have any other questions on these subject areas before we move on to a new subject area of cross-border implications, which we've strayed into to some extent? No. David Rowlands.

[238] **David J. Rowlands:** We've had some discussion, obviously, about the cross-border issues that are arising, particularly with regard, I think, for you, to the funding and, of course, the eligibility criteria that are used for that funding. But could you expand on how you feel it might impact on you? You've already talked, Rachel, about the clarity of what's going on and how that funding will come, but can you expand a little bit, perhaps, more on that?

[239] **Dr Bowen:** I think, given that there will be different systems operating in different parts of the UK, for those employers who operate on more than one site, obviously they need to work within two different systems. And that's no surprise, as that's the whole point of devolution, isn't it—that we do things differently in different parts of the area so that we meet the needs of specific areas? That's not automatically a bad thing, but we need to make sure, as you said, David, we have that clarity so that employers know and colleges know how these things are going to work in the future.

[240] **David J. Rowlands:** Yes.

[241] **Ms John:** A lot of the providers that deliver apprenticeships now deliver them across the UK, and my organisation also delivers in England, and the conversations we're having with employers are very much around the difference and celebrating the differences, and actually looking at a Welsh solution, an English solution, a Scottish and an Irish solution that is specific to the country those individuals are working in, particularly with the Welsh language; I think it's important that we have that identity.

[242] In terms of the funding, well, we can manage that. I think it's having that grown-up conversation with employers and them not expecting to have the bun and eat it. So, it is working differently, because that's the way it is. And funding levels are different in England and Wales—dramatically different.

[243] **Mr Protheroe:** Clearly, there are going to be cross-border implications, but they will predominantly fall as implications for employers, who have got to navigate the four nations of the UK. I guess what we need to consider as well is we're operating in an international market in terms of post-16 or apprenticeship education across the UK, in terms of the four devolved

administrations. As Rachel said, yes, that is one of the outcomes and purposes of devolution, but I guess the main thing that we've got to be aware of is that we're not just doing things differently, we're doing things better. And I think, with all of this, this is not a case of Wales diverging from England; this is England diverging from the rest of the UK. So, all of the devolved administrations are still subscribed to the model we have in Wales. Yes, we need to have uniqueness for the various different social models we have, the social mobility issues that we have, and the curriculum and education. So, yes, we do have to do things differently, but we've got to do them better, and we do have a system, which is a better system. And I speak to colleagues across the border, and they look to Wales and think, 'Why can't we have that?'

[244] And the other thing, in terms of impact, particularly for providers—. I think one of the, probably fastest-growing exports that Wales will see very shortly is training provision into England, because the way that the mechanism works in England is, if you registered with the Skills Funding Agency as a provider, you can go across and engage with employers. So, I think that will strengthen the base within Wales, because employers, colleges, independent training providers, et cetera, can operate freely in England. Some already have for years and years, but the dynamics have changed. So, I think there's a potential impact—a positive impact—for Wales-based providers.

[245] **Ms Roberts:** And we're seeing that with Cardiff and Vale College and Hinckley Point as well, so these are real-life examples of what's happening.

[246] **David J. Rowlands:** Yes, it goes a lot further than just apprenticeships; it's the recognition of any educational standards in Wales going into England, obviously, but, with apprenticeships, it's particularly important, the portability of their skills into England. How do you feel that that's going to fare?

[247] **Mr Protheroe:** We were just having a conversation with Jeremy, just on the margins, really, and I think, where apprenticeship policy across the UK is in this state of transition and divergence, what we all have to remember is the fundamental basis of an apprenticeship is competence and skills. Can they build a straighter wall; can they build a better plane; can they cut hair better? It is all around the skills base, and we're seeing a whole range of Welsh individuals competing on the world stage, demonstrating that the skills that are taught are worthy of world recognition.

11:00

[248] I think the rest of it, if I'm honest, is probably just a little bit of noise, but I think that so long as we get the content of the apprenticeship framework right, so long as the content meets the needs of employers, and so long as the providers are delivering better quality, I think we'll have individuals exporting themselves across the border as well. We're seeing that, as you say, with Cardiff and Vale College, where Welsh workers are working across the border. We want them to come back, clearly, but we've got a good skills base.

[249] **David J. Rowlands:** I don't think this is absolutely new because, obviously, we've had the WJEC and we had the Cambridge—. In my time—I'm going back quite a while now—WJEC was recognised as actually being the gold standard with regard to qualifications. You could even get into universities with a lower pass rate with WJEC. So, I think there's a great possibility for us to go and do that again and repeat what was there in the past. So, yes, it's encouraging to hear you say that this is happening.

[250] **Mr Protheroe:** There are certainly cross-border implications, and pronounced, I guess, for employers, but I think what you've got to remember are the positives coming out of Wales as well, and there are lots of positives.

[251] **Russell George:** Any other questions on this point? Jeremy Miles.

[252] **Jeremy Miles:** Just to develop that last point actually, my understanding is that some of the frameworks in Wales have effectively been able to draw on some of the standards in England, and that because of the broader changes to the apprenticeship system in England, that resource, if you like—that infrastructure—will not be available going forward. Firstly, is my understanding correct? And secondly, if it is, what implications does that have for maintaining Wales's advantage, if you like, in the specification of apprenticeship qualifications?

[253] **Mr Protheroe:** Again, there are couple of things, I guess. What you're talking about there is the product—the apprenticeship that that person is undertaking. So, I guess what we have in England is a move towards apprenticeship standards, and apprenticeship standards are owned by employers. It's a group of employers around the table articulating what it is they would expect a person at a certain level to be able to undertake on a

competence basis. So, that is an apprenticeship standard. I think the thing to consider is that an apprenticeship standard is not a qualification—it is a standard. And we have a situation then within the devolved administrations, who are still working towards apprenticeship frameworks, which are encapsulated in statute, for which you need to have qualifications to make up those frameworks. So, there are issues there. Again, reading Centrica's evidence to the committee, clearly, what they're saying is that the content—what they're getting learners to do—is the same. So, it's how employers can work with the Welsh Government, and, again, it was good to see in their response that they're speaking to the Minister and her officials about how they can take what it is that they want as employers and then place it within a Welsh apprenticeship framework, in order that they can then get access to funding to deliver it.

[254] So, this is about—. You know, it is a complex thing, Chairman, and I've just really touched on some of the high-level stuff there. But that will get resolved by employers speaking with Welsh Government and the provider network and articulating what they want in order that it can then be encapsulated in an apprenticeship framework. We're seeing in England, you know, apprenticeship standards are a new thing, Trailblazers are a new thing, and, two years in, there are a number of issues with them, and we are seeing large-scale employers harking back to apprenticeship frameworks. So, it ain't a done deal yet in England. But ultimately, what it is—and I was speaking to Sarah before we came in—is that this is about competence. This is about an individual able to do something to an industry standard. How it's packaged, if I'm honest, is just noise. It's how we get that delivered to Welsh people.

[255] **Ms John:** One of the things we've been doing as a network since standards have been developed and the original Trailblazers came into place is cross-referencing them into the existing standards in Wales. So, we've done exercises where employers have said, 'This is what I want, it's what I'm doing in England', and what we've done is cross-referenced it into the existing Welsh standards and tried to hide the wiring as much as possible for the individual learners, whilst celebrating the differences. It's a challenge, but we've been doing that as organisations anyway to try and—

[256] **Russell George:** Can I just bring Hefin in before I come to Mark as well?

[257] **Hefin David:** This is very, very quick, just on something you said, Jeff,

and Sarah as well. Centrica were big on Trailblazers and really bigging them up, whereas GE were the other way, which maybe reflects the focus of their operations.

[258] **Mr Protheroe:** And I've been in situations where I've spoken to multinational organisations that are very well in scope for the apprenticeship levy, and their experiences of the trailblazer model, and the apprenticeship standards development, is if you have 20 employers around a table, in order for that group to sign it off, you have to dilute it so much that it meets the needs of nobody. And I've spoken to large organisations who see the Welsh apprenticeship framework, and the content of that, and how that's delivered, and they want to deliver that in England, and it just goes the other way. But, as Sarah's alluded to, and it's a very important point, the provider network, the quality-assured provider network in Wales, is very adept at working with employers to either over-deliver what the framework wants to meet the needs of that employer—. Because without the employers, you do not have an apprenticeship programme, and the provider network needs to work with individual employers to tailor-make an apprenticeship framework that meets their needs. Some of it may well be funded, some of it won't. But providers are working with employers day by day on that basis.

[259] **Russell George:** Claire, did you want to come in?

[260] **Ms Roberts:** I think it's an opportunity. These big businesses have had quite a lot of training funded. So, it's an opportunity to actually look and reassess what should be funded and what shouldn't, so that they are actually investing their own money into training their staff as well, rather than Welsh Government overinvesting in that area as well. I think it should be something that's matched and comes from the employer, as well as Government. So, that's something that the levy is actually addressing. But we're also finding that the BBC and Dŵr Cymru are wanting to work with Welsh providers because they think we've got a better model and they think that Welsh colleges and providers are more reactive to their needs. And so, even BBC London are saying, 'Right, what can you do for us?' So, this is what we're finding as well.

[261] **Russell George:** Mark Isherwood.

[262] **Mark Isherwood:** Thank you. Initially, a sort of follow-on, if I may to that—in the context of Mr Protheroe's comment about Welsh colleges having the opportunity to market your offer in England, how do you respond to

concern expressed by the Welsh Retail Consortium, who we're seeing later, that the Welsh Government's approach to the levy could have an unintended disincentive for employers to invest in Wales?

[263] **Mr Protheroe:** A really good question. And it's colleges and providers, in their entirety, looking to take provision across the border. Again, if we look at some of the things we've heard about the positives of the Welsh framework, it's how we can utilise that and leverage that to encourage inward investment. Now, Cardiff and Vale College we know are working with Aston Martin. Aston Martin, as part of their response, said that one of the things that attracted them to Wales was the skills offer. So, if you have providers—colleges, independent training providers, third sector, local authorities—working with employers to develop a skills proposition, then that is something that we should be using to encourage inward investment. I can't obviously speak on behalf of the WRC, but I can't imagine Tesco upping sticks and leaving Wales because of this issue we're dealing with now.

[264] **Dr Bowen:** I'd be interested for the Welsh Retail Consortium to unpick that a bit more and explain exactly in detail what they think might happen and why. I wonder whether some of this comes back to retail not being a priority sector for Welsh Government at the moment. Maybe it's related to the 10 per cent restriction on providing apprenticeships in things like customer service, business administration, but certainly, the apprenticeship funding would be there for those companies looking to invest in higher skills. And so, you know, we need to think about what sort of economy we're trying to create. If we're moving towards higher skills provision, then we should be encouraging companies to think about the routes that end up in higher level progression to higher level apprenticeships.

[265] **Mr Protheroe:** And, to support that, in terms of the positive messages that should be coming out of Wales, Wales has a fully funded apprenticeship programme. Yes, there are priorities, which the Welsh Minister has outlined, but currently apprenticeships are fully funded. Across the border, it's only fully funded to your levy contribution. Beyond that, you've then got to start paying an additional contribution. So, we could have a situation where an employer is wanting to invest in Wales, and we could deliver over and above what they would be paying in, and deem to be 'their' contribution, as long as there are high-level skills, younger learners et cetera. It's about meeting the Welsh priorities. But, again, it's about that articulation and that discussion with employers. So, we have a good offer in Wales and we should be using it and leveraging it to encourage inward investment. And it's been

demonstrated with Aston Martin and others.

[266] **Russell George:** Sarah John.

[267] **Ms John:** Certainly with the retail sector, they have always traditionally recruited young people, aged 16 to 19, but not necessarily onto an apprenticeship pathway, so we would really encourage—because there is no restriction on that age group—particularly people like Tesco to continue to recruit young people, but onto apprenticeship pathways, perhaps, as an alternative to graduate entry schemes, and like Rachel said, have that development from learning the basics up to management and maybe go into project management to HR, logistics and IT—the areas are amazing. Tesco has a head office in Cardiff and they do financial services and accountancy, so why not create those pathways with us and engage in that way rather than say, ‘We want lots of our existing staff just to do level 2 retail’. Well, they’re probably competent already, if they’re existing staff—let’s look at how we can develop them further. That’s what I’d like us to challenge them with.

[268] **Mark Isherwood:** Thank you for that and we’ll hear, obviously, from them later and see whether they confirm your views or deviate. I think that some of the concern appears to be around differential access to finance, depending on which side of the border you’re on, as well as obviously the amounts.

[269] You referred to consequences and the expected rise in demand for apprenticeships with the public sector and more generally, but can you refer to any other unintended consequences that you can see? Perhaps developing concerns that you referred to in evidence about the shared apprenticeship programmes, but also in terms of, for example, the different access to funding routes. I think Mr Protheroe, earlier on, referred to the digital account that applied in England, but thus far, there’s been no equivalent announcement in Wales. Are there any unintended consequences that come to mind?

[270] **Mr Protheroe:** We know that the digital account is not coming to Wales. It’s going to be an England-only mechanism. So, there is clarity on that. I guess that one of the things that is, I guess, a positive unintended consequence is around the network’s ability to meet demand from a standing start. So, what I mean by that is if, for example, we’ve only got 15 per cent of employers engaged with the apprenticeship frameworks or apprenticeship programme in Wales, and if that moved to 30 per cent in the next two or

three months, then it's about the ability of the network to be able to respond quickly enough to meet that sort of demand, because this is what the levy is about: it's about increasing demand. We're mindful of that, and because we're mindful of that and we're working with Welsh Government on that in terms of developing programmes to meet employers' needs—that is something about meeting immediate demand and we've got to work fast with it. The network is up for that.

[271] **Ms John:** Capacity building is the biggest challenge—so, where you're creating new programmes to meet demand. For example, we know that there's going to be a growing demand for cyber apprenticeships and within the IT higher apprenticeships there are cyber routes. So, in Wales, we have a generic mandatory unit and then you can go into specialist areas like cyber software networking et cetera. So, it's about having these skilled individuals, who can tutor that and assess it quickly. I think that the collaborative approach that we need to take across all providers is going to be a solution, and Welsh Government are looking at how they could support us with capacity building. So, that's positive.

[272] **Mr Protheroe:** And I think there's an opportunity here as well, Mark, in terms of how you manage those unintended consequences. We said in our submission, really, that apprenticeships have been supported by every party in the Welsh Assembly for the last 10 to 15 years, which is obviously welcomed. It's been supported because we have a good product and that makes a difference to individuals and employers. The result of that is that we have a network that is having constantly changing contract allocations and constantly changing eligibility criteria, as the result of budget negotiations. So, when providers are having a conversation with employers about future workforce planning and about the apprenticeship programme, that is not a one-meeting thing. It takes three to six months in order to broker that relationship, explain the programme and get employers engaged with that. And that then, if you have an issue, whether it's changing contracts, or 24-year-olds are no longer eligible et cetera, or there's a 10 per cent cap on level 2, you're changing that communication through employers constantly. With the apprenticeship programme, what you need at the heart of it is employers and consistency. I think there's an opportunity here now, as a result of the levy, in terms of the future, four-year funding that's been guaranteed to Wales by the UK Government—and the details are in the submission—to say, for the next four years, this is the direction of travel: fix the eligibility criteria and then guarantee the funding, and then, we can begin to work and have a dialogue with employers without constantly changing

year on year.

11:15

[273] **Russell George:** Rachel, you wanted to come in.

[274] **Dr Bowen:** Yes, I'd support that in that stability is always a good thing for both providers and employers so that they know where they stand. I think a lot of this needs to be seen in the context of the new economic strategy for Wales, which is currently being developed. We would like to see that sit alongside a strategy for post-compulsory education. I'd like to make a distinction between the unintended consequences of the levy and the unanticipated consequences of the levy. What we need to be thinking about is, in six months' time, what happened that none of us foresaw? In 12 months' time, what happened that none of us were thinking of? So, we need to make sure that we've got the data collection processes and the evaluation process in place at the right level. UK data aren't always appropriate. We need Wales-level data, and at what level, sub-Wales, do we need to be thinking about, so that we can measure the impact of the levy and take steps, if we need to, to address things? We need to make sure that we're thinking about how we measure the impact now, so that, in 12 months' time, we're in a position to do something about it, rather than waiting three to five years.

[275] **Russell George:** I've got Jeremy waiting. Did you want to ask any further questions, Mark? No. Jeremy Miles.

[276] **Jeremy Miles:** I'm very interested in this data point that you're making. What sort of data need to be captured and what visibility do you have of preparations to capture those data?

[277] **Dr Bowen:** I've opened a can of worms here, haven't I? [*Laughter.*] I'm not a specialist in the data that colleges collect, but we would need to be thinking—. So, rather than looking at necessarily an academic cycle, which would probably start in August or September, when the levy comes in in April, we'll need to be able to measure changes from April, won't we? So, we'll need to be thinking about different time sets and whether there's an increased spike in the number of apprenticeships. As we've talked about, we would expect to see that, but can we make sure that we can capture that? I think that this is something that we probably need to go away and do a bit more work on collectively.

[278] **Ms Roberts:** I think sectoral—we should be looking at sectors. Is the growth in the apprenticeships in the key priority areas identified by Welsh Government? Also age—I think we need to be looking at that as well. So, they're those kinds of data. And location too—are we seeing clusters around the urban areas rather than out in the more rural areas as well?

[279] **Dr Bowen:** And Welsh language provision—will we see a spike in that and will that fit the labour market analysis that we know there's going to be?

[280] **Ms Roberts:** I think, especially with the Welsh language standards, there's an opportunity here to use the apprenticeship scheme to get people doing front-of-house and public services apprenticeships through the medium of Welsh. I foresee, hopefully, there will be a growth in demand for that.

[281] **Jeremy Miles:** Are these data not being captured already then?

[282] **Dr Bowen:** I'm not saying that they're not.

[283] **Mr Protheroe:** There are plenty of data being captured on apprenticeship delivery in terms of what is being delivered. I think the point I would certainly like to make on that, following on from Rachel's, is there is a fundamental partner with regard to skills provision in Wales, and that is the regional skills partnerships. The regional skills partnerships need to have the resources to enable them to capture the labour market information to make some intelligence, as a result of that information, to inform future procurement.

[284] As we've outlined in our submission—and again this is something that is a positive—one of the benefits of having the apprenticeship programme procured and delivered through a network of quality-assured learning providers is that it allows Welsh Government to meet national, regional and local priorities that are of economic and national importance. The situation that they'll find themselves in in England—it's about that direct transaction between the provider and what that employer wants. So, there's no overarching strategic direction for the apprenticeship programme; it is just about the employers in terms of what the employer wants to procure from that provider.

[285] So, regional skills partnerships are a significant part of this whole

ecosystem that is the apprenticeship programme within Wales. I think, if the regional skills partnerships are engaging with employers, which they are doing, about future skills needs, about how they want those future skills needs met, be it through apprenticeships, be it through FE provision or be it through HE provision, and if that is informing the provision, that then is the employer voice, but it is taken strategically, as opposed to individually, employer with provider.

[286] **Russell George:** Do any other Members want to come in? Sarah.

[287] **Ms John:** One of the consequences that, as Rachel said, is unintended will be the demand for degree apprenticeships. These already exist in England—they've been developed and they're being funded at a very high level in England as well, which is different in Wales. The Welsh Government has only just asked the Higher Education Funding Council for Wales to put proposals forward for the development of degree-level qualifications and pilot degree apprenticeships, but I think we'll see demand sooner than 2018.

[288] **Russell George:** Claire.

[289] **Ms Roberts:** As GE mentioned, so, the higher apprenticeship, but also the dual model and also the master craftsperson as well—the German model. We'll definitely be looking to best practice from overseas, in terms of what they're doing around this space as well.

[290] **Russell George:** Are there any—? Mark, sorry.

[291] **Mark Isherwood:** Jeff referred to the regional skills partnerships and the opportunity for businesses to engage through those—I think you said 'if they're listened to'. As you know, in terms of skills, businesses' major concern is to ensure that the offer meets the need of the business as well as the development of the individual employee. How do we reconcile the possible mismatch? How do we ensure that the voice is heard in a way that avoids what you identified as a risk, the alternative method in England, that employers sit around a table and they end up compromising and not meeting any of their needs, simply in a different way?

[292] **Mr Protheroe:** The need for the apprenticeship framework to meet the needs of employers is a fundamental element of that. At some point, individuals or organisations that are responsible for developing that apprenticeship product need to have a conversation, and it is a conversation,

with employers or representatives of employers in terms of what it is they see that person being able to do at the end of that apprenticeship programme. So, there is a role for regional skills partnerships to identify future demand. There is a role, and we've called for a role in previous consultation responses, for Qualifications Wales to engage with employers—they are doing that through sectoral reviews at the moment. But somebody—somebody—needs to engage with employers, and say, 'What are your future demands? What is it you want us to deliver to you?'

[293] That is a resource implication, because that is physically something that needs to happen. As part of all of the apprenticeship reforms—don't forget, the levy is just one of them—historically, that function has been undertaken by the UK Commission for Employment and Skills. That is going to be kicked into the long grass as a result of all of these reforms. So, what we have in Wales is the three regional skills partnerships, which need to be resourced to be able to have those conversations. Then, when you get down to the minute level, it is about the provider working with the employer to really understand how they want that programme delivered.

[294] This comes back to the point that an apprenticeship, however it is packaged, is about the skills and the competence that person needs to have in order to operate at a particular level, and that is about a conversation with employers.

[295] **Russell George:** Sarah.

[296] **Ms John:** Our frameworks that exist in Wales are wide enough to meet the needs of employers. So, you can take optional units, and you can take units from other qualifications and pull them together—it's very flexible. What we have in Wales really does meet our needs at the moment, so it's there.

[297] **Mr Protheroe:** But we've got to speak to more employers, more employers need to speak to us and we've got to engage more than the 15 per cent. That's been an issue forever and a day, but the levy will raise awareness and we want to capitalise on that.

[298] **Mark Isherwood:** So, you're confident that the flexibility is already there to enable the unique needs of, for example, Airbus, the police force or another employer, as well as the generic needs that—.

[299] **Mr Protheroe:** I am very confident that Coleg y Cymoedd wouldn't have had a long-term relationship with GE Aviation, as they have had, if they hadn't listened to their needs. That will be the same for Airbus and Coleg Cambria et cetera. Work-based learning providers are constantly engaged with employers around whether or not a programme fits their needs. As Claire has alluded to, the issue is the 85 per cent who we're not having a conversation with—how we get them engaged. But the network is and always has been—that's why it's a successful programme—constantly engaged with employers.

[300] **Russell George:** We're drawing to an end. Did you have any more questions, Mark?

[301] **Mark Isherwood:** No, thank you.

[302] **Russell George:** We're drawing to an end now, but what I wanted to ask is: is there any information that you want to impart to us that's not been raised through questions at all? Rachel. I don't want to put you on the spot; I'll come back to you if you think of something.

[303] **Dr Bowen:** No, not that I can think of.

[304] **Russell George:** No.

[305] **Dr Bowen:** I think the only point I would like to make is that we need to be aware that apprenticeships are just one part of the vocational education and training system. If we focus all our attention onto just getting apprenticeships right, but lose sight of that bigger picture, then that's going to be problematic for Wales and the economy as a whole. It's important that we get apprenticeships right, especially in the context of the levy, but it's not divorced from the wider context.

[306] **Russell George:** And do any other Members—? If I also bring in the point as to whether you've got one key message for us and the Welsh Government, as well as your rounding up of any other areas that we've not covered. Claire.

[307] **Ms Roberts:** Be open to working with Welsh Government and the NHS and bringing the apprenticeship model to work more effectively in that area.

[308] **Mr Protheroe:** I have four minutes and Sarah's got to speak as well. I

think the key message for myself, and I hope it's come across, is that Wales has a very good apprenticeship programme. What we're seeing is not Wales diverging from the UK, this is England diverging from the rest of the UK. What we need to do in Wales is tell that story to the 85 per cent of employers who are not yet engaged, get employers engaged with the apprenticeship programme and then we will begin to meet the needs of the apprenticeship programme in its entirety in terms of engaging young people, upskilling the existing workforce, in order that Wales has a high-skilled economy. And I guess, finally really, the reason that there is so much communication across the border in England is because they are going through a significant period of change. There's no change in Wales: apprenticeships are open for business. We've got a good product, just come and engage. As long as it meets with the priorities, you can have as many apprentices as you want.

[309] **Russell George:** Sarah.

[310] **Ms John:** I just wanted to give you assurance that there is a lot of activity going on and providers are very engaged with employers. We want to do more. Then, like Claire said, we need the public sector, now, to come and talk to us. We are having different conversations at different levels, but that workforce planning that they need to look at, to see how they can recover some of the levy payments they're going to be making through investment, which in turn will give us new opportunities for young people to come through as individuals or progress, and, creating those pathways, the public sector is in a perfect position: you have legal departments, you have planning, finance—all those—and we can start to put those pathways in place. I think it's going to be very exciting, the next 12 months.

[311] **Russell George:** I'm very grateful for our panel of experts this morning to give evidence to us. A copy of the transcript of the proceedings will be sent over the next few days, so please examine those as well. We'll obviously keep you updated on the progress of the inquiry. So, very grateful indeed. Thank you.

11:28

Papurau i'w Nodi Papers to Note

[312] **Russell George:** I move now to item 4, papers to note, and we have some additional information from the Cabinet Secretary for Economy and

Infrastructure regarding our meeting from 3 November. Are Members happy to note that? Yes, they are. In that case, we will close, but we will be back in public session at two o'clock.

*Gohiriwyd y cyfarfod rhwng 11:28 a 14:04.
The meeting adjourned between 11:28 and 14:04.*

**Menywod yn yr Economi—Safbwyntiau Amgen ar y Strategaeth
Economaidd i Gymru
Women in the Economy—Alternative Perspectives on the Economic
Strategy for Wales**

[313] **Russell George:** Croeso. Welcome back to Members for our last session of the afternoon. I move to item 6, and this is with regard to alternative perspectives on the economic strategy. This afternoon, we're looking at women in the economy. The background to this session is that the Welsh Government is bringing forward its economic strategy later this year, and we want to look at some alternative perspectives. Where this will take us is for the committee to decide, but we want to, at least, have a conversation and start a debate on this issue.

[314] I should say before you start, the microphones, you don't need to touch those at all, and through the headsets you can get a translation from Welsh to English. All you say will be—. There'll be a transcript of proceedings available after the meeting for you to review, as well. If I could just ask you to introduce yourselves and your organisations for the record, I'll start from my right.

[315] **Ms Davies:** I'm Natasha Davies. I'm the policy and research lead at Chwarae Teg.

[316] **Dr Parken:** I'm Dr Alison Parken. I'm a senior research fellow at Cardiff University Business School, and director of the Women Adding Value to the Economy project.

[317] **Ms Walbey:** I'm Helen Walbey, and I'm the UK policy portfolio chair for diversity and health with the Federation of Small Businesses.

[318] **Russell George:** Great. Well, we're very grateful for you spending some time with us this afternoon. Before I ask any questions, or other Members do,

is there anything you'd like to say just to introduce yourselves, and perhaps some thoughts?

[319] **Ms Davies:** Yes, sure. Thanks for the invite to come along today. I'm obviously very pleased to see the committee looking at this issue. This, obviously, is a key issue for Chwarae Teg. We think there's quite a compelling case for looking at doing things a little bit differently as we look at an economic strategy for Wales. The fact is that the data show us that women are underutilised in the economy and that we still have quite persistent gender inequalities evident in our economy, and there is a shift happening, I think, in global economic thinking, that we need to change our approach to this issue and look at gender equality as a potential driver of economic growth. I'm really hoping that, as the economic strategy for Wales is developed, that thinking can be brought into Wales as well.

[320] **Dr Parken:** Okay. I would echo Natasha's delight, really, that we've got an opportunity to discuss this.

[321] **Ms Walbey:** Yes.

[322] **Dr Parken:** Good, glad.

[323] **Russell George:** There's some real enthusiasm in the room this afternoon.

[324] **Dr Parken:** Not that we haven't discussed this before, I have to say: I remember back to the mainstreaming task and finish group in 2004 or 2005. There are more things we can do, I think. We've had very good equalities legislation in Wales. We have some of the best equal pay legislation in Wales, with the specific duties, but there are plenty more things we can actually do on the ground. Just to open, I would say let's try and bear in mind as we discuss today the vast differences between women in the labour market. There's a massive class divide in occupational structures between women. Some women at the top end are doing very well now. Unfortunately, the majority of women are in low or low-middle skilled work at the bottom end of the labour market, with very little opportunity to progress out of low-skilled, low-paid work. So, differences between women, and then also big differences around disability and ethnicity—people with disabilities, less than half of them are in employment in Wales, a much lower employment rate for ethnic minorities in Wales, and then, within those groups, women tend to do worse than men. So, we need to just keep in mind the diversity of people

we're talking about.

[325] **Ms Walbey:** I can echo both of those sentiments. I also own and run my own business in Wales, so I have direct practical experience of some of the difficulties that women have. I'm in a completely male-dominated sector. There are no other women in the whole of the UK who own and run a company in my sector, so I'm very passionate about the impact and opportunities that we have to branch out of the sectors that women are currently working in. And also, things around education and training opportunities—particularly for women in the rural economy—because when you're looking at broadband and mobile signal availability in rural areas and availability of training and provision and also access, with things like public transport, to that provision, just those physical factors can become real barriers for women wanting to be able to progress within work, or to be able to set up their own businesses. And then when you're coming into some of the more urban areas, as Alison was saying, we still have huge, huge gaps, where women are not present in the labour market, especially when you're looking at ethnic minority backgrounds. We have a real opportunity here. We are a small nation. We can be quite agile, and I think we need that political will and drive because, certainly, there's been plenty of research. You have plenty of expert groups who are very, very, very keen to engage with you. It would be really good if we were able to take all of that knowledge and past project experience and drive that forward.

[326] **Russell George:** So, in regard to setting up a business in rural Wales, what are the barriers that exist in regard to being a woman rather than being a man?

[327] **Ms Walbey:** You may encounter, perhaps, unconscious gender discrimination when you're accessing business support. I have a number of people that I've had evidence from who have been told, 'Are you really sure that that's a sector that you could be successful in?' Certainly, when I started my scrapyard, I had very, very overt discrimination. But I've met quite a lot of women in rural areas who are finding that if they are looking at something that isn't associated with farming, tourism or food, there is perhaps an underlying perception with some of the business support that, really, 'Is this something that they should be looking at?' People may not even be aware that they are being unconsciously biased. Things around the language that we use when we engage with people—especially, perhaps, people from ethnic minority backgrounds who may be functioning in another language other than their home language, people who are not always able to access

things through the medium of Welsh, as well—. So, we need to, I think, perhaps be a bit more gender aware. Anybody who is setting a business up is going to face a fairly similar raft of difficulties, but women will face some additional ones.

[328] Childcare is also another ongoing issue. It's hard to be able to access things outside of traditional business hours, you may not be able to access support on a Saturday, when potentially you may have a partner who is able to provide you with childcare. A lot of places don't provide childcare facilities for you to be able to take a little one who's not at school or nursery with you to be able to go and access appointments. Also, if you're in some of the rural areas you can't access things online, because you may not have reliable enough broadband to even get it. It's a myriad and intersecting number of difficulties.

[329] **Russell George:** Thank you. I've got three people indicating to speak; I've got Vikki, David and Jeremy. Are any of you on what's been said so far specifically? No. In that case I'll come to Vikki Howells first.

[330] **Vikki Howells:** Thank you, Chair. I'd like to start off by addressing the gender pay gap, and ask for your views about the factors that contribute to that gender pay gap, and what Welsh Government could be doing better to try and address that through economic policy and strategy.

[331] **Dr Parken:** Okay.

[332] **Ms Walbey:** That's definitely your bit, your expertise. [*Laughter.*]

[333] **Dr Parken:** Okay. So, the gender pay gap is one of those complex issues that brings in the social and economic context, gender roles in society—so, paid and unpaid roles in and outside the labour market—but, generally, the factors are usually occupational segregation, including contract segregation. So, the overwhelming majority of women who work part time—sorry, that women have the overwhelming majority of part time jobs—. And also what's sometimes called the 'motherhood gap': so, this sense that career progression can stall when children arrive in the family; that affects women much more than it affects men. Also, the undervaluing of the work that women have tended to do in society, because women have tended to move into the labour market in areas that would have been previously seen as things that women naturally know how to do: caring work, healthcare work, educational work, administrative work. Those things are not

valued in the same way as much of the skilled work that men tend to dominate.

[334] So, a massive variety of factors—and it can be influenced by labour market policy—but, particularly, what we found in the WAVE project was that the opportunity to make change rests with employers. So, once employers have a picture of their whole labour force—where men and women work, their different occupations, the different grades that they're in, the different forms of work that they're in, the full-time/part-time differences, and whether men and women are more likely to work permanently or temporarily—they can understand where career progression gets blocked. So, without taking up too much time, we have in Wales a pay difference duty, which requires public sector employers—only public sector employers—to understand the causes of their gender pay gaps. So, you do that employment analysis and then employers—. So, for instance, we've worked with employers in the health service, local government, and higher education. In local government you see, on average, three quarters of the staff are women and 25 per cent men. That 25 per cent of men tend to have half, or more than half, of all the full-time, permanent jobs in that structure, and those jobs are associated with higher grades. Now, where men do tend to work in lower grades, they are much more likely, in our research—four times more likely—to have a full-time job, even at lower ends of the labour market. So, work is structured very differently for men and women in low-graded work. So, in the local government—I don't want to be a stats machine here, but, from memory, in local government, 99 per cent of women in grades 1 to 3 worked on a part-time basis and over 11 per cent of them in the case that we did [correction: the case study that we did in local government] had multiple jobs—at least two jobs; many of them three or four jobs. We found one person with seven.

14:15

[335] It doesn't mean that they're doing them every week, but what it does show is that, when women's work is most often offered on a part-time basis, the choice to work full time is removed, that they seem to be fairly dead-end jobs—there's no career ladder, little opportunity for job enrichment, and workplace learning is very difficult to come by. Employers often don't realise that those women want to do more. So, the employers that we've been working with have been looking very closely at how women are using a portfolio of part-time jobs to build hours, to build earnings, to try and get somewhere enough cash to live on, if you like, and how they can create job

families. They've been talking to women about their aspirations in those low-paid part-time jobs, and line managers would often say, 'No, no, no, our part-time workers are very happy. They don't want to progress'. Speak to the women—'Yes, I'm interested in job enrichment. Yes, I would like higher hours. It would be great if I've got one contract with the schools division and another contract with estates, if those could be brought together so that I know how many hours a week I'm going to get'. The health service in particular has worked very hard to move women out of casual work—so, bank working as healthcare assistants or nursing into permanent jobs. So, they've moved 80 women into permanent jobs just by asking them, 'Would you like to do that?' and making those things available. So, there are things that employers can do by following the example laid out by the Welsh pay differences duty. Once they understand that picture of who's working where, and under what conditions, there are things that they can do.

[336] **Vikki Howells:** Thank you. Can I just come back on one point that you raised there, Alison? You were talking about women in employment who want to progress and have training. This morning, we were talking to a range of different stakeholders about the apprenticeship levy. One of the things that came out of our discussions there was that there are concerns from some sectors that we could see a move towards more higher-level apprenticeships and fewer of the entry-level apprenticeships. Immediately, I started thinking about this session that we were going to be having this afternoon and whether the two things are linked, really. If we've got a lot of women doing part-time roles in lower-paid jobs, how important is it to have those more basic apprenticeships to allow them then that foothold to progress their careers?

[337] **Dr Parken:** Very important—it would seem obviously important. Some women want part-time work for a period of time. Whilst we now have better legislation in that you have the right to ask to go part-time, you don't have the right to ask to go back to full time. It can become a trap. The assumption is that you've chosen that and that's what you're happy to do forever. From the data that we're seeing, that isn't true. The access to work-based learning is key if they are going to move up and out of the kinds of traps that low-paid work provides. So, absolutely. Also, the age barrier is—got to—. I think we do now offer apprentices over 25, don't we? So, that's gone now, but employers often still have, in their heads, a picture of young people as apprentices, and perhaps aren't looking within their own workforce, which is often very long-served. Because part-time working can be a trap—it might be the first job out of school, and then, three or four years later, you may

have a child, so, you're happy again to work part-time, but then you find that you can't move into full-time work—you can be easily the average eight to 10 years in part-time work with the same employer. Think of all the institutional knowledge you have about your job and the organisation, and roles that other people do that you could then take into progressing into higher-graded work.

[338] **Ms Walbey:** We do also—

[339] **Russell George:** Sorry, I was just going to say—. I've got about four Members waiting to ask questions, but I was going to say: are there any Members that want to ask any questions specifically on what's been said before I go on to David? So, Jeremy, Hefin and Mark, then, on what's been said. I'll come back to you again for the wider question.

[340] **Jeremy Miles:** One of the points that you were touching on was the gender data of some kind of employment, I guess. Many of us have been talking about, in the context of the Government's review of its economic strategy, the role of the foundational economy, which is characterised by local employment, often care professions, retail, where women, I think it's fair to say, are probably over-represented in comparison with the general labour market. Do you hear those debates as being a positive thing, that people are engaging with sectors in which women maybe are over-represented, or do you think, actually, we don't want to be heading too far down that road, because the terms and conditions of employment aren't what we would want them to be? Certainly from a Welsh Government point of view, there are limited levers to affect that. What's your take on that debate?

[341] **Ms Davies:** I think it's an important part of the debate. When we're talking about what role the economic strategy can play in terms of dealing with issues like the gender pay gap, the key thing is about where are we directing investment, what sectors do we want to see grow, and what can we do to support sectors that are inevitably going to grow. I don't think we can escape the fact that the care sector is going to grow. It has to, to deal with an ageing population, but also an increased recognition that we need to improve access to affordable childcare. So, it's a really important part of the debate because that sector is going to grow. The debate then has to be, I think, about what we can do to improve the quality of improvement that's on offer in those sectors. An important role for an economic strategy is to talk about what foundations should the Welsh economy be based on, and I would make the argument that it has to be based on a foundation of quality

employment and decent work, because that inevitably will benefit women to a large extent. There are levers available—procurement is just one—and work can be done on the ground to improve situations in those sectors. I think it's an absolutely crucial part as this strategy is developed.

[342] **Ms Walbey:** I think, also, when we are feeding young people into, potentially, the apprentice chain, it's about looking at where we are directing young women. Because there are a very large amount of apprenticeships in 'traditional' female sectors, where you are potentially limited in your earning capacity, limited in your career progression and limited in your opportunity for full-time work. Hairdressing is something that is very useful, but we have a disproportionate number of young women taking hairdressing compared to the available jobs within the sector. So, looking at where we have an economic need, and where we have a young person base that needs upskilling, we perhaps need to look at how we get a better match between where we are channelling young people and where the economy is finding that it is having gaps.

[343] **Jeremy Miles:** Can I just go back to one of the points that you made, Alison? You were describing part-time work, and there are other factors like involuntary self-employment and wage suppression. All of these things were evident in the female labour market quite some time before they became features of the labour market generally, and yet didn't have—. I mean, we're all worried about them now, but bluntly, there was a time when people weren't as worried as they should have been, and that coincided with it being largely a female labour market issue. What do you ascribe that kind of invisibility to in the policy debate, to the extent that there was one?

[344] **Dr Parken:** When more men started to become involuntarily part time, suddenly the word 'involuntarily' was added to the word 'part-time'. Just to go back to what I was saying; there is this assumption that women who work part time are choosing to work part time. But, in the working patterns report, we show that something like 68 per cent of all admin jobs are offered on a part-time basis. Over 50 per cent of all sales jobs are offered on a part-time basis. So, your choice to work full time is absolutely restricted in those sectors dominated by women. But, when we see more men moving into part-time work, the assumption is, of course, that they want full-time work, so the word 'involuntary' becomes appended to the working of reduced hours.

[345] We all know, as well, that increased casualisation and the growth of what's called the 'gig economy' means that many more employers—men and

women—are now moving outside the bounds of social protection; you know, holiday pay, sick pay, pension entitlement et cetera. So, we are storing up further inequalities in the labour market if we continue down this route of lower-quality employment, and we take away the job ladders that have helped people get into work, stay into work and then learn and increase their skills throughout their time in work so that they can progress.

[346] **Russell George:** Vikki.

[347] **Vikki Howells:** Just a quick question to you Natasha: I can see that Chwarae Teg have called for Wales to become a living wage nation—you feel that that would do a lot to address the gender gap, and you've said that the public sector would be the place to start with that. How viable is that in reality? Particularly, I'm thinking about if you take the care sector, for example, where so many of those jobs have actually been outsourced from local authorities to private companies. How viable is it to try and follow that very noble agenda of making Wales a living wage nation?

[348] **Ms Davies:** I think it highlights the importance of procurement and commissioning. There has been some work undertaken looking at pay and terms and conditions in the care sector, and how taking steps to improve pay and conditions in the care sector actually then has a knock-on effect on the quality of care that is delivered. So, it's not just about making sure that people have got enough money to live on, which is obviously a very important element of it; it's actually about the quality of care that is provided as well. It does come back to how much money are we willing to invest in that area, realistically, and making sure that our commissioning processes and our procurement are in line with those sorts of principles. It's inescapable.

[349] **Dr Parken:** I think it's also to do with how you perceive the role of the state. You could argue that the market is in some places it might not necessarily need to be. On childcare, we're hearing, aren't we, recently about how many nurseries say they're going to struggle to provide 30 free hours of childcare, and the only way they can do that is to charge for the ancillary services—food and additional hours. In the care sector, much of homecare has been outsourced. You hear these horrific stories about people having to pay to go on their own training—their own statutory training—and getting no funding for that. Then we've had these cases, haven't we, with people not getting paid for the time between visits and not getting paid for miles et cetera. Do we really want to go back to the situation where you had to buy

your own pick and shovel, basically?

[350] So, we need to have a think about the role of the state, particularly around what women do. So, if we look at the Nordic countries—the ‘nice north’—that is a good example. Childcare is seen as a way of setting up good citizenry for the rest of life. It’s part of the state’s role to provide a good-quality education across the board. It’s not seen as a private sector role. Healthcare is also seen as part of what a good state does. So, there is an ideological perspective in here, and one that has consistently undervalued, therefore, the work that women have done in the caring sector. For instance, in Finland, in the last 10 years women have had additional pay increases in the collective bargaining process to make up for the historical lag in the valuing of the work that they’ve been doing, to try and revalue that work.

[351] **Ms Walbey:** With regard to the living wage within self-employment, at the moment, the federation has gone out and surveyed its members around this, because there’s been a lot of debate. The evidence that we took back from our members was that, with the introduction of mandatory quarterly tax reporting, which is happening next year, and the fact that the systems are completely and utterly unprepared for it, the rise in the national living wage and the fact that auto-enrolment has now come in for all small businesses, the evidence that came back is that the costs on small employers are now so burdensome that looking at having the living wage as an additional regulation is going to really negatively impact on small businesses’ opportunities to expand and even, in some cases, to continue.

[352] **Russell George:** I’m just thinking—it’s good that this really is a general discussion this afternoon, but I’ve got David, who was one of the first to indicate, and I’ve got a couple of people who have come in wanting to ask questions on what’s been asked so far. I think I should probably go to David, but what I would say, because we’ve got half an hour left, is that we should think of our questions and answers based on what Welsh Government can actually have an influence on, and keep in mind in questions and answers that we want to be able to influence the Government with regard to their economic strategy. So, just keep that in mind with what we’re asking, and answers as well. David.

[353] **David Rowlands:** I don’t know whether I should have declared an interest here, because I’ve got three daughters who are all working, and actually a granddaughter who’s declared an interest in hairdressing. But what I found disturbing—one of the factors, reading through this—is that although

girls and women are better educated on average than men, they're still in lower-paid jobs. I find that quite disturbing, given the fact that they are obviously attainers in order to have got those qualifications in the first place. Can you tell me if you know of any factors that are driving that? It seems wrong, obviously.

[354] **Russell George:** And perhaps, if I could add to that, factors where the Welsh Government can do something to bring about a difference.

[355] **David Rowlands:** Absolutely, yes.

[356] **Dr Parken:** About 46 per cent of women work in low or low/middle-skilled jobs, compared to about a quarter of men. The gains we've made in closing the gender pay gap in the last 15 to 20 years—much of that is to do with the increase in outcomes for women in education. You're right; women now outperform men—in higher education, particularly. So, in a sense, we've come to the end of the amount of difference that greater human capital can have for women in closing gender pay gaps. And Melanie Jones and Vicky Wass at Cardiff Business School just published a paper on this. So, what's happening is that women get those degrees and they go into lower-paid occupational sectors. So, if they go into health and education, they go into occupations in administration or personal services, like your granddaughter might do, they're going to earn a lot less money. So, we're talking again about revaluing. And then within those sectors, if they tend to work on a more temporary basis than men—as I described, men tend to dominate full-time, permanent roles—they will struggle to get up through the hierarchy. So the changes that have to come now have to be structural; they have to be in the employment structure. And, as I said before, they're in the gift of employers, to look at what's going on in their workforce over time and make sure that women can engage on the same basis as men.

14:30

[357] We have, in things like health and education, what we call career-age stages. Now, they're not necessarily conscious, but they are there. So, by the age of 24 or 25, you've got your PhD, you're in a lecturer job, you should really be a senior lecturer by the time you're 30, and looking at reader by 33, and possibly professor by 40. Now, if women deviate from that norm and don't quite get there as quickly because they may have taken time out to have children and look after them, then they fall behind and those gaps are never made up. And if you look at medics, there's a roughly equal number of

men and women going in to medical and dental training, but by the age of 35 or 40, only half of the women are working on a full-time basis. Now, that is great, that there are now part-time jobs in higher-paid occupations, but it has a really deleterious effect on progression. So, unless you close those vertical segregation gaps, we can't make further progress on closing pay gaps.

[358] **Ms Walbey:** If you want some real specifics, the Small Business Administration in America has specific women's centres set up across the United States, which run training and mentoring programmes for women to get them into self-employment and through career progression. As an example, we have 22 per cent of women running their own businesses in this country, but we have over a third of women running businesses in the United States. The SBA is managed centrally, they're able to initiate state-wide programmes as well, and they deal with ever such a lot around procurement. And American Government contracts have specifications about the percentage of women in firms and, if firms are applying for large Government contracts, they need to be able to show that they are gender-inclusive and diverse. This is something that we could look at here, and take the best-practice or good-practice examples from part of the SBA in America and establish a framework here and establish centres around either women's enterprise or women's career progression, linking to the benefit of mentoring.

[359] **Russell George:** So, if you wanted to provide us with what you think the best elements are, then please do that, because we could incorporate that into our work.

[360] **MsWalbey:** We'd be happy to put a written submission in.

[361] **Russell George:** I'm grateful. I've got Hefin and Mark, and if Members do want to butt in on a particular specific issue, then just butt in, because it's a bit more of a chat. Hefin.

[362] **Hefin David:** Thank you, Chair. With regard to flexible working and some of the stuff you've touched on, I'm just looking at the moment into homeworking hubs, which would be remote-access hubs, hired by city-centre organisations out in areas that might take a while to reach on a daily commute. Would that be anything that might be helpful to resolve some of these issues?

[363] **Ms Davies:** I think it would be helpful in part, definitely. I think there is a tendency—when we talk about flexible working, most people go, ‘Oh, that’s part-time working, then’, and in reality, part-time working isn’t necessarily flexible. In some research we’ve done recently, speaking to businesses about perceptions of different ways of working, that’s what came through really, really strongly. The more traditional ideas about flexible working are well known, but newer and, perhaps, more radical ideas about how to structure our workplaces and structure our labour market not everybody is aware of. So, there could be a really important role there for Government, just in terms of advice, support—information provision, even—about different ways of working, and supporting businesses to explore how that could work for them, how they can make use of things like remote working, homeworking, and those kinds of things. And that’s not just of benefit to women; that’s of benefit to rural communities in particular, I’d imagine, and many other people for whom a daily commute, perhaps, is not feasible when they’ve got everything else to fit in with their lives as well.

[364] **Hefin David:** Yes, I know from my family’s experience that it’s the daily commute that really causes a major issue and the length of time that that would take.

[365] **Ms Walbey:** You also tend to find that women who were able to establish businesses within their local communities tend to use local service providers for all of their services—a local graphic designer, a local computer shop to perhaps purchase their equipment from—and their money goes back into their local economy and they are able to support other small businesses. There is real benefit from that, especially when you’re starting to try and leverage the use of technology, because if you are looking at establishing a small business at home—40 per cent of freelancers are now women—you are going to have quite a significant set-up cost around the technology. If you are able to go to a hub where you are not isolated, you can perhaps access some business support or some mentoring, and you have a community of other like-minded business professionals that you can engage with. Also, you have access to the technology so you don’t have that investment, you are able to be flexible, not part-time, so your business can be agile, and you’re able to potentially capitalise on your earnings, especially if those potential hubs that you’re thinking of are not restricted to traditional nine to five, Monday to Friday.

[366] **Hefin David:** You’ve been to Welsh ICE.

[367] **Ms Walbey:** I have; I've been up there quite a number of times. Their five-to-nine club is particularly good. There is ever such a lot around gender that they could do up there, but that kind of idea about—. So, the five-to-nine club at Welsh ICE—Welsh ICE is a business incubator up in Caerphilly, and you can, if you're looking at setting a business up, join their club and you go from five o'clock in the evening to nine o'clock in the evening when, in effect, you've finished your traditional job, to help set your business up to transit you into self-employment. That idea around a 24-hour economy and having access outside of traditional hours, it may be—. As an example, as a woman, you have childcare that you need to look after, so you're perhaps doing the school run in the morning, you can run your business in the day, you need to do childcare and family in the evening, but then perhaps from seven o'clock in the evening until 10, you may very easily be able to get back and do three more hours in your business. You perhaps may have somebody at home who can look after your children. So, being able to go to a hub where the technology is and perhaps where you can access that expertise would be really, really beneficial.

[368] **Hefin David:** I wonder if it might be feasible for a company like, say, Admiral, to set up a series of hubs in different parts of, say, the northern Valleys to enable staff to work close to their homes in that way; it might also be helpful. I'm currently investigating and looking into that as an issue, possibly.

[369] **David J. Rowlands:** What would worry me about the business of working from home or getting more and more women to work from home, because there's no childcare available, is that it's isolating women in a way that I don't think is right, actually. I'd much prefer to see much better and more adequate childcare provision in the country so that women can actually go into the workplace and work. It's a great idea—working from home—but it does isolate people, and I wouldn't like to see us going down that road much more than engaging women in industry, in particular.

[370] **Russell George:** Does anybody want to comment on that before I ask Mark to come and ask his questions?

[371] **Mr Davies:** There's no one answer to this sort of problem, and I think it's about having various different services and approaches to organising our workplaces that come together to enable people, both men and women, to make decisions about how they can best balance work with their personal lives in a way that also delivers for their employer. I'm very fortunate; my

organisation works in an outcomes-based way, so I don't have set hours. In theory, I can work where's best for me. So, today I worked from home because I live near the bay; I could pop down here. So, it's about being flexible, and that's what's key, I think—it's the flexibility that's built into it. So, homeworking might be good for part of your week, but not necessarily for all of your week. I'd say it's all these things coming together to work in a flexible way.

[372] **Russell George:** Mark Isherwood.

[373] **Mark Isherwood:** Thank you very much indeed. I'd like to say I've got four working daughters, all graduates, one of whom has recently become a homeworker working full-time hours, but flexibly, which meet her childcare and school hours needs. She's found it completely liberating. She's still part of a performance management structure. She still goes into the office for a set number of days per month, but she's found it completely liberating. However, the questions: I think, Alison, in your response earlier about pay, you referred primarily to the hours and types of jobs that people take. I seem to recall, about 12 years ago, the Equality of Opportunity Committee working with you and others on what was then the single status agenda in the public sector. To what extent has equal or unequal pay for equal work ceased to be a problem, or is it still a factor? I didn't hear you refer to it earlier.

[374] And secondly, and finally, in the context of the living wage, which was referred to earlier, I think, evidentially, public and private sector large employers will cover the cost through reduced labour turnover, absenteeism and so on. But for smaller employers—you referred particularly to your own experience—what role, if any, could the devolution of things like business rates and certain tax powers have, creatively, in such circumstances to incentivise smaller businesses to pay a living wage?

[375] **Dr Parken:** Do you want to take the second one if I take the first?

[376] **Ms Walbey:** Yes.

[377] **Dr Parken:** Okay. Yes, we did have those conversations a long time ago—single status. And you'll be pleased to know that, when we did our case studies on employment and pay analysis with higher education, health and local government in Wales, we found very little evidence of unequal pay for men and women in the same grades. They have done that job evaluation work and they've brought in the new pay structures. So, fantastic. Of course,

they still had gender pay gaps, because they had this predominance of men at the top in full-time permanent work and women at the bottom. But not an equal pay issue, which was fantastic. It would be great though if that was extended to the private sector—if there was a requirement in the private sector for job evaluations and equal pay audits, and there isn't.

[378] The UK has just published their requirement for gender pay gap reporting for the public sector in England, and also organisations [correction: private sector organisations] over 250 employees in England and Wales. But it only requires the publication of five numbers: so, mean and median pay gap, mean and median bonus gap, and the number of people in different quartiles. It is completely unlike the Welsh duty, which requires the organisations, as I described earlier, to know exactly where men and women are, their occupations, their jobs, their grades, their working patterns, their contract types, and therefore to understand the causes of gender pay gaps. That's what's required in Wales, instead of publishing four numbers, and then to have an action plan. And, again, I think we're leading the way on the public sector, and I'd say again, once that evidence is available to organisations, our experience in Wales is that that galvanises employers to do something. They won't act on sector information. They won't act on occupational information. If they've got their own organisational information in front of them, they see what they can do. But wouldn't it be great if private sector employers in Wales were also required to have that very detailed picture of who's being recruited, who's progressing, who's leaving, who's not progressing, where the blocks and barriers are and what they can do about them. So, yes, the single status stuff has done an excellent job. All job evaluations vary. They're still subjective in some cases. More equal value work could be done, but to get the private sector to follow that example would be ideal.

[379] **Russell George:** Can I just check? I've got Hannah waiting for a question. Anybody else? No. Can I give you advanced warning of my question, and then I'm going to go to Hannah? I was going to say—

[380] **Mark Isherwood:** Well, I had a second question I'd like an answer to.

[381] **Russell George:** Sorry, Hannah, before we move on then.

[382] **Ms Walbey:** Do your next one.

[383] **Russell George:** No, you answer that point, and then I'll ask my

question, and then I'll come to Hannah.

[384] **Ms Walbey:** Whenever the federation goes to its members, business rates is one of the big ones that comes back every single time. We are in a position here where we can do things to support smaller businesses with regard to business rates, with business rates exemption. This could be linked to encouraging businesses to become living wage employers. I think there is real merit in larger private businesses having to undertake this, of it becoming a regulatory part of their operation. With the burden on smaller businesses, those with perhaps fewer than 50 employees, they're going to really struggle with being able to do that. So, I think ways to encourage it for smaller businesses, but ways to mandate it for larger businesses, is going to be really beneficial. We provide 60 per cent of private sector employment in SMEs, so we have a real opportunity, but we need to be able to move them forward by supporting them rather than mandating them. There's so much regulation coming out at the moment with these massive changes that are causing real pain within the SME sector that I think an incentive rather than a mandate is going to be, in the SME sector, the way to drive things forward to the living wage.

14:45

[385] When we talk to our members, they come back and say that they really like it and they would love it if they could afford to pay the living wage, but, at the moment, they are not in a position to be able to do it. There is also significant concern about where the economy is going over the course of the next year. More than half of our members export; a third of our members import and there is really significant concern over devaluation and the whole raft of Brexit—whether we're going to face a cliff edge and how that is going to impact on SMEs. So, I think that potentially bringing in more regulation while this is all ongoing is going to cause a lot of distress.

[386] **Russell George:** Mark, do you have another question to come back with?

[387] **Mark Isherwood:** No, that's all, thank you.

[388] **Russell George:** I want to make sure, when I leave the room at 3 o'clock today, that I'm clear in my mind. So, my question was: with regard to the Welsh Government's economic strategy, as they're developing that, what are your key asks? If I ask you to give, succinctly and without too much

detail, maybe one, two or three asks, but if you want to—you look like you're ready to answer—

[389] **Dr Parken:** I am. [*Laughter.*]

[390] **Russell George:** Okay, right. I was going to give you advance warning, but be succinct and they've got to be within the competence of the Welsh Government as well, so if they're not, then—

[391] **Dr Parken:** I'll give it a go.

[392] **Russell George:** Okay. Alison.

[393] **Dr Parken:** So, firstly, future generations Wales requires a completely different way of working. Sustainability and equality have to be integrated. So, that means that when we're looking at the new economic strategy and the city region deal, we have to include the voices of women and what they want in there in terms of the economy and transport. Let's not forget transport. We know—

[394] **Russell George:** How do they do that then? How would they do that?

[395] **Dr Parken:** How do they engage them?

[396] **Russell George:** Yes. How can they specifically engage them?

[397] **Dr Parken:** I think they talk to them. I don't think it's an online consultation. I think local councillors, planners, economic strategy people and the gender diversity people go and talk to local people about what kind of economy they want, what kind of green spaces they want and how they want to travel to work. We know there are issues around transport: the concentration on the two drive-time parts of the day, how restrictive that can be for women who are dropping off kids and then going to jobs and then coming back again to do those lateral journeys. That engagement's key to making future generations Wales work, and it means a different way of working. It means not just consulting, but it really means engaging people in the ongoing planning and review of the economic strategy.

[398] **Russell George:** Okay. That's one.

[399] **Dr Parken:** Secondly, the Women in STEM report that came out in 2015

has got an action plan attached to it. I think we could ask the Welsh Government what progress has been made on encouraging women into STEM careers, retaining them and progressing them through.

[400] **Russell George:** Do you know what action has been taken?

[401] **Ms Davies:** It's my understanding that there has been a statement and that the recommendations have been accepted in full. That's happened very, very recently—in the last week—so it's my understanding that that is the point that we're at in the process.

[402] **Russell George:** So, it's taken from 2015 to now to accept the recommendations?

[403] **Ms Davies:** I think, possibly, that the election might have had some impact on that, but they have been accepted. I imagine that work will be beginning, if not ongoing.

[404] **Dr Parken:** So, supplemental then, can some resource and money be attached to those recommendations and those actions so that they actually happen?

[405] **Russell George:** Okay.

[406] **Dr Parken:** Sorry, I've got three.

[407] **Russell George:** I did ask for three. Go on.

[408] **Dr Parken:** There will be something potentially to replace the loss of European structural funds. What we learnt from the structural funds was that equality was embedded within them in terms of economic inclusiveness and not just the participation of women in work, but leading towards their economic independence. The new strategy needs a gender pillar, but if you only have a gender pillar, you end up with people reporting on how much flexible working there is and how many women there are in employment. There needs to be gender-specific actions in education, employment, entrepreneurship et cetera. So, that's got to be key throughout the whole thing.

[409] **Russell George:** Thank you, Alison, that's really good; that's clear to me. Thank you. Helen, or Natasha.

[410] **Ms Davies:** Yes, I'm going to come in at possibly from a slightly different angle and talk about what I would like to see in the economic strategy itself. I think it is about structural change and I think the economic strategy can play a really important role in driving that structural change. It's going to be a very important document that's going to guide the work of a lot of different organisations and individuals. I think it's got an important role to set out what vision we want for the Welsh economy and the principles on which economic growth should be pursued. I'd make the argument that I'd like to see principles within that strategy, setting out that there's a recognition of the fact that gender equality and economic growth are mutually supportive goals. I'd like to see a commitment to the economy being built on quality employment and reiterating commitments to make sure that economic success and prosperity is felt by all. The best way to bring those principles to action would be to consider putting in an objective within the strategy around maximising women's economic participation. I think that would provide focus to a lot of activity that's already going on, or could be developed across different Government portfolios—things around childcare, things around encouraging more girls and women into STEM, things around tackling gender stereotyping in education, things around supporting more women into business.

[411] Also, it would then drive the measurement of the success of that economic strategy, to make sure that we're using indicators that measure the extent to which economic success is delivering for women. Are we seeing an increase in women's economic participation? Are we seeing a decrease in the extent to which women are segregated within the labour market? Are we seeing an increase in the quality of employment that's on offer? And, are we seeing an increase in the amount of money that women are taking home at the end of the day compared to their male peers? That's what I would like to see—or Chwarae Teg would like to see—within the strategy itself.

[412] Like I said, I think that provides leadership and shows a strong commitment and just gives a degree of focus to activity that should be delivering for women—making sure that not only is the economy delivering for them, but women are being actively engaged in driving economic growth.

[413] **Russell George:** Thank you, Natasha. Helen, I'll ask you to be succinct, because I've got Hannah to come in as well.

[414] **Ms Walbey:** It's going to be very succinct. I concur with both of those

sentiments as far as the vision and development of the strategy goes. Some specifics, if I'm being succinct: small business administration would be really beneficial for small business because, at the moment, Business Wales is a good central point, but it's quite difficult to then find out where you go afterwards, and it would also focus the strategy on it. A framework for women's enterprise across Wales: I think there is work going on with [*Inaudible.*]
—well, I know there's work going on with [*Inaudible.*] at the moment, because I'm very heavily involved in it.

[415] In Scotland, there is a framework for women's enterprise, which was developed with Women in Enterprise Scotland, Strathclyde university and the Scottish Government. It was launched in 2014. I'm more than happy to provide you all with a copy of it. It's absolutely excellent and we are looking at why we do not have this in Wales and how we can make this happen.

[416] **Russell George:** So, you think that strategy in Scotland, which I don't know about, but we can look at—. You think that's a great model and that's what the Welsh Government should be doing.

[417] **Ms Walbey:** It's providing some good outcomes at the moment. So, there is real merit in looking at how we adapt that for the best fit for Wales. Obviously, it's not copy and paste, but there is real merit.

[418] **Russell George:** You would like to ask the Welsh Government to look at that and pick the best elements of it that are suitable for Wales.

[419] **Ms Walbey:** Yes, because that is something that will provide a very visible commitment to all of the things that we have been talking about, particularly on the enterprise framework, but around others. Improve the data collection that we have around women in business and then also improve the data collection that we have around women in employment. At the moment, things like tax returns don't have anything that indicates whether a businesses is majority female led.

[420] **Russell George:** Tax returns—I don't think they're in the Welsh Government's competence, are they?

[421] **Ms Walbey:** I think there are things we can do around data collection.

[422] **Russell George:** There would be, absolutely.

[423] **Ms Walbey:** Again, that's central, but we can do things in Wales around how we record gender and things around disability and ethnicity within business. We don't do that. And issues around procurement, so that if we are having public sector contracts in the way that they build in the gender element in the USA, to look at how we do that here.

[424] **Dr Parken:** And that is happening as well in London, with the Crossrail project, HS2 and Tideway. Up to 4 per cent of the weight of their tender is based on their gender diversity plans.

[425] **Ms Walbey:** They're specific and deliverable in Wales.

[426] **Russell George:** That's very clear, thank you. Hannah.

[427] **Hannah Blythyn:** Thank you. I want to step back briefly to talk about priority economic sectors. It's highly likely that, in a new economic strategy, there will be a focus on specific sectors. You've got things like the advanced manufacturing sector, which is massive in my area of north-east Wales, but we know it's predominantly male. So, are there two things we need to do, basically also to—? How could the Welsh Government do more as part of the economic strategy to get more women not only into those areas, but actually progressing? Also, the second part, I think, was what Jeremy touched on: do we need to look at other, more specific, foundational sectors and have them part of the economic strategy as well?

[428] **Ms Davies:** Yes. I mean, I'd say, completely—definitely. It is about which sectors we prioritise. The nine that have been prioritised for growth to date are predominantly male dominated and those that aren't—tourism in particular springs to mind—are not renowned for quality employment, for example. So, I think it is about balance and I think this is why it's so important that the strategy builds gender in on two elements: on the one side making sure that economic decisions like which sectors to prioritise for growth, considering what gender impact there might be, but also then looking at gender as a driver of economic growth as well. For those sectors, where we're currently, perhaps, seeing huge under-representation of women, like advanced materials and manufacturing and other similar sectors, those are also sectors that are reporting huge skills gaps, particularly as larger scale projects are poised to come into Wales. I think that there is a role for the economic strategy to be looking at all these elements and bringing them together and thinking about how we can tap into women as a resource—an under-used resource—to make sure that

those sectors continue to grow.

[429] **Dr Parken:** I think that, again, the Women in STEM report has recognised that quite a lot of women undergraduates who get degrees in the physical sciences don't go into careers. So, the first thing is recruitment—so, keeping them in academia, but also keeping them in industry once they've got the qualifications. You're quite right, once they're in, it's retaining them—so, make sure that the culture is friendly, and keeps those women and, then, how they progress. As I was discussing earlier, try and get rid of this part-time career death, the assumption, therefore, that your ambition has flown out of the window and so has your knowledge. You must be able to progress if you take part-time work or flexible work at some point in your career, without it meaning that you've stepped off the conveyor belt.

[430] We did at least add food and tourism to the initial six priority sectors, which brought a lot more women within the remit. I think the other thing is we need to be thinking about how funding innovation isn't just about widgets and things. Innovation in health science, innovation in management, innovation in education—HE is a massive exporter within Wales. Those things are not counted within the priority sectors and they are places that you're going to find a lot more women working in. And, yes, please revalue the work that women do to keep the economy running, essentially, and keep organisations running, without which we wouldn't be talking about higher flying careers.

[431] Just finally, finance and business is one of those occupational sectors—finance, business, professional services—one of those sectors in Wales that is gender balanced on a 60/40 basis. But you find that over half of the men in that sector are working in the top three occupations compared to only a third of women, and 43 per cent of women are in admin jobs. So, there has to be a way, again, of creating these job ladders and progression up, so that the top jobs don't always remain with those who work full time permanently.

[432] **Ms Walbey:** This issue of cultural change and gender stereotyping is really important. Children are aware of gender roles from when they are five years old. A recent property and construction survey came back with 4 per cent of the young guys they spoke to feeling that their gender was going to impact on their opportunities within that sector, but 41 per cent of the young women felt that it would. We know that when we are having this leaky pipe and women are getting these high qualifications, professional careers, and

then leaving, it's costing businesses approximately £30,000 to recruit a new person.

[433] Around education, I've got direct experience of 15-year-old girls who are looking at their GCSE options, and, you know, she wanted to take geography and leisure and tourism, and she wasn't able to, so she was told by the school, 'Well, what you ought to do is do childcare.' So, the way that we are delivering careers advice and potentially the way that we are using role models in schools to be able to encourage women into sectors where there are opportunities for higher growth, more leadership, better career progression. We need to look at how this economic strategy embeds into schools and the choices that we are making available for young Welsh women, because there are some real limitations on what they can do, simply by the educational choices that, sometimes, have been foisted on them.

[434] **Russell George:** Are there any other Members who had questions they were waiting to ask?

15:00

[435] **Hannah Blythyn:** Can I just come back on one point from earlier? I think when you were talking about addressing the gender pay gap and what's been done in the public sector, and the need to address it in the private sector, there are going to be limitations from a Welsh Government non-devolved perspective about what can we do. Natasha, you mentioned it too—could procurement and placing caveats on businesses or employers that are getting funding be one way of addressing it?

[436] **Dr Parken:** It could be. Since WAVE, we've done a lot of seminar work with public sector employers that weren't directly case studies, but also with private sector employers, demonstrating what you can learn about your own organisation if you do this employment and pay analysis, and how you can use that in workforce planning and development. Private sector organisations have taken that away as a useful thing to do. So, policy could encourage private sector employers to look at what's happening in the public sector.

[437] There are some practical things that we now know how to do. The employers have been fantastically engaged. They have put lots of time and resource into this, because it ends up making sense—it won't look like a burden if it gives them a new business analytic tool. So, if you were to require in your procurement strategy not just evidence that you have an

equality plan, but evidence that you understand the proportion of men and women in different jobs and grades by working patterns, and that you understand whether that's causing any inequalities and what you might be doing about it, and give that question some weight, then I think you can drive more interest in this area.

[438] **Ms Davies:** With the new reporting requirements coming in for larger companies, I think the manner in which that is discussed and approached is also really important. It's really crucial that although that's only going to apply to the large companies, it isn't seen as a naming and shaming tool or as a negative thing. It's a useful tool for businesses to better understand where women are currently within their business structure, and it's about giving them the information to then look at how they can better utilise people's skills, talent and potential within their company. If that's approached in the right way and seen as a positive thing, big businesses that have taken it forward well can talk about how much it's helped them, encouraging smaller businesses to consider doing the same thing even though they're not required to, and encouraging them to look at what it can equip them to understand about their business and, perhaps, allow them to be more agile and better equipped for future challenges. It would be really, really useful to help it filter through and make sure that small and medium-sized enterprises as well play an important role in tackling some of the causes of the gender pay gap.

[439] **Ms Walbey:** Things like this should be around celebrating the successes of companies that are leading good practice, as opposed to this idea about being a tool to bash people around the head with.

[440] **Dr Parken:** Can I just say that the public sector duty in Wales is of a completely different order to this new league table that the UK Government has brought out for private sector organisations? I'm not sure that the league table benchmarking actually achieves very much, because there are lots of things you can do to manipulate your gender pay gap figures. I'm not suggesting you do this, but if you were to have a lot more men in very low-paid part-time work, you could reduce your gender pay gap figure significantly. That is not at all what I'm suggesting, but there is no way of verifying the data that people put into this benchmarking thing. The Welsh public sector duty has a different underpinning spirit. The spirit is 'understand what's going on in your organisation'—it's plain to see. The WAVE project has been there to help people to interpret those data, and that has genuinely moved people to action without the threat of naming and

shaming, and it's been much more productive, I think.

[441] **Russell George:** Okay. We're drawing to a close now, so can I thank you for your time with us today? If you have got—. I know you've committed to do a couple of things to provide us with additional information—please do that. This is the first session of many, so we've got a bit of time. So, if you do think of other bits of information you'd like to pass on to the committee, please do so.

[442] **Dr Parken:** Thank you.

[443] **Russell George:** Thank you for being with us today. That brings our committee meeting today to a close.

Daeth y cyfarfod i ben am 15:04.

The meeting ended at 15:04.