

## NON-VERBATIM MINUTE

**DATE:** Tuesday March 15 2022

**TIME:** 15:00 - 16:00

**METHOD:** Zoom Meeting

**CHAIR:** Emma Hardy MP, Co-Chair of the All-Party Parliamentary Group on Apprenticeships

**Emma Hardy MP** welcomed attendees and opened the session. She said the issue was an important one, and that the system as it stands is difficult to understand. She said we should be looking at how to increase both the number and quality of apprenticeships. She introduced **Tracy Mawson, Chief Executive of the St Helen's Chamber of Commerce.**

Tracy Mawson thanked Emma and said she was delighted to be presenting, stating that the St Helen's Chamber is also an independent training provider. Before the pandemic, the St Helen's BCC was recruiting 400 apprenticeships per year, this halved during the pandemic and is now back to about 300 per year. Their apprenticeships are concentrated on health and care, and they are responsive to demand on the local area, particularly around Level 2-3 and construction. What SMEs are reporting right now in terms of problems is a lack of candidates coming forward. Employers want to see more being done to highlight the benefits of the apprenticeship route to work. SME membership base want more to be done to position and supply apprenticeships as a typical employment route. There is a really vibrant jobs market out there, and SMEs struggling to recruit apprentices. The St Helen's Chamber are asking the Low Payment Commission to increase the Apprenticeship Minimum Wage, while incentives were useful. They think the financial stake in apprenticeship from employers is appropriate, and don't want to reduce it to 9%. Some SMEs think the system is overly complicated, and that there are some simplifications that could be done. Smaller SMEs are not used to working with the system like that, for example with the payroll and tax normally done externally, the system is too complicated to do that by themselves for an apprentice. The St Helens Chamber have two members of staff who are there specifically to help SMEs through the system – something they want to see more of. On levy spend, they are not seeing much levy transfer at the moment, but are in discussions with a large local hospital around levy transfer to local SME's. A Good Practice Guide has been published for levy transfer.

Emma Hardy MP thanked Tracy Mawson and handed over to **Gareth Kenward, Gareth Kenward, Apprenticeships Early Careers Manager at Babcock International.**

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Gareth Kenward said that Babcock has a large employment base in England. He has been with Babcock for about 10 months. He explained that Babcock doesn't transfer their levy because they spend it all, noting the difficulties with large organisations in understanding their levy spend. He emphasised that Babcock are a large organisation with the resources to do it, but it's very difficult for SMEs. Gareth explained that most large companies are actually using their levy. Babcock's apprenticeship program has been running for decades, and it is difficult for SME's to keep up with large companies such as this. Various schemes have arguably added a level of confusion to the system, with even large companies such as Babcock unsure which is the right one for them. Some SME's are confused about correct provision, even though the government website has useful portals, as does IFATE website. There is a lot of support out there, especially regarding training networks. If there are gaps in provision, sitting down to create a new apprenticeship takes a lot of time and resources – most SME's won't have the time to give to this. It is important that SME's understand the different networks that are available to them.

Emma thanked Gareth Kenward and noted the need for clarity and simplicity for SME's. She handed over to **Simon Ashworth, Director of Policy, Association of Employment and Learning Providers.**

Simon Ashworth said that AELP is a national trade body, who work with independent training providers and FE colleges. The most common denominator among members is apprenticeship provision. AELP has worked closely with the government to work towards an employer-led system. The system needs to work for employers of all sizes. Prior to apprenticeships reforms, SMEs were the bedrock of the apprenticeship system (around 65% of all apprenticeships), and the bedrock of the FE economy. Reforms have been to the detriment of SMEs, with 90% of all large employers providing apprenticeships on gov website, but only 10% of SME's, even though 98% of employers in England are not large employers/levy paying ones. SMEs and people on Level 2/3 are linked. If we can drive up SME participation, it will drive up levelling-up and bring through young talent to address post-Brexit and post-pandemic skills gaps. AELP key asks are quick wins: 5% mandatory cash co-investment is a challenge, which should be paused or waived completely, especially in adult social care. There also needs to be support for SMEs who want more than 10 direct starts per year. Many SMEs need an apprentice immediately, and levy transfer is too slow. We need an increasing quantum of participation in apprenticeships, improvement to levy paying system to simplify it, and aggregation for demand for SM's. Secondly, on the Plan for Jobs – the Chancellor's Kickstart scheme worked, we need an extended campaign to extend it. Thirdly, we need a new non ring-fenced SMEs budget for apprenticeships.

Emma Hardy thanked Simon Ashworth and noted his comments, and handed over to **Frank O'Sullivan, Strategic Human Resources and Organisational Development Manager, Salford City Council.**

Frank O'Sullivan said that for SCC, developing a properly skilled workforce can only be achieved by investing in professional development. SCC are investing in creating proper opportunities for young people. It is important to work with SME's, as they are uniquely placed to create opportunities. SCC have teams who are experts in navigating complexities of levy – how do they share that expertise and support SMEs? The Salford Skills Apprenticeships Fund works on this, with partners and external stakeholders, including

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Salford Uni, and a number of others. Public, private and third sector coming together. Also using fund to close skills gaps with existing employers and employees, eg hospitality, digital and manufacturing and professional services. It is the first scheme/fund of its kind, having invested over £500,000 across the city. They have got a further £100,000 being invested in creating digital apprenticeships in the city as well.

Emma thanked Frank O'Sullivan and opened the session up to Q&A.

Phil from Ginger Nut said that without incentives in place, they wouldn't have been able to support their current apprentices. We need more incentives beyond £3K, especially at Level 2, and increasing wage points. Simon Ashworth said the AELP have seen a shift in providers paying the apprenticeship minimum wage, with only about 20% still paying bare minimum as expectations and requirements shift. Tracy Mawson added that the key was a succession route to apprenticeships for young people. At the end of a traineeship, young people are often not ready to go to Level 3. Understanding apprenticeships as a route into employment is so important. Frank O'Sullivan added that on pay, commitment to NLW is important as many would struggle to live on AMW. If we are serious about creating sustainable opportunities, pay needs to be better.

Lord Aberdare added that it would be good to see apprenticeships and SMEs better co-existing. Training provider networks are critical. Flexi job apprenticeship agencies are also interesting – he asked if speakers have had any experience of that and asked whether a good practice guide like in the St Helen's Chamber should be shared more widely. Simon Ashworth said that flexi job schemes brought opportunities, adding that levy transfer is currently only 2% of the system. Gareth Kenward added that it is about collaboration, which is where training provider networks are so useful.

Anne Bailey asked about city deals, asking if we could be using more of these to invest more in apprenticeships services. Frank O'Sullivan answered that they use internal resources and using levy funds to support these for SMEs would be ideal. Simon Ashworth added that AELP are more cautious, they have a bit of breathing space in the short term in terms of apprenticeships budget but it is important to be mindful of budget constraints. Tracy Mawson added that SMEs can struggle if an external provider is brought in without local knowledge and relationships – it works better when local stakeholders are involved. Frank O'Sullivan added that it is important to not focus on money, all the other support is crucial. Having those rounded conversations with SME's is important. We need to take noise out of the system and not scare off SMEs with too much bureaucracy.

Teymour Anwar from Policy Connect asked if Level 2 apprenticeships are the limit to which SMEs are prepared to recruit for. Simon said that Level 2 is really important as an entry point to SMEs, higher-level programs are more technical which can risk a lack of progression for apprentices in SMEs. Tracy Mawson added that Level 2 is not a ceiling – virtually all SMEs progress their apprentices to level 3 and often as far as level 5, especially in care and management sectors. Frank O'Sullivan added that entry level apprenticeships are great, but that SCC are supporting apprenticeships at all levels. Seeing progression across all levels.

Emma thanked speakers and noted that Level 2 should not be the limit. She asked for final comments. Simon Ashworth reiterated the importance of Level 2, it can be perfectly good stepping off point for some people who don't want to progress further. Frank

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O'Sullivan said there are a lot of moving parts and we need to work within that. Gareth Kenward said a lot of employers big and small calling out for employer led system.

Emma thanked speakers and noted she supported raising the living wage to support apprentices within SMEs. She thanked attendees and wrapped up the discussion.