

The Impact of COVID-19

Skills – early findings

June 2020

The Economy, Infrastructure and Skills Committee is carrying out an ongoing review into the effects of the COVID-19 pandemic on the areas within its remit. This report sets out the Committee's very early findings on the skills sector and particularly focuses on the health and wellbeing of apprentices and the looming spectre of a dramatic spike in youth unemployment.

- 1.** The Committee would like to commend all the Health and Social Care apprentices for the key role they are playing in the effort to contain and deal with the effects of the pandemic. In its evidence gathering the Committee has heard how hard apprentices are working and how much they are playing a vital part of Wales' response to the virus. However due to this increased workload and the environment apprentices have been working in, the committee is concerned about apprentices' health and wellbeing.
- 2.** The Committee also has considerable concerns about what it sees as one of the defining longer-term challenges of this deadly pandemic: a likely dramatic spike in youth unemployment, a spike which without action by Welsh Government, threatens to scar and stunt the employment prospects of a generation of young people and frustrate the national recovery. Any erosion of Wales' skills infrastructure will only deepen this crisis for young people and adults who seek to re-train or up-skill.
- 3.** On **1 June** the Committee took evidence from Dafydd Evans of Colleges Wales, Jeff Protheroe of the National Training Federation Wales (NTFW) and Professor Ewart Keep from the Department of Education at Oxford University,



regarding the pandemic's effects on skills. The meeting particularly focused on apprentices and their training providers. The content of this short report is largely based on the evidence from that session.

Health and wellbeing of apprentices

4. The additional work apprentices are carrying out in exceptionally stressful conditions will be taking a toll on the mental health of many. The Committee was pleased to hear that Jeff Protheroe felt mental health is rising up the Welsh Government's agenda.

5. Whilst the health and social care sector is facing a challenge of overburden, the Committee is aware that other sectors are facing the exact opposite challenge, seeing a collapse in labour demand. Both Dafydd Evans and Jeff Protheroe noted that significant numbers of apprentices have been furloughed. Furloughing, and the uncertain future many apprentices are currently facing, will also be taking a toll on apprentices' health and wellbeing.

Recommendation 1. The Welsh Government should inform the Committee as to whether it is collecting data on mental health and wellbeing of apprentices centrally? If this is not happening how is the Welsh Government monitoring the mental health and wellbeing of apprentices?

Recommendation 2. The Welsh Government should lay out to the Committee of its actions to support the health and wellbeing of apprentices working in health and social care as well as apprentices who have been furloughed though the different challenges they are facing.

Youth Unemployment

6. Professor Ewart Keep warned the Committee about the "huge looming issue" of youth unemployment as tens of thousands of college and university students graduate this summer. These young people face a labour market that has seen a collapse in demand, with a third of Wales's workforce furloughed or taking advantage of the UK Government's self-employed assistance scheme. The Professor told the Committee that this will mean a "quite significant rise in young people who are not in employment, education or training" is "almost inevitable."

7. The Professor also told the committee that in a “labour market where there are lots of applicants and relatively few places, one of the key things they look for is relevant work experience, and young people who haven't got it lose out to adults.” He also informed the committee that in previous recessions “for the most disadvantaged young people, the key is the provision of work experience and transition support, but work experience is utterly critical.” He went on to say that periods of unemployment scar young people’s career prospects so we must work to avoid or minimise this as much as possible.

8. The Committee sees this as one of the most significant and fundamental challenges facing Wales in the medium-term as the nation seeks to recover from this pandemic. The scarring effect on the employment prospects of a generation of young people threatens their prosperity and well-being and would slow the national recovery.

Recommendation 3. The Welsh Government must take action to ensure high quality structured work experience opportunities, especially for people from deprived backgrounds, are part of Wales’ recovery plan.

Recommendation 4. The Welsh Government should set out to the Committee how it intends to approach the very serious challenge of youth unemployment, and its assessment of the resourcing that would be required.

Training Infrastructure and work opportunities

9. The Welsh Government’s post-16 education sector COVID-19 resilience plan notes the risk of an erosion of training infrastructure. Jeff Protheroe and Dafydd Evans informed the Committee they were very concerned about the effects of the planned 2020-21 budget of cuts for apprenticeships and employability support on their ability to provide training and maintain the infrastructure that will be so vital to the national recovery. Mr Evans told the Committee that in North Wales a 10% cut in next year’s contract value would, for various reasons actually lead to an alarming 50% cut in new students being able to start courses next academic year.

10. As well as the sector being able to train less people, Mr Evans said a 10% budget cut would also undoubtedly “create redundancies within the sector”. This was echoed by Jeff Protheroe of the NTfW who stated he thought that with “significant amount of funding reduction that's coming down the line, we are looking at redundancies”. If these redundancies take place Mr Evans and Mr Protheroe warned that they would not be easy to reverse.

11. The Committee agrees with the Welsh Government that there is a danger that training infrastructure will be eroded, and that if that happens it will be very hard to come back from. The Committee is particularly concerned for this reason at the apparent cut in funding for the apprenticeship programme and employability and skills in the First Supplementary Budget at a time when skills provision will be fundamental to the national recovery.

Recommendation 5. The Welsh Government should formulate robust plans to support the skills sector.

Recommendation 6. The Welsh Government should, urgently, set out what funding will be given to apprenticeships over the next year including setting out the amounts planned to be drawn down from EU funding, and the Covid-19 “Fighting Fund”.

Training in a less certain job market and the fair work agenda

12. Professor Keep raised a concern that an uncertain economy would lead employers looking to increase “labour by the hour” and “precarious, insecure, zero-hours contracts”. The Professor is concerned that these changes would mean “structured learning opportunities will not be available.” The Professor felt “there is a really key question about how the Government links skills to economic development, business support, business improvement and a fair work agenda”.

Recommendation 7. The Welsh Government should set out its views on the warning that an increase in labour by the hour will mean a reduction in skills training.

Recommendation 8. The Welsh Government should set out how it will link skills to economic development, business support, business improvement and the fair work agenda.