

**ECONOMY AND LABOUR MARKET****Fair Work in Modern and Graduate  
Apprenticeships in Scotland****Professor Patricia Findlay, Dr Robert Stewart & Dr Pauline Anderson****Scottish Centre for Employment Research, University of Strathclyde****Main Messages**

Awareness of fair work and Fair Work First was strong among key organisational stakeholders and large employers but was more uneven across small and medium sized employers and apprentices.

Apprentices could see the potential benefits of Fair Work First in setting minimum standards for employers that would reassure young people and counter any concerns they might have about apprenticeships.

Key stakeholders, employers and apprentices were supportive of all or most of the Fair Work First criteria, with some employers expressing concern about the adoption of the Real Living Wage.

Respondents largely thought that Fair Work First criteria should be adopted by the Scottish Government in relation to apprenticeships without adaptation.

Fair Work First criteria could be embedded through greater dialogue with employers, in collective bargaining agreements, and potentially as part of the Young Person's Guarantee.

Guaranteed apprenticeships for those experiencing labour market disadvantage were supported in principle, though a significant number of practical issues would need to be addressed to support their delivery.

The recommendations reflect the need for greater communications about fair work and the Fair Work First criteria, including of the benefits of their adoption; an assessment of the potential impact of the Real Living Wage; and identification of - and targeted support for - employers for whom the RLW will pose particular and real affordability challenges.

## Introduction and aims

This research was commissioned by The Scottish Government to explore opportunities to embed Fair Work First principles in Modern and Graduate Apprenticeships (MAs and GAs). Fair Work First asks that employers who deliver procured public services or who receive Scottish Government grant funding adopt fair working practices, specifically: *appropriate channels for effective voice, such as trade union recognition; investment in workforce development; no inappropriate use of zero hours contracts; action to tackle the gender pay gap and create a more diverse and inclusive workplace; and payment of the real Living Wage.*

The research objectives focussed on whether the Fair Work First criteria require adaptation in order to be applied to MAs and GAs; on recommendations to support the implementation of the Fair Work First criteria; and on potential approaches to ensuring that apprenticeships remain an attractive offer following implementation of the Fair Work First criteria. Collection of data on the impact of the pandemic on the progress of apprenticeships was included as an objective in July 2020.

To address these objectives, the research focused on the following:

- investigating employer, apprentices and wider stakeholders' views on the most appropriate mechanism for embedding and evidencing Fair Work First in the apprentice role/offer and in workplaces;
- the role of incentives and barriers for employers' engagement with apprenticeships, and how employers might respond if funding was subject to greater conditionality in the form of Fair Work First;
- identifying what forms of advice and support could be made available to employers to enhance the provision of Fair Work First; and
- research participants' views on guaranteed apprenticeships for those facing particular labour market disadvantages through disability or care experience.

## Methods and analysis

A flexible qualitative methodological design was adopted based on an informed deliberative approach. Research participants were given provided with pre-interview information on fair work and Fair Work First. Semi-structured depth interviews were conducted by telephone/online with ten key stakeholders, eighteen employers and twenty Graduate and Modern Apprentices, covering local labour markets in Glasgow, Perth and Inverness.

A thematic analytical approach was adopted, guided by the research objectives and the extant literature on apprenticeships and conditionality in public funding, alongside researcher knowledge of the skills, learning and fair work landscape.

## The impact of the Covid-19 pandemic on apprenticeships

Many research participants perceived that the pandemic had negatively affected the uptake of new apprenticeships and the placement and progress of existing

apprenticeships, and there was considerable concern over the impact on apprenticeships of the ending of the Coronavirus Job Retention Scheme (CJRS).

Apprentices report delays in their progress and completion of their training due to the shift to online homeworking and learning; off-the-job training providers shifting to virtual learning environments; and ongoing difficulties associated with conducting practical and/or observational on-the-job assessments.

Although employers highlighted disruptions to their recruitment of apprenticeships in 2020, many anticipated returning to 'normal' in 2021 and beyond. There was broad recognition that policy initiatives such as CJRS, Partnership Action for Continuing Employment (PACE) and Adopt an Apprentice have helped employers respond to the challenges they have faced.

## **Awareness of fair work and Fair Work First**

Key stakeholders and employers had greater awareness of fair work than apprentices. This knowledge spanned: the existence and work of the Fair Work Convention, including the Fair Work Framework; the requirement that training providers promote fair work with apprentice employers; and the requirement to deliver fair work in public sector procurement.

Public sector and large employers were more aware of and better understood fair work than small and medium sized employers (SME), or micro employers. There were moderate levels of awareness among SME employers, but little to no awareness of fair work among GAs and MAs.

Stakeholders and larger employers were uncertain about the alignment between fair work and other policy initiatives. Enhancing communications with employers, workers and other stakeholders might therefore raise awareness of the importance and benefits of fair work.

## **Views on Fair Work First**

Stakeholders, employers and apprentices were largely supportive of most of the Fair Work First criteria, and many recognise that the criteria are consistent with some employers' current practices and are what good employers should be doing. Employers recognised elements of Fair Work First in their own employment standards, policies, procedures and structures. Apprentices are positive and supportive of the Fair Work First criteria as reflecting good workplace standards.

## **Fair Work First and the Real Living Wage (RLW)**

Apprentices supported the payment of the RLW. Stakeholders and employers raised issues about the 'affordability' of the RLW because it represents a significant uplift to the current age-related training rates. Concerns were voiced that the RLW would impact negatively on differential pay rates in organisations; employers' use of younger people; and the numbers of available apprenticeships. Sectors including hospitality and childcare face particular challenges in paying the RLW.

Not paying the RLW, however, is inconsistent with the stated objectives of Fair Work First. This creates a challenging tension. Policy on apprentices' pay (for example, the National Minimum Wage Apprenticeship Rate) acknowledges that training rates of pay are not equivalent to rates for the relevant job because of the training, administration and supervision costs employers might incur. Addressing this tension requires insight into the real value and costs to employers of apprenticeships in specific sectoral and organisational contexts.

Variable pay rates that differentiate training time and wider job performance might be one way of addressing employer concerns over affordability. This approach is taken in some collectively bargained agreements on apprentice pay rates. This insight requires more focussed discussions with employers and relevant unions, a detailed economic assessment of the RLW impact; and potentially greater support given to employers in very specific contexts. It is important to note that current policy guidance on Fair Work First implementation highlights the possibility of some flexibility in how the RLW criterion of Fair Work First might apply to employers.

## **Benefits of apprenticeships and likely impact of Fair Work First**

Apprentices identified many benefits arising from their employment, study and training, and could see clearly the potential benefits of Fair Work First in setting minimum standards for employers that would reassure young people and counter any negative associations about apprenticeships, potentially bringing more people into positive engagement with apprenticeships.

## **Mechanisms for embedding Fair Work First**

There was little specificity on how best to embed FWF within the apprentice role/offer other than from trade union stakeholders who highlighted the role of embedding Fair Work First criteria in collective bargaining agreements as these apply to firms, sectors and across apprentice frameworks. Stakeholders and employers focussed more on embedding Fair Work First among employers through dialogue and persuasion, identifying potential benefits to employers and so extending its influence in existing workplace practices. Some participants raised a possible role for embedding Fair Work First in the Young Person's Guarantee.

## **Incentivising the adoption of Fair Work First**

Stakeholders and employers recognised that public financial support for apprenticeships *should* have conditions attached. Concerns focussed on what the specific conditions would be, how these would be applied and the consequences for employers of failing to meet Fair Work First conditions. The majority view was that the greater the level and depth of conditionality, the more employers would opt-out of taking on an apprentice, particularly SME employers. Most research participants supported a 'light-touch' approach with time for employers to adapt.

## **Guaranteed apprenticeships**

Most stakeholders and employers emphasised the crucial importance of finding the '*right person*' for an apprenticeship that aligned skills, capabilities and interests.

While broadly supportive of guaranteed apprenticeships for those facing labour market disadvantage, some employers identified practical challenges in understanding the individual capabilities of people with disabilities, the scale of workplace adaptations required and the availability of specialist support.

## **Advice and support on fair work and Fair Work First for employers**

Stakeholders and employers made suggestions about forms of advice and support required to enhance the provision of fair work and Fair Work First (some have been addressed in current Scottish Government guidance on Fair Work First). These included: the definition, visibility and place of fair work in Scottish Government policy agendas; the need for strong, independent, advocacy of fair work to raise awareness and the benefits for employers, focussing specifically on channels that engage with SME employers; working with Skills Development Scotland to reach SME apprentice employers in different sectors; and the need for clarity about what is required and expected of employers to meet the Fair Work First conditions.

## **Recommendations**

**Recommendation 1:** public bodies and agencies should increase efforts to champion fair work in apprenticeships.

**Recommendation 2:** relevant stakeholders, including the Fair Work Convention, should target the provision of information on fair work and Fair Work First specifically on SME employers and apprentices/young people.

**Recommendation 3:** development of specific Fair Work Guidance and best practice examples as these apply to apprenticeships.

**Recommendation 4:** identify challenge areas for paying the RLW to apprentices, develop/build upon existing collaborative structures to address challenges and highlight and disseminate good practice around the RLW.

**Recommendation 5:** develop a robust evaluation of the implementation of Fair Work First as early as possible and use this insight/learning on an ongoing basis to support further adoption/implementation.

**Recommendation 6:** develop 'light touch' but effective reporting and monitoring requirements to support Fair Work First and utilise workplace representation to support reporting and monitoring where present.

**Recommendation 7:** explore the lessons from flexible working arrangements operationalised during the COVID-19 public health restrictions to improve intelligence on the feasibility of guaranteed apprenticeships.

**Recommendation 8:** enhance joint employer/union activity around the governance of apprenticeships/Frameworks with specific emphasis on the delivery of the Fair Work First criteria.



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