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# Fair Work in Modern and Graduate Apprenticeships - Final Report



**ECONOMY AND LABOUR MARKET**



Scottish Centre for Employment Research  
University of Strathclyde

# **Fair Work in Modern and Graduate Apprenticeships in Scotland**

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Final Report  
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# Executive Summary

## Introduction and aims

This research was commissioned by The Scottish Government to explore opportunities to embed Fair Work First principles in the Modern and Graduate Apprenticeship offer in Scotland. Following the adoption of the Fair Work Framework, The Scottish Government has developed the Fair Work First approach that asks employers who deliver procured public services in Scotland, or who receive Scottish Government grant funding, to 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 aim of this research was to explore the opportunities to embed Fair Work First in the offer of the modern and graduate apprenticeship programmes (MAs and GAs). The research objectives were to consider whether the Fair Work First criteria require adaptation in order to be applied to MAs and GAs; to formulate initial recommendations to support the implementation of the Fair Work First criteria; and to identify potential approaches to ensuring that apprenticeships remain an attractive offer following implementation of the Fair Work First criteria. The research objectives were revised in July 2020 to include the collection of data on the impact of the pandemic on the progress of apprenticeships.

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
- the views of stakeholders and employers on a programme that guarantees apprenticeships to those facing difficulties entering the labour market, including the care-experienced or those with disabilities.

## Methods and analysis

A flexible qualitative methodological design was adopted based on an informed deliberative approach. Research participants included key stakeholders, employers and apprentices who were provided with relevant pre-interview information about

fair work and Fair Work First. Following a revision of methods in response to the COVID-19 pandemic, 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 much uncertainty among participants about what will happen to apprentice jobs and workplaces after the end 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, PACE and Adopt an Apprentice have helped employers respond to the challenges they have faced in 2020 and into 2021.

## **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 of 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 reported uncertainty about alignment between fair work and other policy initiatives, and its links to other employment and

apprenticeship policies, and few research participants were aware of the detail of the Fair Work First criteria. This raises the potential for enhancing communications with employers, workers and other stakeholders on the fair work agenda to raise awareness of its importance and benefits.

## **Views on Fair Work First**

Stakeholders, employers and apprentices are largely supportive of most of the Fair Work First criteria. There is a general recognition that the different elements of Fair Work First are what good employers should be doing and consistent with current practices of good employers. Some employers recognised the elements of Fair Work First in their own employment standards, policies, procedures and structures. Apprentices are very 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 apprenticeship and training opportunities, particularly if existing age-related pay rates were removed. Certain sectors including hospitality and childcare were identified as facing particular challenges in paying the RLW.

Departure from paying the RLW, however, is inconsistent with the stated objectives of The Scottish Government in launching 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 better 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 while also supporting a commitment to fair work for apprentices. This approach is taken in some collectively bargained agreements on apprentice pay rates. Generating 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.

Current Scottish Government 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. While guidance promotes payment of the RLW to apprentices throughout their apprenticeship and urges that this should not limit pay rates, the guidance also suggests that employers on a journey towards paying the RLW can be exhibiting good practice.

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

Apprentices identified a range of 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 offer reassurance and counter negative associations that some young people have about apprenticeships. Apprentices saw Fair Work First as having the potential to bring 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 were more likely to focus on embedding Fair Work First among employers through dialogue and persuasion, that is, through generating greater awareness of fair work, identifying potential benefits to employers, and in so doing extending its influence and embedding it in existing workplace practices. A possible role for embedding Fair Work First in the Young Person's Guarantee was raised.

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

Stakeholders and employers recognised that public financial support for apprenticeships should have conditions attached that apply to employers. Any concerns focussed on what the specific conditions would be, how these would be applied and the consequences for employers of failing to meet or deliver on 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 and an emphasis on the potential benefits of fair work to the employer.

### **Guaranteed apprenticeships**

Most stakeholders and employers emphasised that the overarching principle in recruitment practice was finding the 'right person' for an apprenticeship that matched their skills, abilities, capabilities and interests. While broadly supportive in principle of guaranteed apprenticeships for those facing labour market

disadvantage, some employers emphasised practical challenges in relation to people with disabilities in understanding individual capabilities, the scale of workplace adaptations required and the availability of specialist support to employers, about which there did not appear to be widespread knowledge.

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

Stakeholders and employers made a number of suggestions about forms of advice and support required to enhance the provision of fair work and Fair Work First (some of which 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**

A consideration of the evidence leads us to make the following 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.

# Part One: Introduction, aims and objectives

## Introduction

This research was commissioned by The Scottish Government to explore opportunities to embed Fair Work First principles in the Modern and Graduate Apprenticeship offer in Scotland. The Fair Work Action Plan (2019)<sup>1</sup> sets out how The Scottish Government will deliver their ambitions on fair work across Scotland. Fair work is central to Scotland's Economic Strategy and can deliver a range of benefits to employers, employees/workers and the Scottish economy. The Fair Work Convention's Fair Work Framework (2016)<sup>2</sup> identifies five core dimensions of fair work and emphasises the role of effective voice as critical to the achievement of the other dimensions:

- **Security** – including fair pay and minimally the Real Living Wage (RLW), no inappropriate use of zero-hour contracts and flexible working aligned to caring responsibilities;
- **Opportunity** – including access to employment and to job/career development opportunities at work;
- **Respect** – including respect for health and well-being, family life and work-life balance, and for contribution, whatever the role;
- **Effective Voice** - enabling workers at all levels to have a voice that is listened to and influential, including through union recognition and collective bargaining; and
- **Fulfilling work** – that utilises skills and invests in training, learning and development.

Following the adoption of the Fair Work Framework, The Scottish Government developed the Fair Work First approach. This approach asks employers who deliver procured public services in Scotland, or who receive Scottish Government grant funding, to 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

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<sup>1</sup> Fair Work Action Plan (2019). Scottish Government: Edinburgh (see <https://www.gov.scot/publications/fair-work-action-plan/>).

<sup>2</sup> Fair Work Framework (2016). Fair Work Convention. APS Group: Edinburgh.

- payment of the real Living Wage.<sup>3</sup>

The Scottish Government committed to extending the Fair Work First criteria to as many public funding streams, business support grants and public contracts as possible by the end of the 2021 parliamentary term. This commitment envelopes the Apprenticeship Family and all Scottish Government-funded frameworks. From 2020/21, Skills Development Scotland (SDS) will apply Fair Work First criteria to all providers awarded contracts to deliver a number of its training programmes, including Modern Apprenticeships (MAs)<sup>4</sup> and Graduate Apprenticeships (GAs)<sup>5</sup>. The contractual terms include a requirement that contractors promote Fair Work First to employers.

This research explores opportunities to embed Fair Work First in the offer of these apprenticeship programmes. There is a limited pre-existing evidence base on awareness of the Fair Work First criteria and the views of employers, training providers and apprentices; of how the Fair Work First criteria might align with the distinctive characteristics and context of the apprentice role; or on potential implementation issues.

## **Research aims and objectives**

This research project was commissioned to provide evidence on the applicability, relevance, opportunities and potential mechanisms/options for embedding Fair Work First principles in the Apprenticeship Family. The overall aim of the research is to explore opportunities to embed Fair Work First principles in the MA and GA offer by engaging the views of stakeholders, apprentices and employers. The main research objectives are:

- to consider whether the Fair Work First criteria require adaptation in order to be applied to MAs and GAs;
- to formulate initial recommendations (e.g. options, potential mechanisms) to support the implementation of Fair Work First criteria; and
- to identify potential approaches to ensuring that apprenticeships remain an attractive offer following implementation of Fair Work First criteria.

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<sup>3</sup> Fair Work First: guidance to support implementation (2021) Available at: <https://www.gov.scot/publications/fair-work-first-guidance-support-implementation/>

<sup>4</sup> MAs allow workers to gain industry-recognised qualifications and employers to develop their workforce through training new staff and upskilling existing employees. MAs are administered by SDS on behalf of The Scottish Government with employers receiving a funding contribution for training. There are over 80 MA frameworks covering a range of industries developed by Skills Sector Councils (SSC's) and other industry-led bodies.

<sup>5</sup> GAs are industry-recognised, degree-level work-based programmes offered in key sectors that require skilled employees. Gas are delivered through partnerships of universities and employers and combines academic and work-based skills development. Unlike MAs where the cost of training is not fully publicly funded, GA formal training is fully funded by The Scottish Government.

To address these objectives, the research focused on the following distinct areas of interest:

- employers', and other key stakeholders' views on the Fair Work First criteria;
- employers', apprentices' and other key stakeholders' views on the most appropriate mechanism (or set of mechanisms) for embedding and evidencing FW within the apprentice role/offer and in apprentices' workplaces;
- the role of potential incentives and barriers to employers' engagement with apprenticeships, and employers' views on their response if apprenticeship funding was subject to greater conditionality in the form of Fair Work First;
- the views of stakeholders and employers on an apprenticeship programme that guarantees apprenticeships for those facing difficulties entering the labour market, including those who are care-experienced or those with disabilities; and
- forms of advice and support that could be made available to employers to enhance the provision of fair work in apprenticeships.

Key to identifying approaches that will ensure that apprenticeships remain an attractive option also requires understanding of:

- whether apprentices view themselves as an 'apprentice', as opposed to an employee, learner or student;
- employer and apprentice views on whether Fair Work First should amend existing age-related pay rates for apprentices;
- what makes apprenticeships an attractive option to those seeking to develop work-based skills while in employment; and
- the extent to which Fair Work First would make apprenticeships more attractive to those seeking to develop work-based skills while in employment.

This research was commissioned then paused before the start of fieldwork due to the Covid-19 pandemic. While not originally envisaged in the research specification, the research objectives were revised in July 2020 to include the collection of data on the impact of the pandemic on the progress of apprenticeships.

## **Research Design**

To address the research aims and objectives, a flexible qualitative methodological design was adopted based on an informed deliberative approach. The intention was to conduct semi-structured depth interviews with key stakeholders and focus groups with employers and apprentices. It was anticipated that the main fieldwork phase would include six focus groups (three with employers and apprentices respectively). Following a formal contractual 'pause' to the research (in late March

2020) as a result of the onset of the COVID-19 pandemic and associated public health restrictions, the research plan was revised in July 2020.

A short feasibility exercise was conducted with SDS representatives in October 2020 to assess whether the research could still proceed effectively in an economic environment dominated by the extensive use of furlough, continuing lockdown restrictions in key sectors and reports of apprentice redundancies in particular areas such as hospitality and retail. The outcome of this feasibility exercise was twofold: first, that apprenticeships appeared to be 'holding up' and being sustained in key and essential areas such as construction and engineering; but second, that the outlook was significantly worse in the hospitality and retail sectors. On this basis it was decided to continue the research but exclude employers and apprentices in these sectors because of the continuing uncertainty, not just about the numbers of apprenticeships but also due to the very particular challenges faced by employers and apprentices in these sectors.

The revised research design included the suspension of all face-to-face contact with research participants in line with public health restrictions. It was decided that telephone/online interviews were a more appropriate method of data collection than focus groups in light of restrictions on direct social contact, and could provide more opportunities to explore and develop a deeper understanding of the impact of the pandemic. It should be acknowledged, however, that the shift to telephone/online interviews potentially negated some of the possible benefits of focus groups, for example, where a more interactive approach might have stimulated debate on 'new' or 'novel' issues with participants. Switching to depth interviews also significantly extended the fieldwork phase of the research and the time required to analyse findings.

**Pre-interview information provision:** in order that the research participants were able to give considered reflection on both fair work as it is understood in Scotland and the specific nature of the Fair Work First criteria, all participants were provided summary information in advance of the interviews. This pre-interview information ensured that participants had an opportunity to consider the issues that underpin fair work and Fair Work First and were not being asked about these 'cold' and uninformed.

Interview data was collated from three groups: key stakeholders, employers and apprentices. Key stakeholders were representatives from agencies and bodies relevant to SDS and apprenticeships and trade unions. Stakeholders were identified from consultation with members of the Research Advisory Group (RAG) and other known sources. Employers were selected to reflect the wider population of apprentice employers (including variation in terms of employer size, sector and

local labour market). All apprentices were currently engaged in GAs or MAs at the time of the research and all who took part in the research were offered a financial incentive (their choice of a £40 retail voucher) to encourage participation.

After undertaking and conducting an initial analysis of the data from the semi-structured depth interviews the final piece of fieldwork was a roundtable discussion. Roundtable participants included stakeholders and employers who had taken part in the research. The roundtable involved providing summary feedback on some of the initial key findings and a discussion around a number of important issues raised by the study. The output of the roundtable discussion was particularly useful and has been incorporated throughout in findings.

### **Fieldwork design and sample**

The fieldwork was designed to access relevant populations of employers and apprentices and to cover key variations in workforce size, sector and local labour markets (employers) and apprentices (MA and GA). Three local labour market areas were selected for the research: Glasgow, Perth and Inverness. These areas broadly reflected urban, semi-rural and rural geographies and labour markets. Apprentices and employers were contacted through a range of channels (e.g. email, telephone) and invited to participate in the research.<sup>6</sup> Details of the number of research participants by stakeholder group is provided in Table 1.

A more detailed breakdown of the sample is included in Appendix A. This shows that representation across key employers of varying workforce size (including micro-employers) and key sectors was delivered. Similarly, with apprentices, a sample spread across key GA and MA frameworks and sectors was achieved. Apprentices were also spread across age groups and there was a 52:48% split in favour of female research participants.

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<sup>6</sup> SDS data provided a range of key information on apprentices under a data sharing agreement, that supported the identification and purposive recruitment of employers and apprentices. Contacts were used to identify appropriate employer representatives (e.g. those in roles in HR and in Learning & Development in larger and medium-sized organisations, and owners and senior managers in smaller companies and micro employers). Employers were also identified via publicly available information on members of the Scottish Apprenticeship Advisory Board's *Employer Engagement Group*.

**Table 1: Research Participants by Type and Local Labour Market (n)**

Participant Group	Glasgow	Inverness	Perth	Total
Stakeholders	-	-	-	10
Employers <sup>7</sup>	6	6	6	18
GA Apprentices <sup>8</sup>	8	-	-	8
MA Apprentices	-	6	6	12
Roundtable Discussion Group	-	-	-	27

Throughout the report the term ‘apprentice’ is used to include all those who took part in a SDS-recognised GA and MA apprenticeship framework. However, it is important to understand that although an individual or their employer was currently participating in an MA or GA programme, this did not mean that individuals or their employers used or identified with the term ‘apprentice’. It was clear from the interviews with ‘apprentices’, that people in younger age groups and those with less formal work experience, and those employers with dedicated ‘apprentice’ grades and structures, were the most likely to use the term ‘apprentice’ to describe their working status and role. This included all of those in the GA group undertaking 4-year degree apprenticeship training. MA apprenticeship frameworks, however, include those training for shorter time periods (e.g. 12, 18 or 24 months). These types of courses are often used to upskill existing employees, and research participants in these groups were more likely to describe themselves as ‘employees’ to reflect their status (although in Scotland all SDS-framework apprentices are formally employees). This difference in terminology reflects a common (though not wholly accurate) understanding of the term ‘apprentice’ as meaning relatively young workers with limited experience working in skilled and semi-skilled trades in construction and engineering. In areas such as social care and digital services, those who were formally apprentices said that their period of MA training or study was only one part of their wider job tasks and role, and that it was easier to use the term ‘employee’ to avoid any misplaced client concerns about

<sup>7</sup> All employers in Glasgow were large and GAs were recruited from this area to reflect their greater proportion among these employers.

<sup>8</sup> The population of MAs are more numerous than GAs by about 2:1 and this was reflected in our research design and recruitment.

their inexperience and suitability for their job, roles and tasks. Consequently, experienced older workers largely saw themselves as ‘employees’.

Interview guides were developed for stakeholders, employers, GAs and MAs. Interviews tended to last between 25 and 50 minutes, although some were significantly longer. All interviews were recorded (where consent was given). Interviews with stakeholders took place over November 2020 to March 2021; with employers over January 2021 to March 2021 and with apprentices over January to February 2021. The roundtable took place in April 2021. The fieldwork was shaped by the ongoing public health regulations arising from the pandemic. The data and insights must be seen as arising within this distinctive context.

A thematic analytical approach was adopted, guided by the research objectives and the extant literature on both apprenticeships and conditionality in public funding, alongside research team knowledge of the broader skills, learning and fair work landscape. Themes were cross-checked across the SCER research team. Research interviews were partially transcribed, stratified both thematically and by research respondent type, using Excel to assist qualitative data manipulation and analysis. Engaging with the range of groups and individuals covered in this research allows for multiple and potentially conflicting issues to surface and ensures that no single stakeholder view (collective or individual) dominates the analysis. The data allow for a wide-ranging assessment of the views of different groups on opportunities to embed Fair Work First principles in the MA and GA offer, and for variation in views by participant sub-group to be highlighted where appropriate. To protect the anonymity of individual participants and their respective organisations/employers, all illustrative quotes presented in the findings section are attributed to the broad stakeholder groupings outlined in Table 1 only and related non-identifying information.

This research, like much other work and labour market-related activity, was significantly affected by the Covid-19 pandemic, and the impact on research methods and timetable has been outlined previously. The fieldwork was delayed but was ongoing during the second period of formal lockdown in October 2020 and the third lockdown from early January 2021. This meant that the sample of stakeholders, employers and apprentices were, like many members of the working population, working from home and subject to a set of new, multiple and competing demands on their working and domestic commitments, which created challenges in accessing research participants and scheduling fieldwork.

Part Two of this report outlines the research findings. Part Three offers concluding reflections on the Fair Work First criteria and their adoption and adaptation into the



apprenticeship family in Scotland, as well as, offering recommendations on how this can be best achieved.

## Part Two: Findings

This section presents the main research findings and is organised around the following themes/topic areas: the impact of the Covid-19 pandemic on apprenticeships; awareness of fair work and FWF; views on FWF; Fair Work First and the Real Living Wage (RLW); benefits of apprenticeships and likely impact of FWF; mechanisms for embedding FWF; incentivising the adoption of FWF; guaranteed apprenticeships for specific groups who experience labour market disadvantage (such as those who are care-experienced or disabled); and advice and support on fair work and Fair Work First for employers.

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

There was a general consensus and consistency across stakeholders, employers and apprentices about the impact of the Covid-19 pandemic on apprenticeships. The main message recounted by research participants was that, in their view, the pandemic had negatively affected the uptake of new apprenticeships, as well as the placement and progress of existing apprenticeships. Stakeholders reported significant reductions in apprenticeship numbers in 2020 and believed that this would continue in 2021 as employers absorb the economic costs of the pandemic, before picking up in 2022 and beyond.

Stakeholders reflected on the differential impact of the pandemic on specific sectors, highlighting that while apprenticeships in sectors such as construction, engineering and in sectors employing 'essential workers' were being sustained, redundancies were emerging and would continue to emerge in hospitality and retail. Some stakeholders anticipated up to a 33 per cent reduction in apprenticeships in 2021 but believed that these numbers could recover in the medium and longer term. However, there was considerable uncertainty about what will happen to jobs and workplaces after the end of the Coronavirus Job Retention Scheme (CJRS).

Employers highlighted a number of disruptions to their recruitment of apprenticeships in 2020. Some had suspended or delayed their apprentice recruitment process. However, these employers did anticipate returning to normal over the course of 2021 and most employers spoke about there being no change to the numbers of apprentices they will employ in 2021 and in 2022 from their pre-pandemic numbers. Two large employers also spoke about looking at expanded numbers of apprentices in the next three years. Going forward, stakeholders and employers were largely positive about apprentice numbers and expected these to return to normal after 2021.

Some employers spoke about workplace support for new apprentices in 2020 and their appreciation of the particular difficulties being faced by new starts, who would

otherwise normally be expected to work in public-facing and/or in office-based environments, and whose experience to date of their new employer and work colleagues had been largely online and in virtual settings. This aspect was also identified by two of our apprentice participants whose experience of the workplace to date had been largely or wholly virtual and digital.

All stakeholders, employers and apprentices spoke of their appreciation of the CJRS and the help this provided in retaining apprenticeships. For stakeholders, their views on the efficacy of schemes such as the Partnership Action for Continuing Employment (PACE)<sup>9</sup> and the Adopt an Apprentice<sup>10</sup> initiative were supportive: particularly around the practical financial support being provided by the Adopt an Apprentice initiative to help support the continued training of existing apprentices. This suggests that policy initiatives have been helpful in responding to the challenges employers and apprentices have faced over 2020 and into 2021.

Stakeholders and employers also highlighted Covid-19 related impact in terms of a delay to the progress of current apprentices. This was confirmed in interviews with apprentices who reported delays in their progress and the completion of their training ranging between 3-6 months at the point of interview. Apprentice participants strongly welcomed their employer's actions to support their jobs and the reassurances that some reported that they had been given about the security of their jobs and training. The latter was seen as particularly important by around a third of the sample who reported their experiences of furlough. Some employers and apprentices also used Covid-19 required homeworking as an opportunity to focus on the more theoretical elements of their study and training.

The main factors influencing delays to progress and completion were:

- the shift to online working and learning from April 2020 which meant an inevitable delay as employers and apprentices had to acclimatise to a new homeworking approach, including ensuring that all employees had the materials and resources to enable them to work from home;
- off-the-job training providers had to shift to wholly virtual learning environments and new digital software platforms and systems; and
- continuing difficulties associated with conducting on-the-job apprentice assessments where these involved practical tasks and/or observational elements. For apprentices this meant that they were unable to complete parts of their training (for example, practical engineering tasks, customer service,

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<sup>9</sup> A Scottish Government initiative, delivered by SDS, offering inter-agency advice, help and support to employers facing redundancy situations.

<sup>10</sup> This Scottish Government initiative, managed by SDS, offers employers £5000 for recruiting an apprentice who has been made redundant by their employer.

carer interactions) because of lockdowns and social distancing restrictions around face-to-face interaction.

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

In general, there was greater levels of awareness of fair work among stakeholders and employers compared to apprentices. Public sector and large employers were more aware of fair work than small or medium sized enterprises (SMEs) or micro employers (employing fewer than 10 employees), with the former groups able to refer to the existence and various outputs of Scotland's Fair Work Convention. Fair work was best understood and applied by stakeholders and larger employers, particularly those in the public sector. There were moderate levels of awareness among SME employers and little to no awareness of fair work among GA and MA apprentices.

Stakeholders and larger employers (particularly in the public sector), were very aware of the term 'fair work'. They were able to discuss fair work in detail and identify it as part of their existing approaches and efforts to 'invest in people'. Many could cite various policy initiatives and documentary sources and spoke about its current use in public sector procurement procedures. To illustrate, this knowledge included:

- the existence and work of the Fair Work Convention;
- awareness of the Fair Work Framework;
- the requirement of training providers to promote Fair Work with apprentice employers; and
- the requirement to deliver fair work in public sector procurement.

Four large employers (two public sector) also spoke about the practical utility of the Fair Work Framework document and described how they have used this as guidance on standards to embed into their HR policy structures and practices.

As a group, SME and micro-employers were generally less aware of fair work. Some were aware of the term but could not speak about the concept with any in-depth of knowledge of what it meant or how they applied it in their workplace policies, procedures and practices. However, even some larger employers felt that fair work was not generally well understood by employers in Scotland. There was a moderate level of uncertainty about where fair work was positioned in Scotland's

policy landscape, and its links to other related policies covering employment and apprenticeships, such as the new Young Person's Guarantee<sup>11</sup>. These points were also echoed by some employer participants who attended the roundtable discussion event, who also highlighted the overlapping policy landscape relating to work and workplaces and the difficulties this created for employer understanding. This raises the potential for enhancing communications with employers, workers and other stakeholders on the fair work agenda to raise awareness of the importance and benefits of fair work.

For the GA and MA research participants, there was much more limited awareness. None of the apprentices were aware of the term fair work or of its meaning as operationalised in Scotland<sup>12</sup>. However, their initial first impressions of fair work once introduced to it were positive and supportive.

Not surprisingly, given the relatively recent publication of the Fair Work First criteria, significantly fewer research participants were aware of this development, and at the time of interviewing for many participants (that is, prior to January 2021), the Fair Work First Guidance to support implementation<sup>13</sup> was not available to inform them.

## **Views on Fair Work First**

Stakeholders, employers and apprentices were largely supportive of most of the Fair Work First criteria. Although one stakeholder and one employer described the Fair Work First approach as a 'luxury', particularly in the context of recovering from Covid-19 (i.e. assuming that the job quality focus of Fair Work First would be displaced by a greater emphasis on job creation), there were few criticisms of most of the Fair Work First criteria. Instead there was a general recognition that the different elements of Fair Work First were, as a package, exactly what good employers should be doing. Employers recognised elements such as the continued investment they make in their apprentices' skills and training, the contractual security of employees, paying people the same rate for doing the same job and their existing mechanisms for voice in their own workplace as indicators that fair work was already part of their employment standards, policies, procedures and structures. Overall, then, actively pursuing a fair work agenda and Fair Work First

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<sup>11</sup> The ambition of the Young Person's Guarantee is that every 16-24 year old in Scotland will have the opportunity of a job, placement, training or volunteering. This includes opportunities of an apprenticeship and 'fair employment' including work experience. The Young Person's Guarantee is one of the main recommendations made by the Advisory Group on Economic Recovery from Covid-19, established by the Scottish Government.

<https://www.myworldofwork.co.uk/youngpersonsguarantee>

<sup>12</sup> UNISON and SDS are currently piloting a fair work awareness session for senior phase pupils, which could be extended nationally in the new school year in August 2021.

<sup>13</sup> Scottish Government (2021) Fair Work First: guidance to support implementation. Available at: <https://www.gov.scot/publications/fair-work-first-guidance-support-implementation/>

were viewed largely as unproblematic and consistent with current practices across good employers.

GAs and MAs were the least aware of fair work but their initial impressions of this and the Fair Work First criteria were very positive and supportive. They saw the Fair Work First criteria as important workplace standards to have in place and they were able to identify specific criteria that they liked, and to give reasons for their choices (e.g. action to address the gender pay gap, because people should be paid the same for doing the same job and equal pay matters to the overall gender pay gap; and appropriate channels for effective voice, because people should have a say in decisions that affect them at work). Similar to employers, both GA and MA apprentices were also able to identify a number of different ways in which their employers and workplace practices reflected different aspects of the Fair Work First criteria: for example, access to dedicated training programmes and opportunities to develop their future skills, workplace supports such as paid study leave and mentoring/buddy systems, employers asking for their views on their training, and the availability of different mechanisms to raise any issues of concern with employers.

As a whole, GA and MA apprentices were able to identify with some or all of the Fair Work First criteria. Most apprentice participants saw the Fair Work First criteria as consistent with the existing practices of their current employers. There were some very good discussions of how they thought aspects of the Fair Work First criteria were embedded in the prevailing practices and culture of their employers. Two typical responses from GAs are given below:

“I relate it (i.e. Fair Work First) to my employer and they’re an established apprentice employer. They do this stuff very well. We get sent to College, get training and sent to Uni. We have contractors but we don’t have anyone in (the company) on zero-hour contracts. Not sure on the gender pay gap but I would expect that we pay everyone the same rate for the same job. And I’m a trade union member so voice is actively encouraged.”

[GA, age 28, Engineering]

“People do need a voice and we are asked for our opinions at work along with mentoring and buddy systems to support us if we have any problems or issues. We have monthly early careers meetings and discuss any issues we have. We are able to give constructive feedback and they listen. Senior leaders are very interested in early

careers and there are other employee forums that are open to us.”

[GA, age 20, IT]

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

As reported above, most of the Fair Work First criteria were relatively unproblematic for most stakeholders, employers and apprentices. However, there were a number of issues raised by stakeholders and employers concerning the cost or ‘affordability’ of the RLW. While it was recognised by stakeholders that many employers already pay above the rates of the National Minimum Wage (NMW) and the National Living Wage (NLW), the RLW represents a significant uplift to the current age-related training rates<sup>14</sup>. While some stakeholders identified similar types of employer concerns that were raised at the time of adopting the NMW, others felt that adopting the RLW would be a strong disincentive for SME and micro employers to use apprenticeships. The RLW criteria was also perceived as likely to challenge employers in sectors such as hospitality, retail and early years and other low-pay sectors and particularly onerous for many others if this meant removing existing age-related pay rates for apprentices. For some stakeholders there were a number of consequences of adopting the RLW element of Fair Work First into apprenticeships, including concerns that the RLW criteria would impact negatively on:

- differential pay rates in organisations with a knock-on effect on wider pay scales for other (more experienced) staff;
- employers’ use of younger people and may shift the balance of their recruitment towards those in more experienced age groups; and
- the numbers of available apprenticeship and training opportunities, particularly if existing age-related pay rates were removed.

These concerns were mirrored by the views of employers (large, SME and micro). While there was a recognition by some employers that the existing age-related minimum wage rates were too low (which is why they paid apprentices above the NMW and NLW), some were concerned that the RLW criteria in Fair Work First would effectively replace this structure and make apprenticeships unaffordable for some employers. Although it was recognised that apprentice pay rates were a concern in some jobs where apprentices were paid a lower rate than others for

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<sup>14</sup> For example, the Apprentice Pay Survey (2018/2019) shows that the vast majority of Level 2/3 modern apprentices (82%) were paid at or above the NMW and National Living Wage (NLW) rates. Nearly 60% were paid more than the NLW. In other words, it is not uncommon, unusual or rare for apprentices to be paid above the existing age-related training rates. On these figures, employer compliance on pay is already currently very high among modern and graduate apprenticeship employers. The RLW is voluntary for employers and applies to every employee over 18. The current RLW is £9.50 per hour.

effectively doing the same sets of tasks, in other circumstances pay reflected the lack of work experience and the lower skill levels of apprentices. Consequently, adopting the RLW was an issue that would require:

- more extensive and detailed discussion with apprentice employers and trade unions where present;
- a more detailed economic assessment of the impact of adopting the RLW on apprentice employers; and
- potentially greater financial support and funding given to employers by Scottish Government to facilitate delivery of the RLW to apprentices.

Issues about the RLW featured heavily in discussions at the stakeholder roundtable. In particular, discussions focussed on two issues: the age-related training rate for apprentices and of employer pay variations. It was recognised by some that unionised workplaces generally had better rates of pay and conditions than non-unionised workplaces. However, it was highlighted that in some sectors with relatively large numbers of SME employers, such as hairdressing, retail and hospitality, the lack of trade union presence meant no such positive influence on pay rates.

In terms of the affordability of the RLW for employers, stakeholders recognised that pay rates are complex and vary across and within employers. Examples were given of employers who pay different on-the-job and off-the-job training rates to apprentices, and of apprentices in the engineering sector who were paid below the RLW in the first two years of their apprenticeship but who reach comparable RLW levels by their third year and beyond. Paying the RLW is not a simplistic consideration and process for employers and there was a relatively high level of uncertainty about its impact on employers and what this may mean for apprentice numbers going forward.

What did GA and MA apprentices think of the RLW? It should be noted that for those apprentices already paid above the RLW there was no suggestion of, or appetite for, a levelling down of their pay to the RLW. In general apprentices:

- recognised the issue of low pay in some MA apprenticeships and were broadly supportive of moves towards the RLW;
- thought low pay rates were associated with some 'cheap labour' MA apprenticeships which were poor quality not only in terms of pay but were also associated with limited prospects of continued job security and 'being kept on';
- thought low pay rates made some MA apprenticeships (e.g. in construction) unattractive to young people and were a barrier to uptake, particularly for



those in older age groups (with more domestic commitments) who could not afford to take these jobs); and

- thought that age-related pay bands were merited because less experienced staff in training should be paid less than more experienced, skilled employees.

Some typical examples of their views are outlined below. These examples highlight a number of important issues for apprentices and the link between wage (or rewards) levels and job satisfaction, commitment, motivation (e.g. willingness to work additional hours); psychological self-esteem and being valued at work; retention and turnover; and, the disincentives (or barriers) to take on an apprenticeship for those in older age groups with domestic financial commitments. For example:

“I know there’s people who don’t have my wages and they feel exploited. If you pay better wages you get happier people, people who feel appreciated. I worked more hours last week but I don’t mind that, they appreciate me and I don’t mind giving that back but others really do mind doing that”

[GA, age 28, Engineering]

“You do see low wages with some modern apprenticeships, some get paid buttons. I get paid alright...people who’ve left here (i.e. employer) it’s partly down to the wages, they can’t keep it going.”

[MA, age 34, Early Years]

“You wouldn’t associate a good wage when being an apprentice but I’m lucky to be in a position where I get a good wage, get regular pay rises and reviews...the problem of wages are in modern apprenticeships and people working full-time working and doing a hard graft without getting a lot for it, so I get the bit about the real living wage. My partner is looking for a modern apprenticeship just now and the wages on offer are not enough to support a household. If you’re independent (living arrangements), it’s not enough to keep it going and a bit more would make it more attractive to more people. You can talk all you like about wanting a career pathway but in your circumstances it all comes down to the money.”

[GA, age 22, Engineering]

“Low wages are exploitative. People accept these low paying jobs as the only way to get the learning. I’m lucky, I’m well-paid but other apprentices are on half the money we’re on. It isn’t fair but there has to be a baseline...these apprentices end up leaving after the apprenticeship because they haven’t been treated well. Here we’re always told that having an apprenticeship isn’t a job guarantee but I don’t know anyone who has been paid off afterwards.”

[GA, age 31, Engineering]

These comments illustrate the importance of a fair wage for apprentices in a range of circumstances. The RLW reflects a calculation based, as the name implies, on the hourly wage required to live in the UK (outside of London). The Scottish Government strongly supports the adoption of the RLW by employers, and this is reflected in the Fair Work First criteria. Any departure from this criterion potentially signals that a wage that someone can live on is not required of employers in receipt of public support and undermines the effectiveness of the Fair Work First criteria in delivering fair work.

However, policy initiatives relative to apprentices’ pay (for example, the National Minimum Wage Apprenticeship Rate) acknowledge implicitly that that training rates of pay are not equivalent to rates for the relevant job because of the training, administration and supervision costs to employers of supporting apprenticeships. This non-equivalence between apprenticeship pay and the going ‘rate for the job’ is also accepted in some collective agreements between trade unions and employers at sector-level, and indeed in this research, apprentices themselves were supportive of pay differentials between those in training and those fully proficient in a job.

Fully squaring the circle between these two positions is not possible. This leaves two options. The first - requiring that employers meet all Fair Work First criteria in relation to apprenticeships - is likely, according to the participants in this research, to reduce the number of available apprenticeship places, albeit that these fewer places would, other things remaining equal, be of a higher quality. It is worth remembering, however, that there is some limited flexibility for employers in the current Scottish Government Guidance on Fair Work First, and that as employers need access to skilled workers, the provision of publicly funded training for apprentices still represents a benefit to employers of participating in apprenticeship frameworks.

The second option acknowledges that the distinction between training and performing is a legitimate concern of employers in wage setting, and that there may

be a case to be made for adapting the RLW criterion in Fair Work First in relation to apprenticeship training. Within this option, alternative scenarios were highlighted by research participants:

- some suggested that the RLW could not be paid at all to apprenticeships in their company or sector (on affordability grounds);
- others highlighted arrangements whereby training rates applied during formal training periods (for example, when at college) while higher rates applied while 'on the job', often in industries with negotiated agreements between employers and trade unions over apprentices' pay; and
- in some sectors, apprentices' pay was below the RLW in the earlier years of their apprenticeship but progressed to be above the RLW in later years, again, most commonly where there was a negotiated agreement in place.

These scenarios have different ramifications for policy on Fair Work First in apprenticeships. Turning to those employers concerned over affordability, these might either be exempted from the RLW criterion in some way, or given some additional financial support to meet the RLW criterion, and/or given a longer time period in which to make any possible adjustments. Exemption or delay, however, do not deliver the level of remuneration to individual apprentices on which they can live sustainably and cannot be longer-term approaches if the objectives of Fair Work First as envisaged by The Scottish Government are to be achieved.

Turning to variable pay rates for formal learning or training time, or variable rates under negotiated agreements on apprenticeship framework, these arrangements are implicitly (and sometime explicitly) based on either the time spent in formal training and/or the time to proficiency in a job. This might represent one way of addressing employer concern over the costs of apprenticeships, if the Fair Work First criteria differentiated between training time and wider job performance, with the latter paid at the RLW but some scope to depart from this in relation to training. This is, of course, more problematic to assess across quite distinct apprenticeship frameworks where the balance of on the job and formal training and where the specific needs of apprentices in pace of learning varies considerable. It is worth noting that the most recent Apprenticeship Pay Survey 2018/19 – Scotland (2020)<sup>15</sup> highlighted that only 44% of Levels 2 and 3 of apprentices received on average at least one day of training per week (though this is higher in some frameworks, e.g. 71% in Hairdressing). These variations may be highly significant to the calculations that employers make about the affordability of apprenticeships (separate from constraints arising from employers' specific business models) and to their

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<sup>15</sup> Apprenticeship Pay Survey 2018/19 - Scotland BEIS Research Paper Number 2020/001.

Available at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/857211/aps-2018-19-scotland-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/857211/aps-2018-19-scotland-report.pdf)

willingness to pay the RLW to apprentices, and both these variations and employers' assessments of costs and benefits are likely to be relevant to how the Fair Work First criteria of paying the RLW are likely to land.

It is, of course, important to stress that the existing Scottish Government guidance on Fair Work First implementation highlights the possibility of some flexibility in how the RLW criterion of Fair Work First might be tackled by employers. While The Scottish Government promote payment of the RLW, advocate that apprentices are paid the RLW throughout their apprenticeship and urge that payment of the RLW should not be used to limit pay rates, the Guidance suggests that employers on a journey towards paying the RLW are also exhibiting good practice: including where “the organisation is part of a local partnership working towards Living Wage Place recognition; the employer is actively reviewing the pay structures and developing an incremental plan for paying all staff at least the real Living Wage” (Scottish Government, Fair Work First Guidance, 2021:16).

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

Apprentices spoke about a range of benefits of their course of study and training. They were also able to articulate what the potential benefits of Fair Work First application to apprenticeships might be, such as setting minimum standards for employers that offer reassurance to those with little labour market experience and countering wider negative associations that some young people have about apprenticeships.

Apprenticeships identified investment in skills and training as the main overarching benefit that they receive from their employers. In this context, MAs spoke mainly about having 'hands-on' access to essential vocational training that allowed them to develop and/or complement their existing workplace skills and interests; the opportunity to start to build a career and essential work experience. For those that were undertaking MAs in order to upskill in their jobs, there was an emphasis on consolidating their continuing career development. GAs in particular were able to identify a relatively wider range of benefits from their apprenticeship. These were:

- access to accredited degree-level qualifications and higher education learning without being saddled with any student debt;
- accruing essential 'hands-on' vocational work experience and gaining employability skills while being paid, in contrast to their peers in further and higher education;
- access to the employer's pay, grading and career structures; and
- learning vocational hands-on skills that were seen as building blocks in career development;

- access to further learning opportunities (e.g. postgraduate studies) post-apprenticeship and the development of future career pathways; and
- access to employer early career support structures such as ‘buddy’ and ‘mentoring’ systems.

In reflecting on whether the presence of the Fair Work First criteria would have made the offer of an apprenticeship with their current employer more attractive, many GAs and MAs found this a difficult question to answer retrospectively. GAs and MAs overall had a clear recognition of the benefits of their own apprenticeship training choices and pathways (see above). If they were new apprenticeship entrants, most argued that they would have chosen their current employer irrespective of whether there was an explicit commitment to Fair Work First in their role/offer. In other words, they were able to identify that their current apprenticeship was one that they wanted and that their employer had a good reputation. While not explicitly related to the Fair Work First criteria, these insights reinforce the views of apprentices, employers and key stakeholders previously outlined in this Report that fair work practices improve employer reputation, with positive implications for the attraction and retention of apprentices. For older apprentices in relatively shorter-term MAs (i.e. who were those more likely to see themselves as employees), they were more likely to say that it would have made little if any difference to whether they took on MA training as they were already working for their employer and assumed that accredited MA apprenticeship training courses were quality-assured.

However, five of our GA and MA apprentices were very clear that the Fair Work First criteria could give prospective apprentice entrants a degree of reassurance about the quality of their apprenticeship and employer, alongside a set of minimum standards that covered areas such as how they would be treated at work and what they could expect to receive in wages. For those with relatively little labour market experience, Fair Work First could provide an important reassurance about the type of employer that they would be working for and about what they could expect as part of an apprenticeship - an important counter against the negative ‘cheap labour’ stories that were recounted by apprentices in many of our interviews. For example:

“Before I got this job I’ve got a few mates who did apprenticeships in construction and they complained about wages and how they’re treated. Brought these issues up in my job interview here but it would have been good coming in as a new apprentice to know that my employer used fair work because that would have told me something about them, that they looked decent. Got an assurance (from employer) that this apprenticeship wasn’t a way of getting cheap labour before they send you on your way. That helps a lot in

people's decisions to know that you're not being used as cheap labour"

[GA, 25 years, Engineering]

"Being on a low wage for four years isn't an option for a lot of people and that real living wage part (of Fair Work First) would make it more attractive to more people, it makes a difference to people if they heard they would be getting decent money"

[MA, 32 years, Electrical Engineering]

"It would be reassuring to know about fair work coming into an apprenticeship, especially if you're getting fair pay and knowing that you're not going to get treated badly."

[MA, 40 years, Mental Health]

"I've been in some places where it's not fair work so I think of it (Fair Work First) as a positive and if the government is moving into that area and trying to make sure apprentices have a better work experience then that's a good thing and would be helpful for people to know there are some standards expected of their employer."

[MA, 38 years, Health & Social Care]

"Good to talk about fair work right at the start of people going into an apprenticeship as a minimum standard at work and knowing that your employer is signed up to that. It's reassuring for people and would help with some of the negative things you hear about apprenticeships: low wages and bad treatment."

[GA, 28 years, IT]

The quotes from apprentices (above) provide a powerful insight into the relevance of fair work to apprentices and potential apprentices, but also highlight that better understanding of fair work can help equip (especially younger) apprentices with knowledge of workplace rights and expectations, and knowledge of what good employment looks like, that can be an asset in their work experience and working life. In turn, this highlights the potential role of Fair Work First in bringing more people into positive engagement with apprenticeships.

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

There was little specificity in the interviews on how best to embed Fair Work First within the apprentice role/offer with the exception of trade union stakeholders who thought that embedding fair work into apprenticeship provision through rigorous

conditionality and through collective bargaining agreements where applicable was crucial. There was a recognition by some stakeholders and employers that the Fair Work First criteria could help with delivering minimum standards and providing clear early expectations and reassurances to apprentices about the standards and quality of their employer. This is consistent with the views of a quarter of the apprentices. Some research participants also made references to the potential link between the Fair Work First criteria and the Young Person's Guarantee but were unclear about the position of Fair Work First in relation to this wider initiative.

Stakeholders and employers were more likely to focus on embedding Fair Work First among employers through dialogue and persuasion, specifically, through generating greater awareness of fair work, identifying potential benefits to employers, and in so doing extending its influence and embedding it in existing workplace practices. This reflected a wider concern among some that fair work was not a sufficiently prominent issue for employers and among employer groups. Not surprisingly, some stakeholders and employers used this as an opportunity to focus on the need for greater levels of awareness-raising and dialogue about fair work among SME and micro employers, and the need for greater advocacy on what the benefits of fair work are for employers of all types. In this respect, the profile of fair work and its associated benefits had to be raised across employers, sectors and in workplaces in order for Fair Work First to be embedded effectively.

In the roundtable, trade union and employers' representative stakeholders drew attention to the role of sectoral agreements in ensuring delivery of fair work to apprentices and the need for nuanced alignment with existing collectively bargained agreements. Existing collective agreements provide an important mechanism for embedding a fair work offer to apprentices that is agreed and supported between employers and trade unions, and the structured bargaining processes around these agreements provide for both flexibility and adaptability in aligning Fair Work First with existing agreements and for transparency in how apprenticeships operate across sectors and apprenticeship frameworks.

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

In terms of the issue about whether greater conditionality should be attached to apprenticeship funding in terms of the Fair Work First criteria, there was a clear recognition and acceptance across stakeholders and employers about the principle of conditionality and public sector funding. In short, stakeholders recognised that public sector financial support for apprenticeships should have conditions attached that require employer compliance. The issue for stakeholders and employers was what the specific conditions would be, how these would be applied and the consequences for employers of failing to comply or meet conditions. The issues to be addressed concerned the need for clarity on:

- the specific conditions required to meet the Fair Work First criteria (i.e. how these are defined and what practical steps they require from an employer):
- how conditionality would be monitored, and the need to avoid conditions acting as merely a 'tick-box' self-report exercise by employers that could render conditionality meaningless in practice;
- accountability and who would monitor compliance;
- the costs associated with any monitoring system; and
- the types of evidence and actions expected of employers that would constitute compliance.

Only a few stakeholders argued that failure to comply should mean that apprentice funding should be withdrawn from employers. The majority view was that the greater the level and depth of conditionality, the greater the likelihood that more employers would simply opt-out of taking on an apprentice: particularly SME employers with less access to and investment in, dedicated internal HR business supports and functions. Some stakeholders and employers highlighted that greater conditionality risked over-complicating the process of apprentice funding, making it more prohibitive and more of a 'stick' than a 'carrot'. The preference among most stakeholders and employers was for a system that was generally 'light-touch' about conditionality and compliance, recognising that many employers will be unaware of the debate on fair work in Scotland and on Fair Work First requirements. They wanted a 'light-touch' approach - an approach that sought to gradually bring employers along - that did not appear prohibitive or might increase the number of employer actions to secure apprenticeship funding.

There was no clarity or consensus about specific measures that may be used to incentivise employers' alignment with FWF. Where employers tended to address this issue was by calling for greater levels of financial support to facilitate the delivery of the RLW and to address any costs arising from the implementation of the Fair Work First criteria. Some employers proposed solutions involving deployment of the Apprenticeship Levy to support any additional costs, despite this not being an option in Scotland (as distinct from in England), highlighting either confusion over or dissatisfaction with how the levy operates in a devolved Scottish skills context.

Some stakeholders suggested that formal accreditation of fair work or Fair Work First employers could act as an incentive to employers who could use this to enhance their own reputation, making them more attractive to existing employees and potential recruits. Others, however, spoke of a cluttered accreditation landscape and were not supportive of further accreditation.



The roundtable event confirmed the desire for a 'light-touch' approach with sufficient time for employers to adapt and to ensure that training providers could explain fair work and Fair Work First to employers.

## **Guaranteed apprenticeships?**

The majority of stakeholders and employers emphasised that the overarching principle in recruitment practice was finding the 'right person' for an apprenticeship that matched their skills, abilities, capabilities and interests. Four employers queried the use of the word 'guarantee' and whether employers could be expected to provide certainty to those applying for apprenticeships about securing a place. That said, most stakeholders and employers were broadly supportive in principle of guaranteed apprenticeships for those facing labour market disadvantage, such as those coming from care backgrounds or with disabilities. The inclusion of those with disabilities was an interesting example to use in this context because it raised a number of practical issues for some research participants that may not be raised in relation to other disadvantaged groups. Consequently, these participants noted that there were a number of individual and structural issues faced by employers in relation to those with disabilities. These included:

- the availability of resources to assess individual capabilities and the levels of support that may be necessary to help people entering and sustaining employment;
- the potential scale of workplace adaptations (and costs) and whether these could make employment prohibitive for many SME apprentice employers; and
- that these factors would limit the types and opportunities available to many people with disabilities unless there were specialist employers already working with these groups or the availability of specialist support services.

Despite existing provision to support employers employing people with disabilities, there was no reference among research participants to this provision.<sup>16</sup> On the issue of adjustments, there was no reference by research participants to the potential of home or flexible working as a possible aid to people with disabilities, although experience of both during pandemic-related workplace responses might provide more robust future insights about the scope for combinations of home and/or other forms of flexible working to support disabled people to better access apprenticeships.

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<sup>16</sup> For information on the Access to Work scheme, see <https://inclusionScotland.org/what-we-do/employability-and-civic-participation/employability/employability-guide-menu/access-to-work>

More widely, some public sector employers spoke about initiatives in their organisations in recent years which looked more closely at their external recruitment channels and whether these were open, inclusive and supportive of diversity to ensure that they were not missing out on talent, or compounding barriers and disadvantage for particular groups, such as disabled workers and those from minority ethnic groups. Some examples were also given of these organisations bringing in external advocacy and support groups to help shape their recruitment process. The concern was to ensure as much as possible that recruitment was as attractive as possible to groups in the wider population and fair to all potential applicants.

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

Most of the interviews conducted for this research were carried out before the publication of Fair Work First guidance in January 2021 and specifically before publication of the Implementation of Fair Work First in Scottish Public Procurement: SPPN 3/2021.<sup>17</sup> Consequently there was less information available to research participants on how Fair Work First might operate in practice at the time of interview than currently exists.

Stakeholders made a number of suggestions about forms of advice and support that might be made available to employers to enhance the provision of Fair work in apprenticeships, some of which have subsequently been addressed in current Scottish Government guidance on Fair Work First. These included:

- ensuring that fair work occupies a more visible place in Scottish Government policy agendas, and clarification of where fair work sits in relation to other policy developments in apprenticeships, such as the Young Person's Guarantee;
- defining what fair work is and what the (higher-level) Fair Work First criteria mean in practice for an employer (e.g. defining what is an inappropriate Zero-Hours Contract);
- the need for strong, independent, persuasive advocacy of fair work to raise awareness among employers and drive a fair work agenda. This includes raising awareness among members of the HR community and other relevant networks;

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<sup>17</sup> Implementation of Fair Work First in Scottish Public Procurement: SPPN 3/2021. Available at: <https://www.gov.scot/publications/implementation-of-fair-work-first-in-scottish-public-procurement-sppn-3-2021/>

- working with the Scottish Apprenticeships Advisory Board (SAAB) to reach SME apprentice employers in different sectors to discuss fair work;
- the need for clarity about what is required and expected of employers to meet the conditions attached to funding for apprenticeships;
- making a strong case to employers on the benefits of adopting a fair work approach (in particular how investing in people is linked with greater employee productivity and commitment), and demonstrating this through employer case-studies that illustrate the benefits to employers of adopting fair work;
- providing additional information and engaging in dialogue with employers on fair work through agencies, training providers and trade bodies; and
- focussing specifically on channels that engage with SME employers.

## **Part Three: Conclusions and recommendations**

Fair Work First asks public bodies and employers who deliver procured public services in Scotland, or who receive Scottish Government grant funding, to commit to delivering five key criteria of fair work in line with the Fair Work Framework (2016). The overall aim of this research was to explore opportunities to embed Fair Work First principles in the MA and GA offer. The research Fair Work First addresses the issue of a limited evidence base on the awareness and views of employers, apprentices and other key stakeholders of fair work and the Fair Work First criteria, of how these Fair Work First principles may align with the distinctive characteristics and context of the apprentice role, and of potential implementation issues in adopting Fair Work First criteria in relation to apprenticeships.

Key findings and conclusions are set out below organized in terms of the research objectives.

### **Do the Fair Work First principles need to be adapted to Modern and Graduate apprenticeships in Scotland?**

Employers who employ apprentices are already acting in line with a key criterion of Fair Work First (investing in workforce development). In the context of apprenticeship funding, therefore, the importance of the application of FWF to apprenticeships is primarily around the conditions under which they are employed. Despite the generally low to moderate levels of awareness of fair work and Fair Work First among our research groups as whole, both are broadly and positively supported. The general principles of fair work and Fair Work First are seen as relevant to apprentice workplaces, and just as apprenticeship systems in Scotland are seen as a 'good product', so is fair work and FWF. There was no pushback or challenge from any of the research participants - stakeholders, employers or apprentices - on the general orientation of Fair Work First and on its application in relation to Graduate and Modern apprenticeships in Scotland.

Stakeholders told us that the Fair Work First criteria reflect key main elements of good employment practices - investing in people's skills and training, providing contractual security, paying workers the same rate for the same job, providing channels for voice in the workplace and appropriately rewarding people for their work. This is a strong and consistent theme across and within the different research groups canvassed by this research. In this sense, the Fair Work First principles for stakeholders are associated with 'good work'. This was consistent with the views of employers of different size (large, SME and micro), sectors and who operate in different local labour markets but echo the view that Fair Work First embodies key

elements that are consistent with their values, policies, HR practices and procedures.

Similarly, apprentices (both GA and MA) were positive and supportive of fair work and FWF. They could identify the importance of the specific Fair Work First principles to their own experience and that of their peers; how these principles manifest themselves in the practices of their employers and how applying the Fair Work First principles would provide assurance to new apprentices about the quality of their training and of their employer.

Concerns arose, however, in relation to the Fair Work First criteria of paying the RLW, and focused on three issues: cost/affordability, impact on differentials and the need to differentiate between training and job performance.

Not surprisingly, unlike the other Fair Work First principles, the problem of the 'affordability' of the RLW was raised by stakeholders and by a range of large, SME and micro-employers. This reflected concerns about the increased staff costs arising from not just the RLW (for apprentices) but the knock-on effects of this on differential pay rates (and variations) for other employees and staff. It also reflected concerns about its negative impact for employers in a number of apprenticeships (e.g. personal services, hospitality and retail) in what are typically characterised as low-pay sectors.

For employers and apprentices, the balance between training and job performance was a legitimate discussion in relation to apprentice pay. Employers can accept simultaneously that current apprentice training rates are too low, producing unfairness where apprentices are doing the same job as others earning more, while also understanding that the balance between training and performance differed in different apprenticeships.

While some stakeholders feared that the introduction of Fair Work First and specifically the criterion around the RLW would have a negative impact on the overall numbers of apprenticeships available in Scotland, many employers reported paying at or above the RLW. Many apprentices are in work prior to beginning an MA framework.

While a reduction in the number of apprenticeships is in no-one's interest, there is little clarity from this or other recent research about the scale of this problem for employers and exactly how apprentice numbers would be negatively affected by adopting this measure. This position echoes earlier research on the introduction of the National Minimum Wage Apprenticeship Rate: as Behling and Speckhesser wrote, "...better information is needed about the value of the contribution of young

people in- and post-apprenticeship, and further crucial parameters like employer costs for supervision and administration. This is needed in order to understand the true costs and benefits of apprenticeships for employers” (2013:ix).<sup>18</sup>

More specific and nuanced assessment genuine affordability issues in applying the RLW to all apprenticeships is still needed. This should also address the types and levels of additional support that may be required by employers to offset the impact of the RLW. This is not simply a call for additional financial support for employers, given that there would be something of a paradox in such a response: supporting businesses to enable them to access public money for skills development - other than under stringent conditions relating to possible market failures - would not provide a level playing field for employers. It is, however, a call for greater sensitivity to context, for example, in relation to those businesses whose operations depend on constrained public funding in areas such as social care and early years. It is also a call for business support that identifies business model constraints in paying the RLW (for example, in low-margin, low value added businesses and sectors) that might benefit from a longer term approach to shifting business models away from those that deliver employment but not fair work.

In contrast to some employer and stakeholder concerns, GA and MAs were broadly supportive of the introduction of the RLW to apprenticeships in Scotland. Although most were not directly affected by low wages, the RLW was seen as a means of countering the problem of ‘cheap labour’ associated with some apprenticeships, which were seen as unattractive and exploitative. However, the benefits of the RLW need to be viewed alongside the attraction of other benefits of apprenticeships, since the absence of the RLW was not viewed by these apprentices as a factor that would have deterred them in their decision to undertake an apprenticeship.

## **Implementing the Fair Work First criteria**

There was relatively little clarity or consensus on how best to embed Fair Work First within the apprentice role/offer. This is not particularly surprising given that beyond stakeholders in public agencies, further education, employers’ organisations and trade unions, there was only a low level of awareness of fair work. Clearly, however, the process of embedding Fair Work First in the apprentice role/offer will be an important mechanism to raise awareness of fair work and the Fair Work First criteria among apprentices, and in shaping expectations among apprentices

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<sup>18</sup> Behling, F and Speckesser, S (2013) An impact analysis of the introduction of the Apprentice Rate of the National Minimum Wage: A research paper to the Low Pay Commission for the preparation of its 2013 report. Available at [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/226951/National\\_minimum\\_wage\\_apprentice\\_rate\\_impact\\_analysis.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/226951/National_minimum_wage_apprentice_rate_impact_analysis.pdf)

(including those who identify more strongly as employees) about the quality of their training and of their employer.

In terms of implementing Fair Work First, the greatest emphasis was placed on embedding it by working proactively with employers to increase their awareness of fair work and what would be expected of them by Fair Work First, specifically focusing on what employers will be expected to deliver to GA's and MA's in terms of their work experience and training to ensure consistency with the criteria. This would involve greater and continuing dialogue between The Scottish Government and its agencies, training providers, employers and unions; and promoting Fair Work First and its potential business benefits to employers.

The conditionality embedded in Fair Work First is aimed at using public spending to leverage change in employer practice. There was a general acceptance by most employers interviewed that it is not uncommon for external funding and support to come with a set of qualifying conditions or requirements, and in this sense, no respondent voiced opposition to conditionality in principle. Their central concern, however, was over the level and degree of conditionality that should be applied by public agencies implementing Fair Work First.

At the point of the research, a 'hard' approach to conditionality - for example, one that requires agencies or training agents to collate, monitor and report in detail on evidence of employer compliance - was not supported by most stakeholder and employers participating in the research, and was perceived as likely to act as a disincentive to employers taking on apprentices. This was widely felt to be a particular issue for SME and micro-employers who, unlike larger employers, lack the internal business supports necessary to routinely deploy and evidence these types of actions. There was strong support from employers and some other stakeholders for giving employers more time to adjust to the Fair Work First criteria. Overall, there was strong support for adopting a 'light touch' approach to conditionality: one that minimises additional administrative or procedural burdens on employers. Some employers spoke of the option of an accreditation system to allow employers to brand their organisations as fair employers, potentially delivering reputational benefits for these employers in retention and recruitment and making them more attractive to new apprentice entrants. Others, however, spoke of a cluttered accreditation landscape and were not supportive of further accreditation. Trade union stakeholders pointed to the possibility of a role for workplace unions in verification of Fair Work First criteria and enabling a relatively light touch but effective approach to ensuring alignment with the Fair Work First conditions.

## **Recommendations for the implementation of Fair Work First**

A consideration of the evidence leads us to make the following recommendations set out below.

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

Leveraging fair work through Fair Work First should be a core influence on the apprenticeship system in Scotland and should be a central focus of agencies managing the delivery of MAs and GAs in Scotland. Fair work and Fair Work First are positively supported by stakeholders, employers and apprentices, and all groups identified fair work as consistent with good employment practices, and there is widespread acknowledgement of the potential benefits of Fair Work First to employers and apprentices.

### **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**

The need for better communications and dissemination of insights on fair work in general and specifically on Fair Work First was a strong theme throughout the research. Scottish Government, public agencies and training providers need to address the issue of communications about fair work and Fair Work First. There is an identifiable gap and lack of awareness among SMEs and apprentices. There is a need to proactively and urgently address the deficits in information among these groups. While information is already provided to apprentices by SDS and the Unite the Union Fair Work Apprenticeship Coordinator (funded by The Scottish Government), enhancing these mechanisms could address the knowledge and understanding of fair work among apprentices. The ongoing SDS/UNISON Scotland pilot to deliver a fair work module in schools also points to the role of careers information, education, advice and guidance in enhancing awareness of fair work among young people and, subject to evaluation of outcomes, might provide an opportunity to scale up the provision of information in the context of both schools and apprenticeship training.

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

While the 2021 Fair Work First implementation guidance addresses a number of areas of information requested by stakeholders in this research, there is a need for the development of specific guidance on how Fair Work First relates to apprenticeship support, and specifically to the implementation issues in relation to the RLW, since this is an area that is underdeveloped in the 2021 guidance.



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

The scale of the affordability challenge for employers in paying the RLW to apprentices is simply unknown at the present time. Without detailed information on the scale of the challenge, the likely affected sectors and businesses, there is little robust evidence on which to base any targeting of support for businesses who would, in the context of a requirement to pay the RLW, withdraw from apprenticeship provision. Rather than dilute the commitment to paying the Real Living Wage in apprenticeships, a targeted approach is needed to identifying key affected businesses and exploration of the ways in which these businesses might be better supported to be able to respond to the RLW criteria in Fair Work First.

**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**

There is a strong need for ongoing dialogue on the implementation of Fair Work First with relevant stakeholders, for strong advocacy on the benefits for employers and apprentices; and for ongoing learning (and dissemination of learning) on the efficacy of the current Fair Work First guidelines in supporting employers understanding and decision making in relation to apprentices.

**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**

Widespread though not unanimous support for ‘light touch’ conditionality might best be delivered through a phased and/or collaborative approach to Fair Work First implementation, working with employers in different sectors to address specific sectoral challenges and appropriate timescales for implementation, and relying on existing workplace or sectoral representation structures to provide appropriate verification of practice.

**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**

There is strong support for improving access to apprenticeships for those experiencing labour market disadvantage alongside a strong policy commitment in this regard. However, there is insufficient understanding of how a guaranteed apprenticeship would operate across stakeholders at this point in time and hence there is no basis from the data gathered to make a recommendation on guaranteed apprenticeships. Greater specification of how guaranteed apprenticeships might

operate is required for effective stakeholder consultation and consideration should be given to delivering such specification.

**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**

Many of the above findings and recommendations highlight the potential for a more 'social partnership' approach to the delivery of Fair Work First in relation to apprenticeships: the emphasis on communication; learning; shared experience and insight; the need for joint problem solving on challenging issues; the need for agreement on the balance between work proficiency and training in apprentice programmes and by extension affordability to the employer, and the scope for shared objectives and common ground in the delivery of apprenticeships – all of these are crucial to embedding fair work and Fair Work First in the apprenticeship offer.

# Appendix A: Sample

## Employers

Table 2: Sample of employers by labour market area (number)

Area	Large Employer (250+)	SME (<250)	Micro Employer (<10)
Glasgow	6	-	-
Inverness	1	3	2
Perth	1	4	1

## Apprentices

Table 3: Sample of Apprentices by area, age, sex and sector (number)

Area	Number	Mean Age (years)	Sex (numbers of male/female)	Sectors
Glasgow	8	23	4/4	IT and Engineering
Inverness	6	32	2/4	Financial services/Marketing/Construction/Early Years
Perth	6	32	3/3	Financial services/Marketing/Construction/Social Care



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