

# Modern Apprenticeships

Equality & The Economy :  
Spreading The Benefits



Equality and  
Human Rights  
Commission

Scotland

# EQUALITY & THE ECONOMY : SPREADING THE BENEFITS

*“Skills are a fundamental determinant of employment outcomes for individuals, and developing the right skills is an important part of developing more inclusive labour markets.”*<sup>1</sup>

## 1. Introduction

Today, the Equality and Human Rights Commission in Scotland (EHRC) publishes three research reports, authored by Filip Sosenko, Mike Danson and Gina Netto of Heriot-Watt University, which taken together provide a new picture of the extent to which companies in the key sectors of the economy<sup>2</sup> are ensuring that the benefits of investment in skills and jobs are being shared across Scotland’s diverse communities<sup>3</sup>.

This work focuses on Scotland as a case study but draws on research and data from across Britain and Europe. It comprises three parts:

- an analysis of the most recent diversity data for Modern Apprenticeship (and their equivalent) schemes across England<sup>4</sup>, Northern Ireland, Scotland and Wales<sup>5</sup>
- a review of the most recent industry demand statements<sup>6</sup> for Scotland and the United Kingdom focussing on the key sectors of the economy identified for growth by the Scottish Government
- a European study on the extent to which equality conditions have been placed in public sector contracts with a particular focus on employability and economic development

This paper provides a summary of each of these reports (see appendix) alongside an overarching policy analysis of what the Heriot-Watt University research tells us and its implications for policy in Scotland.

## 2. Key Findings

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<sup>1</sup> Skills in Focus : Low Wage Workers (Skills Development Scotland 2013) Dr Paul Sissons.

<sup>2</sup> The key sectors of the Scottish economy are – food and drink, tourism, universities, creative industries, energy, life sciences, and financial and business services.

<http://www.scotland.gov.uk/Topics/Economy/Key-Sectors>

<sup>3</sup> Elements of the data presented in these reports have not been published before and it was clear that further equality data is potentially recoverable but has not been analysed or utilised.

<sup>4</sup> Note that Modern Apprenticeships are known simply as Apprenticeships in England.

<sup>5</sup> Note that because apprenticeships are accessed differently in the four countries the data is not directly comparable.

<sup>6</sup> Industry demand statements analyse the current state of a given industry and set out the priority improvements that employers will work with the public sector and other stakeholders to deliver. They have a strong focus on how to meet the industry’s future employment needs.

## **A) Modern Apprenticeships**

### **Disability**

- Less than 0.5% of all Modern Apprenticeship placements are taken by someone with a declared disability. Around 8% of the target population (16-24) is disabled.

### **Gender**

- 98% of construction placements are still taken by men.
- Although men are increasingly moving into “traditionally female” apprenticeship programmes, there is no evidence of an increase of women entering “traditionally male” apprenticeships.

### **Ethnicity**

- Less than 2% of all apprenticeships in Scotland are taken by ethnic minorities. Around 4% of the target population (16-24) is from an ethnic minority.

### **Religion and Sexual orientation**

- No data is available on these strands in Scotland.

## **B) Industry Demand Statements**

- The vast majority of industry demand statements published for key sectors in Scotland do not mention equality issues, despite in some cases being written by Scottish Government agencies, who have specific duties with regards to the advancement of equality.
- Where equality issues are considered, they generally relate to the need to attract and retain more younger people and women, but do not make firm or measurable commitments for improvement.
- Equality employment data remains a significant hurdle to equality analysis across the key sectors.

## **C) Conditionality**

- In the UK and across Europe, we saw no evidence of equality conditions being used in training or economic development contracts, despite equality being a Government priority.

### **3. The Legal context – The Equality Act 2010 <sup>7</sup>**

The Scottish Government, Skills Development Scotland, Scottish and Highlands & Islands Enterprise, and Local Authorities are among the 260 Scottish public bodies covered by both the General and Specific Duties of the Equality Act 2010. As such, these “listed” bodies have a responsibility to demonstrate that they have paid due regard to the need to:

- Eliminate unlawful discrimination
- Advance equality of opportunity
- Foster good community relations<sup>8</sup>

Further duties which came into force in 2012<sup>9</sup> require these agencies to conduct an assessment of the impacts of their policies and practices which are relevant to equality, and to take account of the findings of these impact assessments.

What this means is that, if a function of a public body is relevant to equality – such as the provision of employment related training for younger people – then Government agencies are required to pay particular attention to the outcomes for different equality groups, to give due regard to eliminating any discrimination in their provision or in their terms and conditions, and they also have specific duties with regards to the advancement of equality.

### **4. The policy context - The Governments Economic Strategy**

The Scottish Government’s economic strategy recognises that a skilled, educated and creative workforce is essential to creating a more competitive and resilient economy.

This approach is informed by a focus on social equity:

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<sup>7</sup> This section is not intended to be a full statement of the law. Please refer to the Equality Act 2010 and its associated guidance on the EHRC’s website

<sup>8</sup> Known together as the General Equality Duty which relate to discrimination on the grounds of age, disability, gender, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation

<sup>9</sup> Known together as the Specific Equality Duties

*“...- social, regional, and inter-generational - is also a key driver of growth and jobs. Only by ensuring that everyone has an opportunity to succeed will we fully maximise the nation's potential”.*<sup>10</sup>

This focus on equity has strong links to the Government's core purposes of increased Solidarity and Cohesion targets as well as the key National Performance Indicator 7 - *“we have tackled the significant inequalities in Scottish society”*.

The role of Government and the public sector is critical to achieving these aims *“as it is only by the actions of the public sector being fully coordinated and aligned can we maximise Scotland's potential”*.<sup>11</sup>

A particular focus for the delivery of growth is through targeting the key sectors of the Scottish economy, whose contributions to the strategy are critical as they are *“characterised by industry leadership, working alongside public partners, setting the ambition and direction for the sector.”*<sup>12</sup>

## **5. The Policy/ Practice gap**

The Scottish Government has set out an ambitious economic strategy which aims to lift Scotland out of the recession by harnessing the talents of all of Scotland's people. However, the evidence presented by the 3 Heriot-Watt reports challenges the operation of the policy and signals that:

- Scotland's diverse communities are not able to access these opportunities equally
- There is a danger that current practice reinforces rather than dismantles occupational segregation and the widespread exclusion of disabled people
- Scottish Government agencies are not paying sufficient attention to their leadership role or to their responsibilities under the Equality Act 2010
- There is no evidence that targets or conditions are being built into public sector contracting for skills or economic development programmes to address these inequalities
- As a result, the opportunities for social gains that could be realised through economic investment are being overlooked

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<sup>10</sup> <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy/Equity>

<sup>11</sup> <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy/Government>

<sup>12</sup> <http://www.scotland.gov.uk/Publications/2011/09/13091128/5>

If Scotland is to successfully attract investment and stimulate growth, it needs to harness the talents of all Scottish people whatever their characteristics or backgrounds.

At a time when welfare spending is rising and when there is an emphasis on moving people from economic inactivity to activity, if there are no opportunities (or only restricted opportunities) available to women, disabled or ethnic minority workers, will their economic exclusion simply be perpetuated?

Given the sums invested by the Scottish Government in economic development and the fostering of key sectors, the Government should be seeking an additional social return for their investment in terms of improving the employability and skills of those often farthest from the labour market.

It should be noted that Modern Apprenticeships in Scotland are offered to people already in employment, and that the data presented below could simply reflect the choices and exclusions that people already make and face. However, this analysis fails to consider the positive obligation placed on the Scottish Government and other public bodies to pay due regard to the need to *“advance equality of opportunity between different groups”*. In this case, where there is a clear inequality identified, the Government may wish to consider what additional steps it can take to ensure that under-represented groups are encouraged to take up placements.

The EHRC in Scotland suggests that the following steps need to be taken to redress the current situation:

- The Scottish Government needs to make better operational connections between its social and economic policies in the field of skills and economic development to maximise their investment
- Where they haven't already, strategic documents on skills and economic development developed by the Scottish Government and its agencies (for example the Scottish and H&I Enterprise) need to undergo an equality impact assessment process as required by the Equality Act 2010 (Specific Duties)(S) Regulations 2012
- Information on the diversity of applicants for Modern Apprenticeships should be captured, collated, analysed and reported as a matter of course to identify if any bias in representation in apprenticeship programmes is linked to gender preferences

- Targets for greater access to Modern Apprenticeships for disabled people, ethnic minorities and women need to be made explicit in Scottish Government (and their agencies) commissioning documents and economic development aids
- These targets need to be monitored closely and their attainment made a condition of financial aid
- Full data on the performance on equality in Modern Apprenticeships and economic development need to be reported as mainstream management information open to public scrutiny

## **Appendix: A summary of the research**

### **Part 1 - Scotland focussed analysis of statistical data on participation in apprenticeships in the four UK countries**

The data in this report was gathered by Heriot-Watt University from Skills Development Scotland, the Skills Funding Agency for England, the Department of Education & Skills in Wales, and the Department for Education and Learning Northern Ireland during the winter of 2012 and spring of 2013 by Freedom of Information requests. Because apprenticeship programmes differ in their structure, length and means of access between the four countries, in this study the data is not directly comparable.

The report notes a number of gaps in the data across the protected characteristics of age, disability, ethnicity, gender, sexual orientation and faith and belief which make a full analysis problematic. Most notably, while the Skills Funding Agency collects data across all strands on applications for, and placements on, Modern Apprenticeships programmes it was unable to present this due to the cost of recovering this data. This strongly suggests that there has been no analysis of applications to, and successful placements in, apprenticeship programmes across equality characteristics. None of the other countries confirmed if this applicant data was collected.

Scotland appears to have the most comprehensive equality data on Modern Apprenticeships, although no data is collected on faith or sexual orientation. In England, data on gender and age is present, with ethnicity and some disability data being available from 2008. In Wales, similar problems with data access were encountered with cost being cited as a prohibitive factor, although data on gender, age and ethnicity were presented. Northern Ireland presented the weakest data sets with significant gaps in protected characteristic coverage.

Overall, this suggest that the funders of Modern Apprenticeships in England, Scotland & Wales, who are all covered by the General Duty and their own national Specific Duties have not had equalities data available to them as "management information" when they plan, review and evaluate their programmes.

**Scotland** is the only country where female apprenticeship starts remain lower than males. It is noted in the report that there is a significant "gendered spend" on apprenticeships in Scotland with spend per male apprentice being 53% higher than for female apprentices.

This reflects the significant and persistent levels of occupational segregation in the Scottish apprenticeships programme, as well as wider trends in employment, given that in Scotland, apprenticeships are only awarded to those already in employment.

In the two largest sectors, Construction and Engineering, 1.6% and 2.1% respectively of apprenticeship starts were female in 2011, while 0.8% of Child Care and 16% of Business and Administration starts were male. In terms of ethnicity, Scotland appears to have less than 2% of its apprentices drawn from ethnic minority groups, although there is also a 2.4% not known return rate. However, it is in disability and learning disability that Scotland's performance is weakest, and is the weakest of all agencies across Britain. Data for 2010-12, the only two years presented to us, shows that only 0.3% of all apprenticeships in Scotland went to disabled people (no data on "not knowns" was given for Scotland). While the generally accepted figure for disability prevalence in Scotland is around 19%, it is recognised that disability increases with age, so we would expect to see a lower percentage of disabled apprentices (around 8%). The fact that only 74 out of a total of over 26,000 apprenticeship starts went to disabled people is very concerning.

**In England** similar profiles of occupational segregation were strongly apparent in the two largest programmes, Construction and Engineering, where 1.7% and 3% of all total starts in 2011-12 were female. Conversely, men were poorly represented in Child Care and Health and Social Care where 7% and 17% of all starts were men.<sup>13</sup> It should be noted however that male participation in "traditionally female" apprenticeships is rising far faster than women's access to "traditionally male" apprenticeships, indicating persistent barriers to the employability of women in certain sectors.

Apprenticeships for ethnic minorities have doubled in England from 5.5% to 9.9% between 2005/6-11/12, although when population projections of the proportion of ethnic minority younger people are added, this could still indicate an under-representation of around 10%. Unfortunately no breakdown by ethnicity is available, meaning that comparison between groups who are known to be "successful" (Indians and Chinese younger people) and "less successful" (Pakistani and Black Britons) is not possible. In 2011/12 it was reported that 7.7% of all apprenticeships in England were occupied by disabled people, but this total has been falling since 2008/9.

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<sup>13</sup> No data on "not known's" was given for England.

**In Wales**, the larger programmes - Engineering, Vehicle Maintenance, Construction and Electro/Technical skills - are heavily biased towards men, where only 3.2%, 1.5%, 1.1% and 0.7% respectively are female. Conversely, 97% of early years care, 96% of Childcare Learning and 89% of Teacher Support apprentices are female. As with Scotland, there is little evidence of women successfully penetrating “traditionally male” sectors over time, although there is some evidence that men are occupying "traditionally female" apprenticeships in Health and Social care. In terms of ethnicity, Wales has had an ethnic minority representation of around 3% since 2008 when the data was first collected. Similarly, for disabled younger people, only 3% of the total apprenticeships were started by a disabled young person since 2008, about half the projected level of representation in the community.

## **Part 2 - Analysis of Industry Demand Statements on skills need and shortages**

The data for this part of the study was conducted by desk research during the winter of 2012. The study identified a wide range of statements and papers from the target industries and analysed these using word search techniques. The focus of the study was on the "key sectors" of the Scottish economy - that is those sectors of industry which have been identified as being central to Scotland's future economic success and those where Government investment and focus is strongest. These sectors are Creative Industries, Energy, Financial & Business, Food & Drink, Life Sciences, Sustainable Tourism and Universities.

Sector Skills Councils are independent organisations, led by employers, usually UK wide, which aim to provide leadership and analysis of future skills demand, often expressed as Industry Demand Statements.

The first equality analysis of these documents was conducted in 2010 by Blake Stevenson who found that references to equality and diversity as being either a driver of skills policy or even a notable dependency were rare. This current study looks to see if there has been any progress on equalities issues in the intervening 3 years.

Overall the researchers found that, while urgent warnings about the need to attract and retain particularly younger workers are common, there was little discussion of diversity as being a factor in resourcing the industries future needs.

*"Looking across all reviewed sectors, it is obvious that gender imbalances get the most if not all of the attention. Only Skillset has explicitly called for more ethnic minority individuals in the Creative industries while no Government agency or Sector Skills Council has explicitly said that more disabled workers are needed in their sector".*

The analysis presented in this section largely speaks for itself. It is striking how often the researchers found *"no evidence of equality issues being addressed in this study"*. At their best, for example, the Sector Skills Agreement for the Creative Media Industries, Scotland update 2008-11 says *"Key workforce statistics covering Scotland is included in the agreement. With 36% of the workforce being female, 7% aged between 16-24 and 2% from minority ethnic backgrounds this sector has still a long way to go to make it truly inclusive of our society as a whole"*.

Interestingly, the document places as much weight on socio economic equality as equality in terms of gender or ethnicity, and starts by stating that a lack of diversity is impacting on growing the market. Similar types of analysis can be seen in e-skills UK "insights" documents.

However, the bulk of the documents studied here show little development from the position reported in the 2010 Blake Stevenson report. A number of public bodies covered by the equality duties fail to mention diversity issues at all. Scottish Enterprise's Oil and Gas Strategy makes no reference to equality, and nor do Skills Development Scotland in their Skills Investment Plan for Energy, Highland & Islands Enterprises Sectoral Strategies for Food & Drink or Tourism, or the Scottish Government's strategy for the financial services industry in Scotland (2011-12). The researchers note that no references to the equality duties could be found in any of these documents produced by "listed bodies".

Evidence of poor access of some equalities groups is available in each of these sectors, much of it drawn from Blake Stevenson, and it is worrying that even those bodies who have a legislative requirement to "eliminate discrimination and advance equality of opportunity" have failed to utilise or operationalise this data. However, the lack of equalities planning is apparent even when data is available leading the researchers to conclude that *"...it is arresting how often the post-2010 documents only acknowledge the existence of the problem and do not suggest well-formulated, workable solutions"*.

### **Part 3 - The use of equality conditions in public sector skills development and economic development in the UK and Europe**

The third and final section of this report looks at the extent to which equality conditions, as permitted under European law and the Equality Act 2010, have been used to influence the employment outcomes of economic development aid generally and more specifically at skills development programmes akin to Modern Apprenticeships.

The research was conducted primarily as a literature review, but this was complicated by a lack of data to analyse.

Using advanced web search and personal and professional contacts, a range of reports were identified in the UK and across Europe.

Two particular and significant problems that were encountered by the researchers are summarised below:

- across Europe there is no commonality of approach or language to describe the activity we were focussing on - skills and economic development
- differing legislative approaches across Europe also gave rise to different outcomes. In the UK identity based monitoring is reasonably well embedded in Government programmes. However, in some European countries the idea of identity monitoring is deemed unacceptable. Similarly while all countries work under European equality laws, domestic expressions of the law, and the resulting programmes designed to counter discrimination, are very varied, even in the countries which have progressive equality practices - for example in the Netherlands, the "Together Act", which focussed attention on the employment of minorities, has expired and the focus has shifted to "people with a greater distance to the labour market".

Overall the findings were disappointing, with little evidence being found to support a contention that procurement was used as a mechanism for advancing equality in employment and that contractual equality conditions were being placed by public bodies on private suppliers of employment or those involved in economic development. As with the sector skills councils in Part 2 of this report, it appears that the programmes operate at best an "open door" policy.

In the UK, the best example of positive practice that we could identify was in Transport for London (TfL) who have established an apprenticeship scheme which has resulted in 38% of all apprenticeships in their supply chain coming from ethnic minority communities, with even higher results in specific schemes such as "Vital Rail".

However, it should be noted that TfL's approach was voluntary and did not involve any specific instructions to providers, but a more supportive and advising role.

However, TfL was a relative rarity, and when looking at the Glasgow Commonwealth Games for example, the researchers found that while there may be evidence of intent and mechanism, no data could be secured from Glasgow Commonwealth Games on the diversity of the resulting programmes, suggesting that no equality evaluation has been conducted.

Transport Scotland has established a 5% workforce target for apprenticeships but the clause relating to apprenticeships in their model agreements does not mention equalities.<sup>14</sup>

The Highways Agency contracts with suppliers similarly do not mention equalities specially but require the contractor to support the contracting body to *"...satisfy its duty under the Discrimination Acts to eliminate unlawful discrimination and to promote equality of opportunity between people of different racial groups and between disabled people and other people"*. This clause is supported by reference to an "Inclusion Action Plan" although there is no evidence of this in action.

Potential approaches studied from across Europe were useful and instructive. In Nantes, for example, the researchers identified 183 contracts which contained social benefit clauses, but for reasons already discussed above, no data on outcomes by equality group could be disaggregated. In the Netherlands, social return in contracting refers to a minimum amount of money (roughly 5%) in the contract which would support *"work and learn projects for those at greater distance from the labour market"*. Positive or affirmative action was permitted and can be used to support inclusion programmes, but quotas are only permitted for *"...women, some ethnic groups, disabled people and chronically ill people"*.<sup>15</sup>

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<sup>14</sup> Worryingly, the contract refers to the Race Relations Act 1976, legislation that was repealed and replaced several years ago suggesting a lack of attention or revision in their approach to equalities.

<sup>15</sup> This paper notes but does not discuss the issues inherent in a "demand-side skills policy", that can perpetuate a low wage economy. Sissons (see 1 above) notes that low pay is a factor in a number of the occupations targeted for skills development in MA's, for example educational assistants can expect to earn 40% below the living wage, food and drink process operatives 50% below, and care assistants 30% below. The paper suggests that women are more likely to work in these low wage sectors, and often on a part time basis. Ethnic minority groups such as Bangladeshis and Pakistanis are also where the greater risk of being in low paid work is "profoundly increased". The Commission would agree with the authors that work on demand for apprenticeships needs to be balanced with a focus on sustainable, adequately paid jobs.

# Contacts

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