



Llywodraeth Cymru
Welsh Government

www.cymru.gov.uk

Skills performance measures: technical annex

Delivering our ambition for skills in Wales

Skills performance measures: technical annex

Delivering our ambition for skills in Wales

Audience

All bodies concerned with post-19 education and training in Wales, including employers and their representative bodies; local authorities; regional skills partnerships; further education colleges; work-based learning providers; higher education institutions; trade unions; Jobcentre Plus; Careers Wales and Awarding Organisations.

Overview

The skills performance measures have been developed following a commitment within the skills implementation plan published by the Welsh Government in July 2014. This document provides the technical detail to support the skills performance measures including the methodology used to develop each measure and detailed information on the baseline, source material and frequency for those indicators which have been adopted.

Action required

No further action is required.

Further information

Enquiries about this document should be directed to:

Matthew Hicks

Employment and Skills Division

Department for Education and Skills

Welsh Government

Tŷ'r Afon

Bedwas Road

Bedwas

CF83 8WT

Tel: 01443 663891

e-mail: employmentandskillspolicy@wales.gsi.gov.uk

Additional copies

This document can be accessed from the Welsh Government's website at www.wales.gov.uk/educationandskills

Related documents

Skills performance measures (Welsh Government, 2014), *Skills implementation plan* (Welsh Government, 2014); *Policy statement on skills* (Welsh Government, 2014); *Review of Qualifications for 14 to 19-year-olds in Wales* (Welsh Government, 2012); *Policy statement on higher education* (Welsh Government, 2013); *Post-16 planning and funding review: final report* (Welsh Government, 2013).

Contents

Methodology	2
Using the skills performance measures	3
Jobs and growth	5
Financial sustainability	8
Equality and equity	9
International skills benchmarking	10

Methodology

The Welsh Government's skills performance measures, published in September 2014, are built on a range of source material available from the Welsh Government and other organisations such as the UK Commission for Employment and Skills (UKCES). We have used the expertise of the Welsh Government's Knowledge and Analytical Services and Learning and Skills Observatory¹ to establish how best to use the existing data sources available to Wales and this has been dependent upon a range of factors including:

- the availability of data and whether it reflects the dynamics at a national as well as local (regional) level
- the potential requirement to produce data in the future and what systems are currently available to commission data on a consistent and regular basis
- how user friendly the data is and whether this could be easily communicated to all stakeholders
- the need to keep to a small number of headline measures relevant to Wales' skills system as a whole.

Future work on the skills performance measures will provide an opportunity to build on the intelligence drawn from other sources of skills and labour market intelligence. To support this work we will make use of the model for **regional skills delivery**² and use the influence and expertise of the organisations involved to gain more sophisticated input from employers at a local or regional level.

As the work of embedding the skills performance measures continues we intend to expand the evidence base which is available to us in drawing comparisons between Wales, other nations of the UK as well as the UK as a whole and internationally across the countries of the Organisation for Economic Co-operation and Development (OECD). This is in recognition that skills are a global commodity and we therefore must embrace the benefits of drawing comparisons between Wales and similar nations across the world.

¹ www.learningobservatory.com

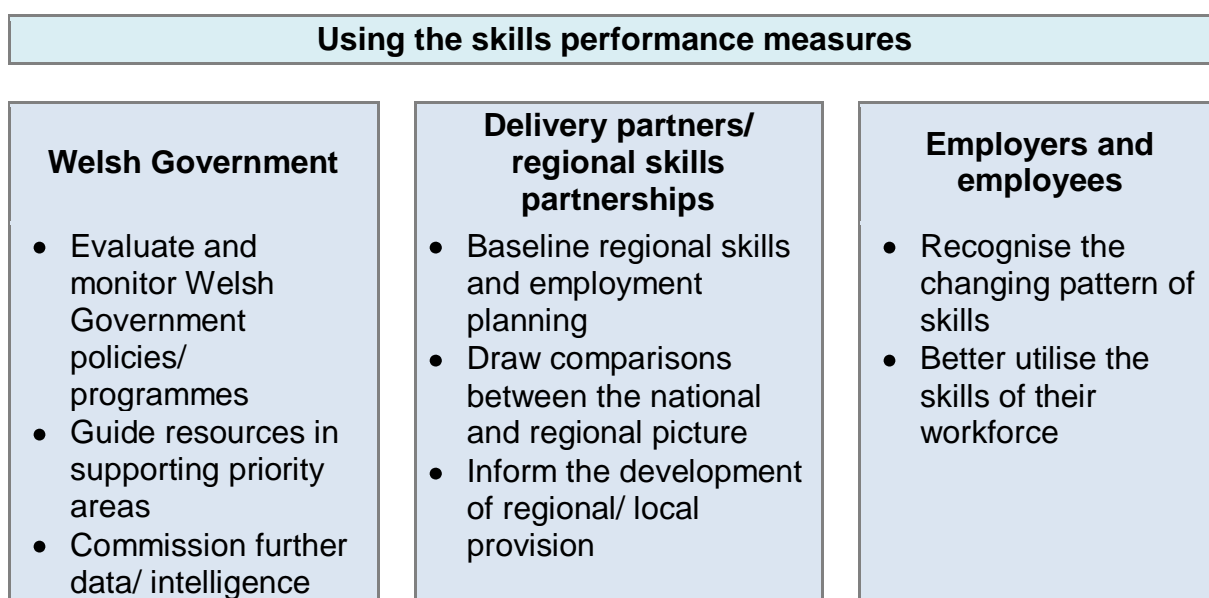
² See Skills implementation plan www.wales.gov.uk/topics/educationandskills/skillsandtraining/policy-statement-on-skills/skills-implementation-plan/?lang=en

Using the skills performance measures

The skills performance measures and their associated indicators are not intended as a tool solely for the Welsh Government to consider and act upon. The purpose of each measure is far broader and includes:

- working to develop a unified commitment across all stakeholders in recognising their responsibilities for supporting the skills priorities for Wales
- driving forward the delivery of existing policies and programmes and highlighting opportunities for future interventions and improvements to the way we work
- acting as a key reference point to ensure we remain aligned with our ambition for developing a reformed skills system which is competitive and sustainable into the future
- supporting the link between national and regional employment and skills priorities and observing Wales' position from an international perspective.

It is anticipated that the use of the skills performance measures will become common place as they begin to be incorporated within policy and programme delivery from April 2015. The focus will be on ensuring that there is commitment to the measures across all stakeholders. We will develop a process which allows stakeholders to challenge and contribute to their development. The diagram below summarises how this two-way process may appear from the perspective of government, delivery organisations, employers and their employees:



Informing the skills performance measures

Welsh Government	Delivery partners/ regional skills partnerships	Employers and employees
<ul style="list-style-type: none"> • Collate labour market intelligence • Develop/ evolve skills performance measures • Ensure best use is made of national datasets to meet requirements of key stakeholders 	<ul style="list-style-type: none"> • Synthesise key employment and skills issues locally • Aggregate regional comparisons to Wales-level data 	<ul style="list-style-type: none"> • Input skills requirements via regional skills partnerships • Reflect whether provision meets needs • Identify future challenges/ opportunities

From a Welsh Government perspective, the skills performance measures will underpin the delivery of the skills implementation plan. Specifically this will include:

- using measures for jobs and growth to inform the future delivery of the **Skills Priorities Programme** and **Flexible Skills Programme**
- reflecting on the measures for financial sustainability in monitoring the implementation of the **policy of co-investment** between government and employers
- working through the **regional skills delivery model** to drive up skills levels in all three regions of Wales, as defined by measures for international skills benchmarking
- ensuring that our new employment and skills offer, such as the new **adult employability programme**, provides equality of opportunity for those individuals with protected characteristics in support of the measures for equality and equity.

In line with the skills implementation plan, it is anticipated that, by April 2015, the skills performance measures will be integrated within Welsh Government policies and programmes. The intention will then be to review the measures annually commencing April 2016 onwards. This will allow the Welsh Government to assess progress towards its goal of a sustainable and competitive skills system. The review of measures will be dependent on the frequency of when data sources are made available.

Jobs and growth

This measure focuses on the drive to support more highly skilled jobs to come forward and the associated improvements Wales should expect to observe in terms of employment and productivity levels. The measure also focuses on Welsh language skills needs from the perspective of employers in Wales. The indicators to be monitored include:

- changes in the **employment rate** relative to the UK
- changes in **productivity** relative to the UK (excluding London and the South East and East of England)
- skills gaps due to deficiencies in **Welsh language skills**.

Employment

We will monitor changes in the proportion of working age adults aged 16-64 who are in employment. To benchmark against the UK we will measure the difference between employment rates in Wales and the UK. This information is available on a quarterly basis from the Labour Force Survey³ and is based on a rolling six-monthly average of the difference between the employment rate in Wales against that of the UK. For example, from the latest available estimates for the second quarter of 2014 the difference is minus 2.68 percentage points.

Indicator	Employment
Measure	Proportion of working age who are in employment
Unit of measurement	Percentage points difference between Wales and the UK
Source	Labour Force Survey
Baseline	-2.68 percentage points (difference with UK)
Date of baseline	Second quarter of 2014 (April - June)
Frequency	Quarterly

Productivity

We will monitor changes in Gross Value Added (GVA) per hour worked, which measures the total value of all goods and services produced in Wales on a workplace basis divided by the number of hours worked. This information is available annually, albeit measured in arrears.

³ The Labour Force Survey (LFS) is a survey of the employment circumstances of the UK population. It is the largest household survey in the UK and provides the official measures of employment and unemployment.

The most recent estimate of GVA for Wales was £47.3 billion (2012) or £23.18 per hour worked. This measure is calculated in percentage terms against the same measure for the UK (excluding London and the South East and East of England). GVA per hour worked in Wales is 92.9 per cent that of the UK (excluding London and the South East and East of England).

Indicator	Productivity
Measure	Gross Value Added per hour worked
Unit of measurement	£ per hour worked relative to UK (excluding London and the South East and East of England)
Source	Regional Accounts ⁴
Baseline	92.9 per cent (relative to UK excluding London and the South East and East of England)
Date of baseline	2012
Frequency	Annual

Welsh language skills

We will monitor changes in how well the Welsh language skills needs of employers are being met. This will be done using information from the Employer Skills Survey⁵ which is available every two years. We will monitor the proportion of skills gaps that are due to a lack of oral and written Welsh language skills. The most recent figures from 2013 showed 28 per cent of skills gaps to be due, at least in part, to oral Welsh language skills and 27 per cent to written Welsh language skills. We will also monitor the proportion of employers affected by Welsh language skills gaps.

Indicator	Welsh language skills gaps
Measure	Skills gaps due to deficiencies in Welsh language skills
Unit of measurement	Percentage of skills gaps due, at least in part, to a lack of oral and written Welsh language skills gaps
Source	Employer Skills Survey
Baseline	Oral Welsh language skills – 28 per cent Written Welsh language skills – 27 per cent
Date of baseline	May – August 2013
Frequency	Biennially

⁴ Regional Accounts are produced by the Office for National Statistics (ONS). They present information about regional economic diversity and allow comparisons to be drawn between the countries and regions of the UK.

⁵ The Employer Skills Survey is produced by the UK Commission for Employment and Skills and provides a comprehensive picture of skills needs and training investment, including vacancies and skills shortages, employee skill gaps and the recruitment of education leavers and young people.

Measuring our success

No arbitrary targets have been established for the indicator of employment and productivity given that there is not a causal relationship between the indicators and any specific elements of the skills implementation plan. They will instead provide the overall steer for understanding the quality of the labour market in Wales and the identified potential policy issues to address.

Our intention following the publication of these indicators will be to develop a broader portfolio of evidence to enable us to compare Wales' standing in terms of levels of productivity with similar nations from across the OECD.

In regard to Welsh language skills the aim will be to reduce the deficit experienced by employers in the context of potential or likely increasing demand for these skills.

Financial sustainability

This measure is focused on ensuring an appropriate and sustainable balance of funding is available to support the skills system sourced from government, employers, individuals and, where appropriate, European funding. The indicator to be monitored will be:

- the gap between Wales and the UK in terms of the level of **employer investment in employee skills**

Employers' investment in employee skills

We will monitor any changes in the level of investment made by employers in the skills of their workforce. This information is available biennially through the Employer Skills Survey. In 2013, spend per person trained in Wales was £2,180, which equates to £1,350 per employee. In the UK the equivalent figures were £2,550 and £1,590. We will also look at figures from regions with industrial structure similar to Wales, such as the North East of England (where £2,410 and £1,390 was spent by employers).

Indicator	Employer investment in employee skills
Measure	Employer spend per person trained and per employee
Unit of measurement	£ per person trained and per employee
Source	Employer Skills Survey
Baseline	£2,180 per person trained and £1,350 per employee
Date of baseline	May – August 2013
Frequency	Biennially

Measuring our success

Existing evidence highlights the challenge of skills investment particularly as employers in Wales that provided external training were more likely than those in the UK as a whole to be receiving help to fund their external training⁶. Raising employer investment in skills will be of paramount importance to the sustainability of the skills system and is central to the Welsh Government's policy of co-investment in skills.

To prepare employers for the time when funding will be reduced, or not available at all, a major cultural shift will be required, with employers recognising the benefits that having skilled workers brings to their organisation and therefore being more willing to invest in skills. In the immediate future our focus will therefore be for Wales to achieve parity with the UK average in terms of the level of employer investment in skills.

⁶ *Employer Perspectives Survey* (UK Commission for Employment and Skills, 2012)

Equality and equity

This measure is focused on ensuring that we are providing equality of opportunity for individuals with protected characteristics⁷ in accessing post-19 employment and skills support. The indicators to be monitored include:

- data on the **equality of access** to employment and skills programmes.

Equality of access

We will monitor changes in the demographics of those individuals who access our employment and skills programmes. Specifically we will monitor the demography of those learners pursuing a range of Welsh Government programmes. Demography will be based on age, disability, ethnicity and gender.

Indicator	Equality of access
Measure	Demographics of those who access, complete or positively progress from employment and skills programmes
Unit of measurement	Percentage of learners accessing, making positive progressions from and successfully completing employment and skills programmes who fall into protected characteristic groups (defined by age, disability, ethnicity and gender)
Source	Welsh Government / Wales European Funding Office (WEFO)
Frequency	Annual

Measuring our success

The indicator for equality of access relates to groups with protected characteristics. Given the complexity of this definition and the range of data available to the Welsh Government, no arbitrary targets have been set for this indicator at this stage.

However, the long-term aim is for the demography of those individuals accessing, completing or making positive progressions from employment and skills programmes available in Wales to be representative of the population as a whole. For programmes delivered on a local or regional basis, we would expect to see the demography of participants being relevant to the locality in which those programmes are operating.

⁷ The indicator to be monitored relates to groups with protected characteristics. Providers delivering learning programmes on behalf of the Welsh Government must not discriminate on the grounds of age; race; faith or belief; sexual orientation; gender; pregnancy or maternity; being married or in a civil partnership; being a disabled person; or being transgender. Due to data limitations, the focus will be on those characteristics identified in the main text.

International skills benchmarking

This measure is centred on improving the skills profile of Wales in line with future jobs to ensure that we remain competitive and reach our potential as a highly skilled nation. The indicators to be monitored include:

- the **qualifications profile** of working age adults
- skills gaps due to deficiencies in **Essential Skills**

Qualifications profile

We will monitor changes in the proportion of working age individuals holding qualifications at level 2, 3 and 4 or above. Information is available annually from the Annual Population Survey⁸. We will class working age adults as those aged 16-64⁹.

While we acknowledge that qualifications are not a perfect proxy for skills, this is used because of the difficulties in measuring skills. Increasing qualification levels in Wales is important as it will enable us to have the skills to compete where there is a continuing shift to higher skilled jobs.

Indicator	Qualifications profile
Measure	Percentage of working age holding qualifications at levels 2, 3 and 4 ¹⁰ or above
Unit of measurement	Percentage of working age (16-64)
Source	Annual Population Survey
Baseline	Wales - Level 2 – 22 per cent, Level 3 – 21 per cent, Level 4 or above - 32 per cent UK - Level 2 – 21 per cent, Level 3 – 20 per cent, Level 4 or above - 36 per cent
Date of baseline	2013
Frequency	Annual

⁸ The Annual Population Survey (APS) combines the boosted samples of the Labour Force Survey and provides rolling four-quarter labour market data for UK countries and regions and also for local areas.

⁹ Currently data is published by gender with working age females defined as 18-59 and working age males defined as 18-64.

¹⁰ Qualifications in the National Qualifications Framework (NQF) are grouped together according to their difficulty. They are given a level from entry level to level 8. The levels are based on the standards of knowledge, skill and competence needed for each qualification. Qualifications at the same level can be very different in terms of content and the length of time they take to complete. An online tool for comparing qualifications is available online at www.ofqual.gov.uk/help-and-advice/comparing-qualifications/

Essential Skills

We will monitor changes in how well the Essential Skills needs of employers are being met. This will be done using information from the Employer Skills Survey which is available biennially.

We identify Essential Skills as those in numeracy, literacy and ICT¹¹. We will monitor the proportion of skills gaps that are due, at least in part, to a lack of numeracy, literacy and basic IT skills.

The most recent figures for Wales (2013) showed 36 per cent of skills gaps to be due, at least in part, to basic computer literacy skills / using IT, 35 per cent to literacy skills and 33 per cent to numeracy skills. We will also monitor the proportion of employers affected by deficiencies in Essential Skills.

Indicator	Essential Skills
Measure	Skills gaps due to deficiencies in Essential Skills
Unit of measurement	Percentage of skills gaps due, at least in part, to a lack of numeracy skills, literacy skills and basic computer literacy skills / using IT
Source	Employer Skills Survey
Baseline	Wales - Numeracy – 33 per cent, Literacy skills – 35 per cent Basic computer literacy skills / using IT – 36 per cent UK - Numeracy – 23 per cent, Literacy skills – 25 per cent Basic computer literacy skills / using IT – 26 per cent
Date of baseline	May – August 2013
Frequency	Biennially

Measuring our success

In the first instance the focus will be on making comparisons between the current skills profile of Wales against future projections of jobs and their entry requirements. Our intention will also be to compare the skills profile of Wales with that of the UK and, depending on the availability of comparison data, review the standing of Wales against similar nations from the OECD.

To support our work in comparing Wales' skills profile internationally we will also look to develop a wider evidence base on how well skills are being utilised by employers within the workplace and changes to the proportion of the workforce who are perceived as over-skilled or over-qualified.

In regard to essential skills, the overarching aim will be to reduce the skills deficit experienced by employers in the context of potential or likely increasing demand for workplace skills.

¹¹ The Employer Skills Survey asks employers about deficiencies in basic computer literacy skills / using IT. We have taken this to represent essential ICT skills.