

## **Council for Economic Renewal**

### **Employment and Skills**

#### **Introduction**

1. The Welsh Government's approach to employment and skills builds on successes over recent years in providing innovative, flexible and responsive solutions which meet employer and individual needs.
2. The four key priorities for investment and support are:
  - Enabling young people to achieve their full potential through the development of skills, qualities and qualifications;
  - Encouraging investment in skills as a driver of productivity and growth;
  - Supporting routes to sustainable jobs for the disadvantaged and unemployed; and
  - Ensuring the learning infrastructure has the capacity to deliver skills and training for a modern bilingual nation.

#### **Integrated Employment and Skills**

3. Increasing employment opportunities for young people and adults and supporting people to find sustainable employment are key priorities for Welsh Government. In line with the Programme for Government, the Welsh Government is extending apprenticeships; providing training opportunities; and creating 4,000 jobs each year for young people through the Jobs Growth Wales programme.
4. Our aim is to strengthen the conditions that will enable businesses to create jobs and achieve sustainable economic growth by providing businesses with a suitably skilled and competitive workforce.
5. Businesses are being encouraged to realise the full potential of apprentices for the Welsh economy. The economic downturn forced the Welsh Government and stakeholders to look at Apprenticeships in a different way for all client groups. Our Apprenticeship Programmes continue to cover a broad range of skills, and will be focussed particularly on priority sectors that will directly benefit key employers across Wales.
6. One of the biggest challenges we face is creating jobs and opportunities for young people, and equipping them with the skills needed to assist the economy. As we go forward with our all-age Apprenticeship programme, we must be sure to get the balance right between serving the needs of young people entering the jobs market, and keeping options open for adults and employers to up-skill their staff.
7. Developments are currently underway for the delivery of employment and skills actions to be supported by European Structural funds from 2014. Our ambition is to create a more streamlined system for both individuals and

employers, which will offer more responsive and flexible support that is driven by clearly identified need.

8. As the current European Structural funding round draws to a close, the delivery of future employment and skills support is being developed across Welsh Government departments, in particular the Department for Education and Skills (DfES) and the Department for Economy, Science and Transport (DEST). With increased pressures on public finances, coupled with the finite nature of European funds, the need for more innovative, collaborative and value for money interventions are becoming the necessary drivers for change.
9. Strategically, the direction of travel is being influenced by a number of priority areas. Europe in particular has set the agenda for future expenditure; the Europe 2020 ambition is to raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers.
10. The Welsh Government's own strategic agenda as outlined in the Programme for Government is very closely aligned with the priorities set at a European level. In relation to employment and skills in particular, the Welsh Government is committed to increasing employment opportunities for all by providing support mechanisms and benefits systems that incentivise work and reduce worklessness to ensure that individuals can fulfil their potential within the labour market. Key challenges include workless households, youth unemployment, economic inactivity, underemployment and progression in work.

### **Labour Market Intelligence**

11. The skills of people in Wales are vital to the future success and prosperity of the nation, and understanding the supply of, and demand for, skills is increasingly important.
12. We are committed to investing to develop and strengthen our understanding of what skills are needed and being demanded by employers. This includes what employers are saying to us about skills supply and their demand for skills both now and in the future.
13. Our integrated employment and skills offer to employers and individuals is being developed through the active engagement of stakeholders to help shape our thinking and gather evidence to support our approach.
14. We will ensure intelligence is at the core of informing decision-making, creating an intelligence-rich system which acts to empower individuals and businesses, thereby creating a more demand-led and customer-centred system.
15. Our primary goal is to focus investment decisions on achieving better outcomes, delivering support to employers in the area of employment and skills which is accessible and which meets business needs.

16. The National Strategic Skills Audit for Wales (NSSAW) 2012, published in February this year, provides both insight and foresight to create a better-informed market for skills in Wales. It supports a better balance between the skills needed and the skills available. It is clear that individuals in the labour market armed with accurate information are likely to make better choices, leading to better outcomes for citizens, employers and the economic wellbeing of the nation.
17. The report builds on the first NSSAW 2011, *Skills for Jobs*, and draws on new data from the Employer Skills Survey 2011 and economic and labour market projections from Working Futures 2010-2020 together into a comprehensive and easily-accessible synthesis. A key element of the NSSAW 2012 involves identifying the occupations and sectors where most attention is required to ensure that Wales has the essential skills to meet the emerging labour market demands of today and likely future changes in employment patterns.
18. The delivery approach being adopted in Wales is heavily influenced by a desire to devolve greater responsibility for delivery at a more local level, acknowledging that local structures are best placed to deliver the right response for their region. The recent Guilford Review of the implementation arrangements for the 2014 round of European funding clearly indicates the value of a more regional approach to identifying and responding to local needs set within the context of an Economic Prioritisation Framework. Building on the outcomes from this Review, we are working with the Welsh European Funding Office to inform the emerging Economic Prioritisation Framework and to develop a clear footprint for delivery at a national, regional and local level, which will provide the basis for an integrated portfolio of employment and skills activity.

### **Employer Investment in Skills**

19. We want individuals and businesses to be at the heart of what we do. Our goal is to increase participation rates, facilitate joint investment and enable integration of employment and skills services.
20. The Review of Qualifications for 14-19 year olds in Wales, launched in September 2011, considered how we can achieve the vision of 'qualifications that are understood and valued and meet the needs of our young people and the Welsh economy'. The Review was prompted by a number of concerns about the complexity of the current system and the extent to which it is understood, and the relevance, value and rigour of some qualifications.
21. The Review was firmly based on evidence from a variety of sources and significant levels of discussion with a wide range of stakeholder groups, including a large number of employers, their representative bodies, Sector Skills Councils, chambers of commerce etc.
22. Key themes in the review reflected employers' views and contributions, including an emphasis on the relevance of qualifications, simplification of

the system, better communication and clarity about what qualifications mean, employability and wider skills and their place in the Welsh Bac, and new GCSEs to better assess literacy and numeracy.

23. Encouraging employer investment in skills is an important part of our approach in Wales. National Occupational Standards (NOS) are currently used in a variety of ways by businesses to support the development of their employees. NOS provide a clear description of the skills, knowledge and understanding needed by an individual to perform their job to the standard required and can help employers:
- Identify best practice
  - Evaluate current skills or skills gaps
  - Identify development needs of employer and employee
  - Plan and identify appropriate training
  - Develop job descriptions and people specifications
24. The views on the purpose, value and detail of NOS vary greatly across the occupational sectors and across the four Nations of the UK however. England appears to be moving towards adopting its Employer Investment model for standards, which places a disadvantage on small to medium sized companies who generally do not have the opportunity or capacity to engage in consultations, or finance skills related activity.
25. In Wales, as with the other three devolved nations, we remain committed to NOS as a "primary product" for Vocational Qualification development and wider uses.

## **Summary**

26. The integrated employment and skills offer to individuals and businesses will provide a sustainable delivery model which maximises the opportunities for creating sustainable jobs whilst allowing individuals and businesses to develop the skills required for a highly skilled, competitive and productive workforce.
27. We want to create sufficient flexibility for our partners to deliver to individuals and businesses whilst maintaining a quality service. We will focus investment decisions on achieving better outcomes, providing more flexibility, focusing on quality and supporting the long-term prospects of individuals and businesses.
28. We will enable geographical collaboration amongst delivery partners, minimising the duplication of effort, providing an integrated service and generating better value for money through shared goals. By combining our investments in this way we hope to provide a seamless journey for an individual or employer in accessing a range of local support services.
29. Our approach will deliver and build on a track record of successes on skills that will continue to be instrumental in setting a strong foundation for sustainable growth and jobs.