

Council for Economic Renewal

Skills Implementation Plan- Taking forward the Policy Statement on Skills

Context

1. On 30th January 2014 the Welsh Government published its Policy Statement on Skills which set out the future vision for a highly skilled and competitive nation. The Statement recognised the diverse challenges facing Wales over the coming decade including a changing skills profile required for future jobs, and the sustainability of the skills system given the need to raise levels of investment at a time of scarce resources. The Statement identified the requirement to forge strong links with the pre-19 education system to ensure the future workforce is highly skilled and supported by a solid foundation of literacy and numeracy skills. In order to ensure a sustainable skills system, we also need to ensure that education and skills provision is closely aligned with the skills employers need, and that current and future employees have the skills they need to both join, and prosper within, the labour market.
2. The four key themes of the Policy Statement are:
 - **Skills for jobs and growth:** how Wales can stimulate demand for a more highly-skilled society that can drive forward our economy in pursuit of jobs and growth
 - **Skills that respond to local needs:** a skills system which reflects the needs of local communities, including a streamlined and accessible employment and skills offer
 - **Skills that employers value:** the importance of engaging employers to participate in the skills system and the level of co-investment needed alongside government if Wales is to remain competitive
 - **Skills for employment:** the role of the skills system in providing employment support necessary to assist individuals into employment and to progress in work
3. An Implementation Plan will be published in July 2014 which will set out the detail of the policy actions and the timeline for delivery as outlined below.

Skills for jobs and growth

4. The focus will be on delivering an integrated portfolio of Employment and Skills support operating at a national, regional and local level according to clearly defined and consistent pathways. We will introduce a Flexible Skills Programme targeted at the recruitment and skills needs of strategically important companies. We will also build upon our successful Sector Priorities Fund approach via a new Skills Priorities Programme, thereby ensuring that we have employer-responsive skills provision which supports our Jobs and Growth agenda and is fully integrated with wider Welsh Government support for business.

5. We also need to stimulate demand for a more highly-skilled society that drives the economy in the pursuit of jobs and growth. This requires a focus on opportunities to grow the demand for skills, for example via linkages with major infrastructure projects and inward investors as well as supply chains that support them, for example as part of City Regions and Enterprise Zones, working closely with the Department for Economy, Science and Transport (DEST). This includes delivering benefits to Wales via public procurement initiatives which promote skills development and recognising employers who invest in their workforce.
6. Finally, we know that the rate of over-qualification amongst the workforce in Wales has increased between 2011 and 2013 from 13% to 21%. Furthermore the number of firms reporting skills under-use has also increased (45% to 50%) and this is despite the lack of change in the aggregate figures for the UK as a whole. There are clearly opportunities to work with employers to develop more high performance working practices so that skills are effectively utilised in tandem with the changes taking place across the wider economy.

Skills that respond to local needs

7. Our goal is to deliver joined up employment and skills support which reflects the needs of local communities. This will be based on a more streamlined and accessible employment and skills offer for both employers and individuals accessed via a new Skills Gateway. This Skills Gateway will provide a single engagement, assessment and referral service for individuals and businesses accessing skills support and will be a key mechanism for benchmarking the relevance and suitability of the skills provision being delivered. We will also ensure that we make best use of robust LMI at a regional and Wales level to inform our policy decisions and future priorities for funding, linked to our co-investment policy.
8. Key to the successful delivery of employment and skills support across Wales is a clearly defined provision landscape that ensures sufficient coverage and avoids duplication and competition while also taking account of local, regional as well as national needs. The Policy Statement will need to capture the local and regional dynamics of how skills are developed and utilised by employers.
9. This will involve close working with regional skills partnerships with strong links to the City Regions as well as Enterprise Zones. The key goal will be to ensure that we work with employers and key partners across Wales in order to respond effectively to the skills needs of employers and individuals at local level and to capitalise on regional labour market opportunities. We will work closely with DEST to ensure that provision at a national, regional and local level is aligned with the Economic Framework being developed by DEST.

Skills that employers value

10. Our focus is on delivering relevant qualifications and standards to employers and individuals in Wales and reviewing routes into higher learning to ensure Vocational Education and Training pathways are clear, understandable and consistent. We must ensure that we continue to engage employers throughout

the development and delivery of training programmes, and that we are investing in the skills that employers need. The provision of skills that employers value will also be a determining factor in the case for greater employer co-investment in skills..

11. This key area of co-investment, namely cost sharing between government, employers and individuals, is key to achieving our longer-term goal for Wales, namely a workforce that achieves levels of employment, productivity and well-being which compare well with UK and the rest of Europe. Our focus is on ensuring cost-effective use of public funds which provides good economic and social returns.
12. Evidence already suggests that Wales is falling short on the level of investment in and engagement with skills when compared to other nations of the UK. Employers in Wales are currently least likely to report to having funded or arranged any training in the previous 12 months (62% compared to the UK average of 66%)¹. Whilst total spend and spend per employee increased in 2013 when compared with 2011, Wales still remains behind the UK in terms of overall levels of investment and, critically, is the lowest of all UK nations². This is despite Wales having seen an increase in the total number of training days provided over the last 12 months by employers in 2013 compared with 2011 (5.6m days up from 4.9m in 2011)³.
13. In response to this challenge a consultation on *“Balancing the responsibilities for skills investment: proposals for co-investment in post-19 adult skills delivery”* commenced on 21st February aimed at getting views from employers, key stakeholders and individuals on how co-investment between government, employers and individuals will be implemented in Wales. The consultation will close on 16th May 2014 and can be accessed online at:

<http://www.wales.gov.uk/consultations/education/proposals-for-co-investment-in-post-19-adult-skills-delivery/?lang=en>
14. The challenge of co-investment is to develop policy levers that can incentivise employers to invest in skills whilst recognising the overall scarcity of resources within the public purse for creating and delivering such levers. This action will require a cultural shift amongst employers in recognising their responsibility to raise the skills levels of their workforce. In tandem, government and its key stakeholders need to create the conditions for networks of employers to respond collectively to evidenced skills needs at local and regional level, working via established regional partnerships closely aligned with City Regions as well as relevant Enterprise Zones.
15. Key to implementing the co-investment policy will be a consistent approach across all stakeholders and government. We need to provide a level playing field for individuals and employers to access support and ensure the policy is applied with the same vigour across all forms of government and European funding.

¹ UKCES Employer Skills Survey 2013

² UKCES Employer Skills Survey 2013

³ UKCES Employer Skills Survey 2013

There may be implications for other parts of the education system in Wales, particularly where learning is already supported through some type of co-financing arrangement. Of significance is the Review of Higher Education and student finance being led by Sir Ian Diamond which is considering the sustainability of financial arrangements that underpin the skills delivered via the Higher Education sector in Wales.

Skills for Employment

16. We will ensure that our employment support aligns more effectively with the offer provided by the UK Government. This will require the identification of opportunities for greater consistency and complementarity of support across the whole employment and skills landscape but with specific reference to alignment of services with UK-level mainstream support. Through the joint Welsh Government, Department for Work and Pensions, and Wales Office “Access to Employment” working group we will review existing support arrangements for unemployed individuals in Wales to simplify access to Welsh and UK Government employment programmes. We will focus on a work first principle so that, wherever possible, individuals have access to work experience and job placements, building on the success of existing programmes such as Jobs Growth Wales.
17. We will also take action to deliver upon the commitments in the Policy Statement to enhance the Essential Skills of adults in Wales. Our focus is on improving Essential Skills levels for both employed and unemployed adults, and on increasing the number of adults ready to enter sustained employment. We will support individuals to improve their Essential Skills so that they are best placed to access work opportunities and/or progress once they are within the labour market. In considering future support options we will explore the potential to build on the success of existing approaches such as the Wales Union Learning Fund (WULF), further promote opportunities to embed Essential Skills as part of mainstream vocational training programmes, and utilise incentives such as a refocused Employer Pledge to engage more employers in Essential Skills delivery.

Conclusion

18. Our focus is on delivering education and skills for a prosperous Wales. This will require us to increase the number of people in employment, achieve a high-quality education and skills delivery system, and ensure that we help to raise the level of productivity and innovation among the workforce and their employers. We need to ensure that skills provision is closely aligned with employer demand at local, regional and national level and that it enables us to capitalise on the strengths and opportunities that Wales has.
19. The Policy Statement on Skills set out the challenges and opportunities for Wales. Following our consultation on co-investment, the Implementation Plan will set out the policy actions required to achieve a sustainable skills system for Wales and the timescale for their delivery. This will require continued and strong partnership working between Government, employers, key stakeholders and individuals.