

Enterprise and Learning Committee

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Review of Sector Skills Councils in Wales

WESB – Submission to Enterprise and Learning Committee

SECTOR SKILLS COUNCILS

The Wales Employment and Skills Board (WESB) was created in 2008 in order to advise Government ministers on employment and skills policies, with a particular emphasis on articulating the employer perspective. It is chaired by Sir Adrian Webb, who also represents Wales on the UK Commission for Employment and Skills (UKCES), the body which is responsible for licensing Sector Skills Councils. WESB meetings are regularly attended by senior DCELLS, DE&T and UKCES officers. The Chair submits regular advice to ministers and he and the Deputy Chair act as points of ministerial and official contact outside WESB meetings. The Board has published two Annual Reports.

An SSC subgroup has met six times over a two year period. Group members have also, individually, attended conferences and seminars organised either by an individual SSC, or by the Alliance of SSCs. The Group receives input and advice from those officials within DCELLS who oversee SSC work in Wales. WESB itself is not in a position to conduct performance management processes for individual SSCs. Rather, it seeks to satisfy itself that UKCES processes are actively taking Welsh views into account. It also seeks to consider more broadly how SSCs are best able to contribute to the delivery of effective skills policies for Wales.

The SSCs have been allocated a central role in the creation, delivery and oversight of a system of skills provision which meets employers' needs and which makes the best use of public funds allocated to skills development. There is a considerable difference in the scope of their respective operations in Wales, but in general the picture is of dedicated individuals and teams working hard with limited resources.

What are SSCs expected to do in Wales?

The Leitch Report (2006) identified four leadership functions for SSC's :

- occupational standards and improving vocational qualifications
- collation and communication of sectoral labour market data
- raising employer engagement, demand and investment
- collective measures to address specific sector skill needs

Occupational Standards and Curriculum Design

5. The role of Sector Skills Councils in drawing up National Occupational Standards for their industries, and in accrediting those courses and qualifications which successfully deliver them, has been valuable, though it has been a time- and resource-consuming process.

In general Wales uses the same qualifications as England, ones with which employers are familiar. It follows that the accreditation of qualifications and the development of occupational standards can generally be best accomplished at the UK level. However, there are certain instances where Welsh requirements differ from those in England, for instance, where Welsh Assembly Government (WAG) policy is different, or where there are skills needs in relation to the Welsh language. These divergences may grow as Wales develops its own policy approaches in other areas. In which case, supplementary standards and methods of accreditation must be identified.

Support has been provided for higher and further education colleges when designing the new generation of Foundation Degrees. A partnership triangle between employers, SSCs, and providers has emerged in fields such as Energy, Sustainable Construction, IT and Creative and Cultural Industries, with a major emphasis on part-time learning for workforces. SSCs have also provided design and approval support for universities and colleges developing ESF Convergence work-based learning projects.

Labour Market Intelligence (LMI)

WESB recognises the value of LMI work undertaken by SSCs at a UK level and work done by them in developing a strategic view of their sector's skills needs. At the UK level this involves engagement with senior business people who collectively have a strong understanding of need.

Local and regional LMI can be equally important in influencing skills investment priorities, and we question to what extent it is feasible for SSCs, on their own, and with constrained resources, to provide comprehensive regional LMI. Close collaboration at a regional level with other bodies, such as Education Business Partnerships or as envisaged by models such as the South West Wales Regional Learning Partnership, would seem to offer the most realistic solution.

The Economic Renewal Programme anticipates significant development in high skill areas of the Welsh economy. While at present there is no evidence of substantial skills shortages, a more dynamic economy would certainly lead to shortages, some of them in the Science,

Technology, Engineering and Math subject areas, but they would probably be quite specific. This points to a need for real time granular LMI.

A considerable amount of LMI could be available to WAG through the Department for Economy and Transport business relationship managers as well as DCELLS Workforce Development advisers, including LMI of the kind we might increasingly need, but currently this is not being collated and analysed for broader purposes.

Wales needs comprehensive forward-looking Labour Market Intelligence at national and regional level and it needs this to be in a constant state of revision to ensure relevance. The role of SSCs in contributing to this should be clearly defined.

Careers Advice

SSCs have an important leadership role to play in working with Careers Wales to strengthen the 14-19 Learning Pathways and apprenticeships that prepare young people for future employment. The recent review of Careers Services in Wales recommended that SSCs should develop models of suitable work experience to support specific vocational learning pathways from school through to employment.

Employer Engagement

Any body which claims to speak on behalf of employers must engage with a sufficiently representative sample to be able to do so with authority. From time to time UKCES commissions surveys to ascertain levels of employer awareness of their SSCs. High levels of awareness are likely to be seen as an indicator of effectiveness. However, as compared with the UK, Wales has a high proportion of businesses employing fewer than 10 people. It is not practical for the SSC resource in Wales to engage meaningfully, individually, with such a large number of SMEs.

The existence of Welsh employer advisory boards for SSCs, however, provides an important and valuable route to engagement with employers, and a transparent means of assessing whether the Sector Skills Agreements for Wales drawn up by SSCs, are in line with employers' needs. WESB members with experience of such boards speak supportively of their effectiveness and the strategic direction they are able to give to the work of SSCs in Wales. However, such boards are not being operated by all SSCs and in some sectors, other fora exist to coordinate employer views and action. There should be at

all times clearly defined functions and links to avoid duplication of effort and ensure consistent messages.

Raising Employer Demand for Skills

There is a need to raise the level of employer demand for higher level skills in order to improve the performance of the economy as a whole. Employer ambition can be stimulated by improved understanding of best practice, by facilitating networking and by devising and investing in skills enhancement programmes. SSCs can play a part in all of these. Programmes for organisational innovation and for skills investment are most effective when linked to the employer's business goals. SSCs which think strategically can help build the bridges between WAG economic development and workforce development programmes which are necessary to bring this synergy about. They should also help identify Research and Development priorities which can raise competitiveness.

Influencing the Funding of Training Provision

Are public funds being used to best purpose in delivering the skilled workforce that employers need? The Webb Report (2008) says: "A learning system driven by employers' present and future skills needs will be one in which providers are directly responsive to changing needs".

The DCELLS Sector Priorities Fund Pilot programme represents one attempt to allocate a proportion of funding to training provision which is clearly linked to employer demand. The Sector Skills Councils articulate the employer need in applications made for these funds. The lessons learned from these pilots might form the basis for a realignment of Further Education and Work-based Learning funding in future, in which case the role played by the SSCs in articulating the employer need would be crucial.

Differentiation and Reform

Currently, each SSC receives the same amount of core funding from UKCES and is expected to have a similarly sized footprint (the number of employees in the sector across the UK). Between them they are intended to cover all employment sectors, private and public. But it is clear that there are substantial differences in the nature and scope of the operations of individual SSCs in Wales. Those which appear to be strongest often have deep-rooted links with employers which pre-date the creation of the SSC structure, such as via the old Industry Training Boards. Construction Skills for Wales for example has 47 staff in

Wales, whereas some Councils have even failed to retain a Wales-based Director.

Another element of core strength is where there exists a levy or other employer contribution system which gives employers an obvious element of ownership and a motivation for engagement. There is also one instance (the Care Council for Wales), where the SSC function is absorbed within a pre-existing Wales-only regulatory body which has much wider functions. The degree of skills needs analysis which one can expect from such a body are clearly very different to those which will be generated by an SSC in a sector which is comparatively weak in Wales.

The UK Government's review of Public Service Bodies and their functions will certainly have a considerable impact on the work of SSCs in Wales. The UKCES is to receive a 40% cut in its funding under the Comprehensive Spending Review. It is probable that there will be a reduction in funding for SSCs, possibly a substantial one. In that event, what will be the impact on their ability to play their full part in delivering the Welsh skills agenda?

One of the options which UKCES is likely to consider is that of reducing the number of SSCs. But some of the most successful SSCs appear to be those where the footprint most closely corresponds to employers' perceptions of which industry they belong to. Too wide a footprint leads to a loss of focus, identity and ownership. The larger the footprint, the more the SSC starts to look like a part of the civil service.

Having said that, Wales's Economic Development Programme identifies six key sectors and has created Sector Advisory Boards for them. The boards will need strong relationships with the relevant SSCs to address skills needs effectively. It may prove desirable in their eyes to see SSCs being reconfigured so that they correspond more closely to their own footprints, as long as employer involvement and leadership can be maintained. But, as things stand, such a formal reconfiguration would not be possible if it were not initiated at a UK level.

WESB is also keen to emphasise the importance for employment in Wales of skills development in major sectors not included amongst these six – for example, tourism and hospitality, retail, and the built environment, but also social care and much of the public sector.

SSCs may be challenged to be more self-financing in future. We have doubts how far employers would be willing to contribute to the running costs of SSCs. This road would lead to an emphasis on selling

services to employers, more self-promotion, more moves into training delivery - and other potentially harmful conflicts of interest.

In any restructuring, it is essential that UK Government and UKCES recognise the duty of SSCs to serve the needs of the devolved nations and the need for SSC functions and structures to integrate effectively with those of WAG. WAG officers are working hard to identify Wales's key requirements and to ensure that these are delivered by any revised system. During this period, it is important that UKCES listens to them and that the UK Government takes heed of matters raised with them by Welsh ministers. It is in Wales's interest to make every effort to make the revised SSC system work for Wales, since otherwise, an alternative system, funded entirely by WAG, would need to be devised. However, if Ministers are not persuaded that the new system is able to deliver their requirements, they will need to consider what supplementary or alternative steps need to be taken.