



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Iau, 12 Mehefin 2008
Thursday, 12 June 2008**

Cynnwys
Contents

- 4 Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies
- 4 Tystiolaeth i Ymchwiliad y Pwyllgor i Gyfraniad Economaidd Addysg Uwch
Evidence to the Committee Inquiry into the Economic Contribution of Higher
Education

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Alun Cairns	Ceidwadwyr Cymreig Welsh Conservatives
Christine Chapman	Llafur Labour
Jeff Cuthbert	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Huw Lewis	Llafur Labour
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Sandy Mewies	Llafur Labour
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Mathew Basham	Cyfarwyddwr Gweithredol—Cymru, Skillset Acting Director—Wales, Skillset
Sarah Cooper	Rheolwr Cenedlaethol Cymru, Government Skills National Manager for Wales, Government Skills
Jacky Drysdale	Rheolwr Cymru, Skills for Care and Development Welsh Manager, Skills for Care and Development
Dr Aled Finniear	Prif Weithredwr, Park Place Research Limited Chief Executive Officer, Park Place Research Limited
Jan Holdaway	Rheolwr, Asset Skills Head, Asset Skills
Richard Jones	Rheolwr Cymru, Skills for Justice Wales Manager, Skills for Justice
Chris King	Cynghorydd Busnes Cymru, GoSkills Wales Business Adviser, GoSkills
Kevin Marchand	Pennaeth Sgiliau, GoSkills Head of Skills, GoSkills
Bill Peaper	Rheolwr Cymru, Semta National Manager—Wales, Semta
Steve Scofield	Pennaeth Datblygu Sgiliau, IMI (Automotive) Head of Skills Development, IMI (Automotive)
Stephen Studd	Prif Weithredwr, SkillsActive Chief Executive Officer, SkillsActive
Helen Taylor	Cyfarwyddwr Sgiliau, EU Skills Skills Director, EU Skills
Graham Waters	Cyfarwyddwr, GTW Developments Director, GTW Developments
Terry Watts	Prif Weithredwr, Proskills UK Chief Executive Officer, Proskills UK
Maria Whittaker	Cyfarwyddwr Rhanbarthol, Skills for Health Regional Director, Skills for Health

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Dr Kathryn Jenkins	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 1.30 p.m.
The meeting began at 1.30 p.m.

Cyflwyniad ac Ymddiheuriadau
Introduction and Apologies

[1] **Gareth Jones:** Prynhawn da i chi i gyd. Estynnaf groeso cynnes i chi i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Fe'ch atgoffaf i ddiffodd unrhyw ffôn symudol ac unrhyw ddyfais electronig arall. Ni fydd angen i chi gyffwrdd y meicroffonau. Yr ydym yn gobeithio y byddwn yma tan tua 4 p.m.; hynny yw, nid ydym yn disgwyl unrhyw fath o ymarfer tân, felly os bydd larwm yn seinio, bydd yn rhaid i ni symud o'r adeilad mor fuan ag sy'n bosibl, dan gyfarwyddiadau'r tywysyddion. Bydd y cyfarfod yn ddwyieithog ac mae'r clustffonau ar gael i dderbyn y gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg, sydd ar gael ar sianel 1. I chwyddleisio'r sain, dewiswch sianel 0. Bydd cofnod o'r cyfan a ddywedir yn gyhoeddus.

Gareth Jones: Good afternoon to you all. I extend a warm welcome to you to this meeting of the Enterprise and Learning Committee. I remind you to switch off any mobile phones and any other electronic gadgets. You do not need to touch the microphones. We are hoping to be here until about 4 p.m.; that is, we are not expecting any kind of fire drill, so should an alarm sound, we will have to leave the building as quickly as possible, following the directions of the ushers. The meeting will be bilingual and headsets are available to receive the simultaneous translation from Welsh into English, which is available on channel 1. To amplify the sound, select channel 0. There will be a record of all that is said publicly.

[2] Croeso cynnes i chi oll, yn Aelodau, yn dystion ac aelodau'r cyhoedd. Mae ymddiheuriad wedi'i dderbyn gan Janet Ryder. Nid oes unrhyw un yn dirprwyo, cyn belled ag y gwn i. Mae'n bosibl y bydd Sandy Mewies yn ymuno â ni yn nes ymlaen.

A warm welcome to you all, Members, witnesses and members of the public. An apology has been received from Janet Ryder. There is no substitute, as far as I am aware. Sandy Mewies may join us later on.

1.32 p.m.

Tystiolaeth i Ymchwiliad y Pwyllgor i Gyfraniad Economaidd Addysg Uwch
Evidence to the Committee Inquiry into the Economic Contribution of
Higher Education

[3] **Gareth Jones:** Symudwn ymlaen yn awr at y sesiwn dystiolaeth. Fel y gwelwch, yr ydym wedi estyn hyd cyfarfod y prynhawn yma at 4 p.m.. Mae rhesymau digonol dros wneud hynny, fel y gwelwch o'r rhaglen sydd o'n blaenau. Mae'r sesiwn dystiolaeth, pan

Gareth Jones: We will now move on to the evidence session. As you can see, we have extended this afternoon's meeting until 4 p.m.. There are plenty of reasons for doing so, as you can see from the agenda that is before us. The evidence session itself, when

fyddwn yn derbyn tystiolaeth ar gyfraniad economaidd addysg uwch, wedi'i rhannu yn bedair rhan. Ar gyfer y rhan gyntaf, yr ydym yn croesawu cynrychiolwyr o'r cynghorau sgiliau sector—SkillsActive, Semta, Proskills UK ac Asset Skills. Yr ydym yn ddiolchgar am y papurau sydd wedi dod i law. Mae pum papur ac mae papur 1 ar y manylion sydd gennym mewn llaw yn grynoded o'r ymatebion oll. Croesawaf Stephen Studd, prif weithredwr SkillsActive, Bill Peaper, rheolwr Cymru Semta, Terry Watts, prif weithredwr Proskills UK, a Jan Holdaway, rheolwr Asset Skills. Croeso cynnes i chi. Yr wyf yn deall y bydd Stephen Studd yn gwneud cyflwyniad am ryw bump i 10 munud ac wedyn cawn gyfle, fel Aelodau, i ofyn cwestiynau. Drosodd i chi, Stephen.

we will be gathering evidence on the economic contribution of higher education, will be divided into four parts. For the first part, we welcome representatives of the sector skills councils—SkillsActive, Semta, Proskills UK and Asset Skills. We are grateful for the papers that have been presented. There are five papers and paper 1 on the details that we have to hand is a summary of all the responses. I welcome Stephen Studd, the chief executive of SkillsActive, Bill Peaper, the Wales manager for Semta, Terry Watts, the chief executive of Proskills UK, and Jan Holdaway, the head of Asset Skills. A warm welcome to you all. I understand that Stephen will give a five to 10-minute presentation and then we, as Members, will have an opportunity to ask questions. Over to you, Stephen.

[4] **Mr Studd:** Thank you very much. This is my first duty as chair of the Sector Skills Forum in Wales, so I am coming straight in at the top. I must say that we are delighted to have the opportunity to present evidence on behalf of the sector skills councils; it is a really good opportunity to develop the partnership between the sector skills councils and the Welsh Assembly Government.

[5] The network is young and we are going through a little change at the moment, as the Sector Skills Development Agency has ceased to be and we have established our own voluntary network, the Alliance of Sector Skills Councils, which is made up of all the licensed SSCs. We are in the process, you will be pleased to hear, of appointing a new Welsh manager—the short listing is under way at the minute—and we hope that that will really help us to co-ordinate our efforts in Wales so that we can present a collaborative voice on behalf of the sector skills councils, in partnership with yourselves and, of course, the education sector. On behalf of the network, I want to stress that the network is young, but it is growing.

[6] Every SSC has taken big steps over the last few years to strengthen its presence in Wales. Every SSC now has a sector skills agreement, which is an important document, in the sense that it has given employers an opportunity to be consulted and represented, and for us, with employers, to develop a view of the current and future skills issues of the sectors in Wales. It is that evidence base that is the basis of the relationship between employers and the higher education sector. We have worked with the Higher Education Funding Council for Wales to form those agreements, and there is an opportunity to take a further step there, possibly with the consideration of something like a concordat that will establish a framework for individual SSCs and for clusters of SSCs to work with higher education. That framework would be a useful step forward as we try to create an ongoing dialogue at a policy and strategic level.

[7] Every SSC is committed to a bilingual policy and the development of a bilingual workforce. Every SSC is at various stages of agreeing a Welsh-language policy. I have tried to highlight a few themes in the overview paper; it is not an attempt to summarise submissions, because, clearly, you will be able to talk to representatives individually. That is an important point. Sectors are different and the needs of employers are different. Our ability to engage with employers and to get them engaged in education and skills issues is a key step, but it is those differences that are significant if we are to make the best use of the resource of education.

[8] A key focus in the paper, and a key partnership, is helping the step between education and employment. We tried to stress that there. We have opened up some routes by which we could look to encourage that transition with more flexibility in the future. In the paper, we have highlighted our response to the 'Skills That Work for Wales' consultation, particularly in the area of the potential of flexible routes such as foundation degrees. It is important to have a clear choice for individuals in higher education, so that an individual can pick a course that is vocationally relevant and that will lead to a particular career. Flexibility around such things as foundation degrees allows people to step into higher education later. Perhaps it is not always the best route to go straight into higher education, but to have the opportunity to step in later, with work experience coming first and developing the higher-level skills later. We would like to encourage that sort of flexibility and work with you to develop it.

[9] In terms of graduates post-graduation and their into entry work, there is some welcome activity with Go Wales in a number of sectors that is proving useful in developing work experience opportunities. Perhaps we can go a little further there, but this needs some work with a lot of small and micro businesses for them to be able to support a graduate training scheme. Sector skills councils can help and support that by encouraging employers to work together, providing templates for those sorts of actions.

[10] We have also highlighted in the paper the links between science and research and between management and leadership. SkillsActive also wears the hat of being the lead sector skills council in the network on management and leadership at the moment, so I have a special interest in that field. The development of those skills, linked to the development of entrepreneurs and new business opportunities in the sectors, has real scope for action with higher education. We can undermine a lot of the skills work that we do if managers and leaders are not properly tuned to using those skills to best effect in the workplace. It is about skills, but it is also about their proper deployment and utilisation, and developing best practice. We think that there is scope there and that higher education can make a real contribution and use its expertise to support that development.

[11] That is all by way of general introduction, and I thank you for the opportunity to present to you.

1.40 p.m.

[12] **Gareth Jones:** On behalf of Members, I am grateful to you for that and for clarifying the role of the forum and how it relates to the alliance. That is particularly helpful to us, as was your touching on the aspects of management and leadership. I now invite questions, the first of which is from David Melding.

[13] **David Melding:** I will start with a slightly impertinent question. Do you agree with Lord Leitch's recent analysis of the performance of sector skills councils when he said that a third are performing well, a third are middling at best, and a third are failing?

[14] Secondly, given how long it has taken some of these organisations to get any notable presence in Wales, and also that the Organisation for Economic Co-operation and Development recently published a report saying that there is now a bit of a division in the skills agenda in Britain, with devolved administrations having a lot of responsibility but significant responsibility remaining at the UK level, which is not creating a very elegant system, rather than having 26 or however many skills councils with relatively little capacity in Wales, to be frank, would we not be better off having a Welsh system? We would have fewer but more generic councils, and at least they could respond to our needs better and feed in more effectively to higher education.

[15] **Mr Studd:** To start from the beginning, Lord Leitch's comments were very much a snapshot taken at a particular point in time in the development of the network. Those that are perceived to be working better are the ones that have the longer history. Some sector skills councils have a background as industry training boards with levies, and historically we talk about construction and engineering as examples. Not surprisingly, those that have such a background have a tradition.

[16] You will see in the network some rapidly rising stars, which have developed links with employers for the first time in newly emerging industries. Certainly, with my SkillsActive hat on, I would say that we are not ashamed of what we have achieved in helping the industry to set its own identity. The sport and leisure sector in particular is in every community, and has the largest proportion of volunteers. Giving an identity and a focus to that sector, in coming together, is a new opportunity. That is where some SSCs are, perhaps two years since their re-licensing.

[17] We are now moving through a review period, and the heading on the re-licensing prospectus is 'Empowering Sector Skills Councils'. From our perspective, it is important that employers are not faced with yet another change to the system, but are allowed to work to make this system better.

[18] I made a comment about their presence in Wales, and I think that every SSC now has at least one responsible person based in Wales. The important thing is that those people are locked in to the resources of the sector skills councils at a UK level. So, the expertise of research teams, which develop national occupational standards and sector qualification strategies, is held centrally in the SSC, and while there is a presence in Wales it has access to that expertise. This means things like sector qualification strategies, which determine the qualification needs that employers require. Those are negotiated on a Welsh basis, and sector skills agreements are also negotiated on a four-nation basis and, where appropriate in England, on a regional basis, too.

[19] I believe that we are in a real process of development for the network, and the re-licensing can strengthen that. I still believe that it is the co-ordinated voice of employers that is the key to this. If all employers were engaged with education and training, you would not need sector skills councils, but the fact is that they are not. If you focus on the relationship with higher education, and if you can get a clear message that someone is not being trained in higher education for a job but for a career, and one that spans an industry, and then if you can get industries working together, you will have the basis for a very strong partnership and a very strong system. So, we are where we are, and I think that the position is improving.

[20] **David Melding:** My second question takes us on more directly to how employers relate to higher education and employees. There is a need for much more bite-sized learning so that you do a bit at a time. How is the higher education sector responding to that demand? Its traditional model is not really to provide bite-sized learning in an accumulated way, or even discretely, so that you can dip in and out of it.

[21] **Mr Studd:** I will open the floor to my colleagues at this point, but I think that there is a growing realisation. It is partly about the market. The institution has to perceive that there is a demand and a market, and that is where a sector skills council can say, 'We have this group of employers, and we have said this, so let us provide it'. Funding has to reflect that, so that the university gets the reward and recognition for working in that flexible way. Increased partnerships with further education will add vocational skills into that mix. So, there is a lot of opportunity, and supporting people who are studying while at work is a key step. In the submissions, a number of examples have been highlighted in which those dialogues were resulting in that sort of change.

[22] **Mr Watts:** I would support that. You could say that the higher education responses are patchy: a third is doing really well, a third is middling, and a third has yet to see the opportunity. In the higher education world, there is a need for institutions to see the direction in which they might want to work more, for the benefit of the economy. Many have responded to that very quickly, but some have yet to see the opportunity in that regard. One of the roles of SSCs, as Stephen said, is that employers find that they do not know the difference between higher education and further education, generally; they just know that someone cannot do something but they can after attending a training course, so they just want the solution. Part of our role is to make sense of that for employers and the higher education institutions, to hide the wiring, so that we provide solutions to employers in a language that they understand. That is why there are 25 SSCs rather than a smaller number: employers buy in to those sectors that have been defined by the SSCs. We have done a lot of work on that, and I think that you will see the engagement working more effectively. There is definitely a willingness there. Proskills UK is working with a number of institutions in Wales, and we have a provider forum that includes Swansea University and a number of other colleges. So, it is beginning to work very well, although we still have a way to go.

[23] **Mr Peaper:** I am Bill Peaper from Semta. I just want to add that the work that we have been doing with the universities under the knowledge exploitation fund has produced some really good programmes. We have been working with the universities to get recognition through the credit and qualifications framework for Wales, because technology moves so quickly. If it was a longer programme, the technology will have moved on again before the programmes are ready. So, from that point of view, some really good work has gone on that it may be worth your while looking at further and getting some of those people along to give evidence, if you have time.

[24] **David Melding:** I have another couple of questions, Chair, if there is time at the end.

[25] **Gareth Jones:** Fine. Thank you, David. We will move on to Christine Chapman.

[26] **Christine Chapman:** I wish to ask Stephen Studd about SkillsActive. I note in your report that you talk about an oversupply of graduates in areas such as sports science and sports development, which I know is now a popular subject, particularly for younger people. You also talk about graduates lacking essential vocational elements and employability skills. That view has been expressed quite a bit in this review. I am curious to know what you are talking about with these specific vocational skills, because it is important that we understand the specifics of the vocational elements. We all know a little about the sports and leisure industry, but what is going wrong there?

1.50 p.m.

[27] **Mr Studd:** For us, the technical skills are linked to people skills. We are talking here about coaches, fitness instructors, personal trainers, activity leaders in the outdoors, and those sorts of occupational areas, where you apply technical knowledge and convey that to your customers, devising programmes that suit them, and engaging young people. So, soft skills are important, as are the technical aspects. Some courses are very scientific and work with high-performance athletes, who are not quite the people you meet when you cross the leisure centre floor, and so if you want to broaden participation and get the population more active, those courses do not offer quite the right skills. Interestingly, the employment record of graduates, particularly in the field of sport and leisure, is good, although not necessarily in that sector. I am not saying that we do not want those courses, because those people are finding jobs and careers in other sectors, which is fine, but, within that, we want to refocus some of the technical training so that it has application in the industry. Does that help?

[28] **Christine Chapman:** So, you are talking about people skills. I suppose that that

would be shared by other sector skills councils.

[29] **Mr Studd:** It is about communication, yes, but it is also about engagement. If the sport and leisure and fitness industry is to be really effective, we have to broaden the base of participation, so we have to get at those people who are not naturally active, which means that we have to focus on and engage with a different skill set. A different skill set and knowledge base are required to deal with people who have not been active from those required to deal with someone on a high-performance programme to be a Welsh champion.

[30] **Christine Chapman:** Perhaps we need to put that in our recommendations, namely that all sector skills councils look at people skills and the other softer skills.

[31] **Mr Studd:** Some industries are more people-focused than others, but people skills including communication skills are important, and work experience comes into this too, so that people know what the real jobs are like. That is a key part of it.

[32] **Mr Watts:** It is about employability skills. It is about working in teams, communicating in a business, and all those things that we tend to take for granted once they are established. So, it is about working full stop, but people do not come work-ready. They do not have to come completely work-ready, but some of those areas should be developed as they go through their education.

[33] **Christine Chapman:** I have one other question. This is particularly to Bill Peaper, and is on Semta. In your report, you talk about not enough young people coming forward to study the STEM subjects, namely science, technology, engineering and mathematics, because young people regard those as the second-best options. Who should have the responsibility for changing that? Should it be Government, higher education or employers?

[34] **Mr Peaper:** There needs to be collaboration between them all: Careers Wales, employers, who should be giving the right demand signals, and further and higher education. We have been working with the Engineering and Technology Board, which has funding from, I think, Lord Sainsbury for a UK project. I was determined to get some of that money for Wales. So, we have been working with it in collaboration with the Assembly's Department for Children, Education, Lifelong Learning and Skills to see whether we can get that project going. It would help with the continuing professional development of teachers, and would also help to pull those young people who are currently in higher education through. There is evidence that young people studying science and engineering do not complete the programme, or, if they do, they do not always come into the sector. So, it is really support for that.

[35] To answer your question, it is a collaboration between higher education, Careers Wales, the schools and employers. We have started to put things together through the chair of the manufacturing forum, Roger Evans, to try to put those sorts of things in place and get companies to take responsibility, as well as the other organisations that are working on it. We still need companies to play a bigger part, and we are making progress on that.

[36] **Mr Studd:** May I come back with a little example from the SkillsActive sector? We have established something across the UK called the register of exercise professionals, which is a register for professional fitness instructors. In Wales, working with the Assembly Government and the Sports Council for Wales, we embarked on a promotional programme which was supported by local authorities, and Wales has now moved from a position where it had the fewest number of qualified people at level 3—advanced instructors—to being the most qualified area in the UK. That has happened through building links with universities and vocational providers, and upskilling people so that they can work in communities towards a more active Wales.

[37] **Mr Watts:** Careers advice is an area where SSCs can add real value, because we work closely with our industries—as we have to, in the normal course of our duties—and therefore we understand the industries in some detail. We have the skills, because of our skills background, to articulate the careers pathways and job specifications, and turn them into more attractive careers materials—not just bits of paper, but websites, and programmes, and so on. There is no funding anywhere for that kind of stuff, yet people need it. What we need to do is to put the raw materials into the hands of the people who want to disseminate it to schools, develop programmes and so on. Then we can create a real success, because we have the raw material—there is no need for anyone to find out what jobs are available in the various sectors, because we know what they are, how you get into them, and where the progression might be. We just need to find someone who can take that and make the best use of it. Then, the employers will recognise their own ideas in the approach of the schools and it will start to create a virtuous circle.

[38] **Christine Chapman:** [*Inaudible.*]—and that would be a useful tool.

[39] **Mr Watts:** Exactly—it can feed into those kinds of things.

[40] **Jeff Cuthbert:** Thank you, Stephen, and your colleagues, for the papers, which were most interesting. You deal with quite a range of occupational areas. There are three points that I want to make, and I may as well make them together, and then you can go through them. First, on the issue of consistency, this is a review into the economic contribution of higher education, and you have, particularly when answering David's questions, talked about the importance of the links between you, the industries that you represent and higher education. I would like to ask a little bit about consistency. I have been involved with a number of SSCs, particularly in the fields of engineering and construction skills, for some time. I know them to be fairly well-established in Wales, but as you said, there is a historic reason for that, in part at least. I wonder how far behind are the sector skills councils that have not been around as long, and which represent other sectors. When you bear in mind that the economy of Wales is made up predominantly of SMEs, and not the big boys—we have some that skew the picture, like Airbus, but they are not typical—how consistently are those SSCs engaging across the board with higher education, so that higher education offers something meaningful for the economy now and in the foreseeable future?

[41] My second question is about occupational standards, which you alluded to. Occupational standards at all levels will inform NVQs, modern apprenticeships, other qualifications and, indeed, I trust, what higher education offers. How regularly are sector skills councils reviewing occupational standards to ensure that industry needs are developed and reviewed reasonably often, and kept up to date? Is that mechanism and methodology working well?

2.00 p.m.

[42] My final point relates to European structural funds. One way or another, the whole of Wales is covered by European structural funds, whether it is convergence or competitiveness funding. How are you engaging, by yourselves or in partnership with others, to make use of those funds? As you know, the skills agenda—at all levels, although in this case we are talking about high-level skills—is a critical aspect of those funds.

[43] **Mr Studd:** I will start with the point about consistency. It is difficult, coming from an individual sector skills council to comment on the performance of the whole network. So, perhaps Terry and I could give you a snapshot of two that contrast. We were the fourth sector skills council to be licensed and we have a five-year life. The key thing for a sector skills council is to build its networks—its direct links with employers, yes, but it also needs to

engage other partners in the sector in the process, namely professional bodies, trade associations, and in our case the national governing bodies of sport, for example the Football Association of Wales, the Welsh Rugby Union, and so on. It is about engaging with those networks. If all of those people work together to do the certain, core things that a sector skills council is about, namely identifying the labour market and skills needs, and committing to the UK currency of the national occupational standards—and we think that we have done that—you have the basis of what looks like a smaller organisation at the top but which, underneath, has the networks and contacts in the sector. It takes some time to build up that confidence and engagement with other bodies. It is a challenge. A sector skills council is a challenge to its employers and its other partners and it should say, ‘Come on, we are not going to do everything on our own and have little programmes or just ignore training, we are going to work together and build career structures’. In our case, that might include things like the register of exercise professionals and the UK coaching certificate that is now being introduced into national governing bodies to introduce a consistency of performance. Those things come out of that process. So, it is about building those networks. Terry is only three years old, although he does look older.

[44] **Mr Watts:** Proskills UK was the twenty-fourth of 25 SSCs to be licensed. One of the reasons for that was that it happened at the time of the amalgamation of five national training organisations. So, we had no history other than from national training organisations, most of which continued to exist as training companies after their licences as being an NTO were removed. We now have seven industries, ranging from furniture manufacture to extractives and paper manufacture, and so on. So, there is a range of industries. It is exactly as Stephen said. You mentioned Semta and CITB, with whom we work closely—

[45] **Jeff Cuthbert:** I mentioned the occupations; I did not mention any SSCs.

[46] **Mr Watts:** I am sorry. Looking at those occupations and the SSCs that represent them, were it not for Proskills UK’s footprint, there would be no construction industry, because there would be no sheet-glass, concrete, bricks, or tiles; I could go on. There would not be a construction industry, yet we tend to get hidden behind the construction industry. When many people think of manufacturing, they think of electronics, cars, marine, and other such activity; they forget that someone has to make the desks, the paper, and the bricks. We tend to get lost behind those. So, we work closely with Semta and CITB to support their supply chains and to try to form a united voice—with Semta, Cogent, Improve, the sector skills council for food and drink, and with Skillfast-UK, the textiles SSC, we form the manufacturing alliance and work together quite closely in Wales to try to do those sorts of things. As Stephen said, it takes a long time to build up your networks, but we believe that we are now doing it quite well now. We are purely a sector skills council. The core funding is our mainstay—for good or bad—as we have no other source of income at the moment. So, we need to work in close partnership with other networks. In Wales, for example, we work closely with the workforce development centre for Wales to try to ensure that we increase our employer engagement through that. We will also work with the provider network that we are setting up with the colleges, which have lots of contact with employers. We can try to help to make those relationships deeper and more meaningful for both parties. Does that answer that question?

[47] **Jeff Cuthbert:** Yes.

[48] **Mr Studd:** The second point related to national occupational standards. To me, that is the most important thing that we do. To be able to say what is expected of a coach or of a sheet-metal worker, or whatever the occupation might be, is crucial. Having a set of standards that an industry or sector has agreed on is crucial, and those standards need to be kept up to date. There is a balance here. I am conscious of the fact that the education providers need some time to mould the curriculum to the standards. So, if you are working with awarding

bodies or training providers, it takes time, because there is an argument for continuity. However, the good news is that the approach to standards reviews is that they take place as and when, so, we have the capability in the network to update and develop our standards as employers demand, or, alternatively, if training providers and colleges come back and say, 'This isn't working', we have the opportunity to implement incremental change—I think that that is the technical phrase that covers that. They are the big asset of the network, particularly in a partnership with education. There is a clear, structured statement from employers and, in our industry, we have also taken the standards into Europe, and the relationship with the European qualifications framework and the recognition of standards and their transfer across the European community is a developing route for us.

[49] **Ms Holdaway:** At Asset Skills, we are constantly updating and looking at our national occupational standards. That is an ongoing process in which we are constantly involved.

[50] **Jeff Cuthbert:** I have a supplementary question [*Inaudible.*] Do you feel that that is consistently the case across SSCs and that they are all on the ball?

[51] **Mr Watts:** We all have sector qualification strategies now, and we have the ability to change our standards rapidly. The process from changing the standards to seeing people in the workplace with the new skills is a long one, and we are not in control of all of that, so the time that it takes for an awarding body to develop or refine a qualification, and then for an educational institution to implement the new standard of that qualification is not within our control. However, we are working with the various regulatory bodies to reduce that time as much as possible.

[52] **Jeff Cuthbert:** However, it flows that if higher education is to offer courses or training that are meaningful to employers and which will, therefore, contribute to the economy, it needs to be aware as speedily as possible of technological and other changes that may well apply to industries, so that what it offers is up to date, does it not?

[53] **Mr Watts:** Absolutely, and the higher education sector is much more flexible in its ability to respond to that kind of change, which is one of the reasons why employers want to work with it so much. It is more flexible in its delivery in many cases. We are working with Swansea Metropolitan University on—I do not want to use the word 'e-learning'—a way of getting higher education training out to the parts of Wales that do not have a higher education institution near them. It is often more responsive.

[54] **Mr Studd:** Providers are part of the consultation process and the updating of the standards. Once people are involved in the delivery and use, they are a key part of that consultation and development phase. So, if the performance from a provider is perceived to be inconsistent, there are routes via which that can be challenged to get things changed. It is no longer a bureaucratic process.

[55] **Mr Watts:** The last point of the question was on European structural funds, which many of us use significantly in the different aspects of what we do, and we need to use more of them. At Proskills UK, it has taken us a while to ensure that we feel comfortable that we can handle the levels of bureaucracy that come with those kinds of contracts. We are now ready to do that and are participating in several of them, and we will continue to do more of that, as they emerge. Again, you have to have confidence in your processes and abilities, your engagement and networks and so on, before you embark on those sorts of things. So, we often work with partners that can help us mitigate some of those business risks, because you must be precise with those contracts.

[56] **Mr Studd:** It is also about thinking about what the contribution of the skills council

can be, and that is probably more in the structuring of the opportunity than it is necessarily in delivery. So, a partner would deliver, but we would help specify and ensure that the offer for the funds linked to the sector's needs.

[57] **Jeff Cuthbert:** I will come in once more, and then I will shut up, I promise, Chair. I am pleased to hear that. I am keen, as we all are, that structural funds are used properly and have a long-term benefit. We have heard from Terry about his SSC, does your association, Stephen, co-ordinate submissions, for example, to the Welsh European Funding Office, for structural funds, and perhaps offer advice and support on good practice? Are you in a position to say, 'This occupational area is making progress and making use of available funds—with partners, or in their own right—and this one does not seem to be; let us find out why.'?

2.10 p.m.

[58] **Mr Studd:** When you say the 'association', do you mean the alliance?

[59] **Jeff Cuthbert:** Yes, I beg your pardon, the alliance.

[60] **Mr Studd:** The alliance is a work in progress at present. The support for the network came from the Sector Skills Development Agency, which was a Government agency; discussions are still going on with the new UK Commission for Employment and Skills on the funding of SSCs and what they expect of us. Therefore, we are putting together our own funds to create the collaborative resource. At present, therefore, there is no mechanism for co-ordinating that. Historically, there has been, and there are partnerships between different SSCs, but there is no central mechanism at the moment. However, I hope that there will be.

[61] **Mr Peaper:** To add to that, we have collaborated with the SSCs that are looking after the manufacturing sector—Proskills, Cogent, Skillfast, Improve and Semta—to establish a programme to move people from level 2 to level 3, or, if they are in a level 2 occupation, to broaden the width of that level 2. That is in collaboration with those SSCs, as well as the automotive, electronics and aerospace fora; they are relatively small teams of people, but, working together, we are able to cover quite a large area of Wales, including small and medium-sized enterprises.

[62] **Gareth Jones:** Before I ask David Melding to come back with one or two questions, I wish to make a comment from the chair. Jeff referred to all the written contributions that we have had; if my arithmetic is correct, we have received about 25 for this meeting. I have been heartened, generally, by what I have read; I know that everything is not perfect, but strategies are being thought out and embedded, and there are recurring themes. In higher education, for example, we hear a great deal about flexibility, the relevance of courses, continuing professional development and work-based experience. You cover all these areas, and these are vital components, because, in upgrading the skill level—and you referred to Leitch and so on—that would certainly be a boost to Wales's economy; that goes without saying, and it is perfectly relevant.

[63] However, there is a further dimension here, which you touch on in your paper, Stephen, namely the links with business schools, and so on, where you feel that more could be done. I was interested to read in your paper, Terry, about the Print Forum Wales link with Swansea University; that seems to be a successful model, which we might wish to copy elsewhere, to serve as a model for such interfacing with higher education. What we want from our skilled workforce is the ability and the opportunity to develop ideas, to take this to the cutting edge and to innovate. Your paper notes that,

[64] 'Print Forum Wales is the only forum in Wales dedicated to promoting collaboration, productivity and innovation in the Welsh Print Industry.'

[65] I appeal to the SSCs to look at this area carefully and to note any further evidence of where you feel that that could be strengthened in our recommendations. You also refer in your paper, Terry—and it has cropped up before in our meetings—to the knowledge exploitation funding and how vital that has been to us, but you have also included a couple of failed bids. I would like to hear your views on those points.

[66] **Mr Watts:** The Swansea University collaboration is a vital one, because it was keen to drive it that way, and, although we supported it strongly, most of the effort has come from it, inside Wales. Our job is to ensure that the employer message is right in what it sees as an opportunity for its expertise and that we can jointly bring it to employers' attention and engage employers from quite a wide network. It has been really useful for us, but it is always under threat whether they can continue to do it or not. We would like to see those sorts of things going on. It does not take a great deal to get that kind of focus within a higher institution, because, usually, you build on some expertise that it already has, and, in higher education, the expertise is usually well regarded anyway. We can build on those sorts of things quite easily, but they do need pretty specific industry focuses, so you could not really have a Proskills equivalent because the print industry would, at that level, see itself as different from the furniture industry, and rightly so, although there is probably a need for a furniture industry forum in the same sort of way, particularly in south Wales.

[67] Those sorts of relatively focused interventions will be welcome, and a network of employers will start to develop. There are a number of sceptical employers out there—90 per cent of our footprint is in SMEs and they are very hard to convert and have often lost the habit, from my sector anyway, of offering training and apprenticeships. They still do training internally, but it is not recognised and does not lead to qualifications. However, once you start to get those links forming, they tend to self-perpetuate; we then step away a little bit and the forum works with the local printers. We ensure that we provide all of the other things, such as the labour market intelligence, and all of the new things that we get we feed into those environments and they tell us what they need in terms of changes. So, it works very well and I would encourage you to do more of those if you can.

[68] **Gareth Jones:** Yes, certainly. It was said in our meeting last week that not all of the ideas come from the universities; the ideas, very often, are with our skilled people, who see the need and might see a way forward, but want research and help to promote the idea and convert it into a commercial proposition. So, my appeal would be to look at that particular aspect as the finishing touch, as it were, to the good work that is currently ongoing.

[69] **David Melding:** Nearly all of my points have been covered by other Members, but there is a specific question that I picked up in Semta's evidence, which is the need to develop employer-driven specialist options in relevant degree courses. In the old days, when we had traditional industries, they would be in a position of having a lot of influence and there would be a metallurgy department in one university and an engineering department in another. However, now, our economy is not so dominated by that sector, and the extent of the SME sector has just been pointed out to us, in that the fewer employees you have, the less likely you are to train or to be involving the higher education sector or another training body. In the sort of economy we are in now, how difficult is it for employers to engage with higher education, compared with the old days when you had whole degree courses aimed at a vocational point? Perhaps there are now only one or two options.

[70] **Mr Peaper:** It is an issue of getting companies, SMEs, to engage. An example is the work that is being done with Cardiff University in collaboration with Yale College and Coleg Sir Gâr in producing materials for micro-nanotechnology. It is a technology that companies could use in some of their products, but they are not aware of it or of how they can implement it, being SMEs.

2.20 p.m.

[71] So, there is a big need for universities, with support from us and other fora, to flag up this work, to talk to design engineers and to help them to implement some of this new technology, which would mean that items could be smaller, and there could be a better use of materials so that there was less demand on the environment. We need to be raising awareness of that sort of technology among employers, particularly among SMEs that have their heads down, working on their products. It may be a family-owned business and they may be working month to month, without a huge vision. There is a need for universities to work with such companies.

[72] Also, as we know, it is a difficult sector to engage with, and it can be very costly. We need to look at how we can do that in a cost-effective way, with collaboration between further education and higher education institutions and support from the sector skills councils and the other fora, including aerospace, electronics and automotive, to take these things forward. There are some really good examples, among the knowledge exploitation fund projects that I have listed, of some great work that has been done. We must be careful that that work does not stand still because the funding from the knowledge exploitation fund is finished.

[73] **Ms Holdaway:** There is just something that I would like to bring up with regard to higher education and employer engagement. As part of our sector skills agreement, we wanted to engage employers and higher education institutions, and the one thing that surprised me, when I tried to bring that into operation, was the lack of co-operation within our particular sector. However, we did manage to bring together a number of higher education institutions, specifically in the built environment—we cover things such as property and housing facilities management. Terry was saying that, without the glass and the tables, you would not have any buildings, but without any chartered surveyors and planners, we would not have any streets or buildings either. So, it just shows how we all have to network and work together. We are working specifically with employers and a number of key things have come out of just bringing the universities together in a specific forum that we have managed to establish. That is ongoing and we do have specific employer engagement. We have employers coming together.

[74] Highlighted in our SSA are things such as more effective employer engagement with higher education; greater provision that better meets the needs of employers; and closing the skills gap, so that, when students come out of education, they are ready to go into employment, which has been a major issue in chartered surveying. We are working towards that. The response that we have had from employers has been extremely positive so far. We would like to get more on board, but it is obviously a challenge. The response that we have had so far has been very good, and there has also been a very positive response from the higher education institutions in our sector.

[75] **Gareth Jones:** Diolch yn fawr. **Gareth Jones:** Thank you very much. Our Mae'r amser bron ar ben ar gyfer y sesiwn time is almost at an end for this session. hon.

[76] I believe that Jeff Cuthbert has a final question.

[77] **Jeff Cuthbert:** Jan, you just provoked a question, in a sense. I am not disputing what you have just said, but I must ask something because of the weight of SMEs in Wales, many of which are very small, as I mentioned before. I am looking particularly at your submission in terms of the built environment, where you presumably have many very small employers with small numbers of employees. It would be wrong to ask how easy it has been, because I know that traditionally it has been extremely difficult, but how are you, in practical terms,

managing to engage with what must be a considerable number of diverse employers, to ensure that what you are putting forward as their needs, whether it be occupational standards or whatever, is accurate? What methodology do you use to gather that information?

[78] **Ms Holdaway:** We have a very substantial database. We have spent the past six months gathering information on employers across the whole of the UK and, obviously, Wales. We had a substantial database to start off with, but we have expanded that with a specific project over the past six months, so that we can target employers very specifically with regard to their region, their type of employment and the size of their company, to get a response back from them. We can issue them with newsletters to update them on what is happening in the industry and contact them with regard to consultations with national occupational standards or whatever. We have been working substantially on that. That is one of the major areas that we have been working on.

[79] **Mr Watts:** We do a lot of work to make sure that we get a cross section of our industries represented in everything else we do, especially in standards and research.

[80] Going back to an earlier point, the problem with our role, if you like, is that we are strategic bodies and our job is to influence the infrastructure and make sure that it works for the industries rather than be the infrastructure and the delivery points. You can only go back to companies, especially SMEs, once or twice to give them a strategic picture of how they can change the world for the future because, with the best will in the world, the changes that we make today might take two or three years to hit the streets. We really need to go with them and with partners with something to do, whether that is working as part of the Swansea University's Print Forum Wales, meeting with other people, making the most of networking opportunities, basic skills or whatever it happens to be—there must be something that will deliver a benefit to them in the short term. Then you buy them in, and they say, 'That was good, but we want it to do something different', to which our response is, 'Well why don't you join our standards committee and help us to restructure the next version, look at the next iteration or help us to understand how we can do this or that?'. That is where capacity in Wales will grow, once we start to have more of those smaller projects or engage with partners, who may otherwise just take our materials out, to get to employers and engage them, because we—the whole skills system in my view—tend to preach to the converted, that is, those who come forward. The big challenge, if we are really going to make an impact, is to get to those employers who have not converted their thinking to say that skills lead to productivity. That is the challenge facing all of us, whatever part of the education system we are in.

[81] **Mr Peaper:** On SMEs, I will just share with you some thoughts on how we have been able to connect with them. FE colleges are more locally based for SMEs; we should be encouraging greater links between FE colleges and higher education, building on some of the work that has been done in getting the SMEs involved.

[82] To flag up an example, Coleg Sir Gâr's engineering department has formed Carmarthenshire manufacturing group, which is a consortium, and SMEs have been able to club together to increase their buying power for materials and the like. If we can encourage that sort of thing by getting SMEs involved with further education and higher education, it would be a good model to look at. I can get some information on that for the committee.

[83] **Gareth Jones:** That would be greatly appreciated. On that note, our time is up for this first part of the scrutiny session. On behalf of the committee, I thank all four of you for your written evidence and for your time and attendance here this afternoon. It has been a valuable contribution. We share the concerns, we identify with the needs that you highlighted, and we very much hope that your contribution will help to pave the way for the committee's report when it finally emerges. We are grateful to you and we wish you all the best in your

respective fields.

2.30 p.m.

[84] Dymunaf brynhawn da i'r pedwar tyst newydd, a chroeso cynnes i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Yr ydym yn croesawu yn arbennig Kevin Marchand, pennaeth ymchwil a pholisi, GoSkills, Chris King, cynghorydd busnes Cymru, GoSkills, Helen Taylor, cyfarwyddwr sgiliau, EU Skills, a Steve Scofield, pennaeth datblygu sgiliau, IMI (Automotive). Croeso cynnes i'r cyfarfod. Yr wyf yn deall na fydd cyflwyniad byr gennych, felly trof at yr Aelodau yn syth iddynt ofyn cwestiynau, oherwydd, fel y gwyddoch, mae gennym sesiwn hir y prynhawn yma gyda llawer o dystion. Yr ydym yn hynod ddiolchgar am hynny, ond manteisiwn ar y cyfle yn awr i ofyn cwestiynau inni symud pethau ymlaen.

I bid the four latest witnesses a good afternoon and warmly welcome them to this meeting of the Enterprise and Learning Committee. We welcome in particular Kevin Marchand, head of research and policy, GoSkills, Chris King, Wales business adviser, GoSkills, Helen Taylor, skills director, EU Skills, and Steve Scofield, head of skills development, IMI (Automotive). A warm welcome to the meeting. I understand that we will not have a brief introduction from you, therefore I will turn straight away to Members for them to ask questions, because, as you will be aware, we have a long session this afternoon with many witnesses. We are very grateful for that, but we will take advantage of the opportunity now to ask questions so that we can move things forward.

[85] **Kirsty Williams:** I was particularly interested to read the comments in the GoSkills paper around foundation degrees. There seems to be a suggestion in your paper that this was moving ahead in the context of England and that people were taking advantage of this, but that that was not happening in Wales. I would be interested in hearing your views on foundation degrees and the role that you think that they have to play.

[86] In your paper, you were also clear about what you identified as a skills gap between the workforce in Wales as compared with other parts of the country. What do you feel is the reason for that and how could we best engage with trying to address the skills gap? If other people in your particular sectors feel that they have had a similar experience, I would also be grateful to hear their views.

[87] **Mr Marchand:** Perhaps the best way that we can deal with foundation degrees is to give the committee some examples and talk them through with you. There are three foundation degrees that our industries, in our footprint, are taking forward. In aviation, the reason that the foundation degree is appealing—we say this in our short paper—is because of the blend of operational experience required with the high-level thinking skills. The advantage that a foundation degree as a label gives is that the providers, be they a mix of higher education institutions, further education colleges or private providers, blend with the employers to create a whole package for the learner. So, the employer knows exactly what it is getting because it is specifying to the higher education institutions and further education colleges what input is required. The providers are working in the workplace. An example is Flybe, the regional airline based in Exeter, which I visited on Monday. It is engaging with Exeter, Plymouth and West of England universities to design three foundation degrees about work-based learning.

[88] An example in the bus industry is in the north west of England, where there is a recognition of a skills gap with operational managers who have worked their way up from being bus drivers, have gone through depot supervision training, and now need the high-level skills to add productivity to their businesses. This is the key thing. I am sure that the committee has been briefed on a number of businesses, but the margins are very tight in the

business model for passenger transport, as in a number of industries at present. That means that they are looking for higher level skills to add to their productivity—they are getting people to think how they can do their business better. In passenger transport, that business on the delivery side is adding equipment and people to deliver a service to the customer. It is quite a simple model, but it is very complex to make it work very well and, to put it bluntly, to make money out of it. The foundation degree in the north-west of England is exactly the same model—it looks at blending the specialist learning, such as the fact that the passenger transport industry operates 24 hours, seven days a week for 365 days a year, which many people do not appreciate. So, the people in the industry have that experience and they can add the high-level skills to that experience. People from outside of the industry who are coming into it need to add the high-level skills to that experience. So, that is the summation.

[89] It is linked to the second question that you asked on the gaps, where we can see, working with small and medium-sized businesses in particular, how they can add value to their product, because, in other parts of our footprint, in terms of taxi, private hire and coach transport, which are quite often family-run businesses, small associations or even micro-businesses or sole traders, we need to think about how we give them the skills to run their businesses effectively. These are generic skills that need to be applied in their context. If you are a taxi operator, it is about knowing who you are going to pick up, how to deal with people, how to get repeat business, and how to ensure that you have enough cash coming in. An example that we had was giving £20 change for a £10 fare—I jest; they are low-level skills, but it is about having a mixture of the occupational and the high-level skills.

[90] **Kirsty Williams:** I take it from your paper that you are concerned that you are not seeing the kind of innovation or working that is being seen in the south-west or the north. You are not seeing that develop here in Wales.

[91] **Mr Marchand:** I would say that we are not bringing it out particularly well. It is patchy across the piece, and that is true across all the nations. It is about a blend of high-level skills and occupational skills. Those skills need to be welded together for the productivity of our businesses and industries. So, I would not say that it is being brought out particularly well in Wales.

[92] **Jeff Cuthbert:** Thank you for the written papers. You would be amazed to hear how many written papers we have had for this session, but there we are. I am going to ask, in part at least, some of the questions that I asked of your colleagues who were in before you. I will be looking for your take on those issues. The purpose of this inquiry is to look at the economic contribution of higher education. So, the first question is about how you see the links with higher education across your sectors. I have read what you said in the papers, but is there anything that you want to add on the consistency or otherwise of higher education institutions in terms of their reaction to the needs for higher level skills in your industries?

[93] On that point, to EU Skills, you made the point in your submission that the energy industry has an ageing workforce—it does not affect us as politicians, of course—and is faced with a declining number of young people entering the workforce. That is not unusual. Is it linked with a declining interest in mathematics and science-based subjects in schools or does it go a bit deeper than just not fancying your industry? Do you think that there are reasons for that? I will pause there and come back once you have answered those.

[94] **Ms Taylor:** It is all bound up with STEM subjects. I was listening to Bill Peaper earlier, and we would entirely agree with what he said. There is a decline in STEM subjects being taken up in school and, as Bill said, engineering graduates often do not come into the sector. When they have completed their degree, they go off and work in finance because they are highly numerate candidates and lots of other employers want them. So, we are working with employers to try to encourage them into the sector. It is always difficult when you are

talking about the large industries, particularly the electricity, water and gas industries, because they have been through privatisation and have lost a lot of people, and so they have been through a process of reorganisation. They have been in decline and now they have got to the point where they have realised that they are losing people and they are not getting the flow in. So, it is quite hard for them.

[95] We have a group, called the power sector skills strategy group, which is looking at this across the UK. It is made up of some of the leading employers in the sector and is looking at sector recruitment and attractiveness and qualifications. We have sub-groups within that. Some of the very big players, for example, the National Grid, RWE Npower, E.ON UK and EDF Energy sit on that group. We are very keen that we take those UK-wide solutions and apply them in Wales wherever we can.

[96] I am excited to work with the higher education institutions in Wales, because they have a lot to offer our sector. You have noted that, in the paper, we have a developing bid that we are putting forward to try to work more closely with them, and a lot of that is to do with some of the skills that you were talking about. What we find in the really exciting emerging sector of sustainability and renewable energy in particular is that you have lots and lots of people with a lot of enthusiasm and a lot of energy to work in this field, but they often do not have the business skills that they need to make that business a success. That crosses a sector boundary for us, because you move into the waste management sector, where you have lots of social enterprises on the waste collection and recycling side. They are often struggling because, although the leaders of those industries have technical knowledge, they do not often have the business skills. So, our bid was partly seeking to redress that, and provide some of that bite-sized business management learning.

2.40 p.m.

[97] **Jeff Cuthbert:** On the responsiveness of higher education and the consistency of approach in Welsh HE institutions across your organisations, do you engage with them well? Are they responding to you?

[98] **Ms Taylor:** We have a really good working relationship. We have been working very closely with the Welsh energy sector training project, or WEST, which is a consortium funded by the knowledge exploitation fund. We have good links with those universities, and we also have links with Cardiff Business School. I find those institutions responsive. They are aware that they need to offer these flexible bite-sized solutions.

[99] **Jeff Cuthbert:** On the other issue—and if you heard my earlier question, you will have been tipped off—about the development of occupational standards, such standards inform national vocational qualifications, modern apprenticeships, and, indeed, what higher education needs to offer, whether in bite-sized courses, vocational degrees, or whatever. As SSCs, how regularly do you review that process to ensure that the standards are up to date, and that they are genuinely representative of what your industry needs?

[100] **Mr Scofield:** May I pick up on that one? My SSC is fairly new, having gained its licence only in September. As an organisation, we are engaged with the sector. The sector tells us that, historically, the national occupational standards have moved too slowly—as have the qualifications that come on the back of those national occupational standards. It is critical in our particular sector—and I will use that as an example—because vehicle technology moves on at a rapid pace, and employers say that qualifications are not keeping up; regardless of whether it is in FE or HE, that element is not moving quickly enough. So, one of our interventions, at the request of the employer, was to put together an accreditation scheme to inform changes to national occupational standards on a regular basis, every six months. We have developed an accreditation scheme for technicians, for example, which goes to level 4,

and the industry meets every six months to ensure that the standards are still fit for purpose. Although we are a new SSC, the process is already in place for that industry group, whichever sub-sector it comes from, to inform incremental change across the national occupational standards. So, we are moving to a different place, where we have not been before.

[101] **Mr Marchand:** Without wishing to repeat what the first group said to the committee, I would say that the key thing for GoSkills is our industry groups. GoSkills is quite a diverse organisation, even though passenger transport is its banner, and our industry groups drive the agenda. It is very much as Steve just said: the industry knows what changes it needs to drive, and it knows the power of the national occupational standards in driving NVQs and vocational qualifications generally. So, the industry groups dictate, and we meet most of them on a quarterly basis—some slightly less frequently, some slightly more so. They stimulate the debate, they ask us questions, and we work with them on that review. So, it is symbiotic—it works through our industry groups, and they are the driving force.

[102] **Ms Taylor:** May I also add that we have industry groups that drive our NOS reviews, and that we are also just starting our sector qualification strategy process? One point that was made in the last session was that, when we review our NOS, we do not have any authority to compel the awarding bodies to produce those qualifications, and so sometimes, that link can be slow. That can be frustrating, because awarding bodies are profit-making organisations—that is their job—and so, if they do not always see that there is sufficient profit in it for them to create a qualification, even though we have produced the NOS for the employers, it can be difficult to move that along as quickly as we would like.

[103] **Jeff Cuthbert:** Could I summarise that? Correct me if I am wrong, but you are saying that you are confident that your occupational standards are pretty much what the industry needs, but the qualifications system, which is a matter for the awarding bodies, does not always keep pace. Is that right?

[104] **Ms Taylor:** Yes. We have worked closely with our awarding body colleagues, but sometimes they do not keep pace. For example, we have just created a fairly new sector skills council in the waste management sector, and so we have created a recycling NVQ, but we cannot find an awarding body that will partner us in creating a technical certificate; therefore, we cannot offer an apprentice framework, which is quite frustrating, because it is a fantastic industry, particularly for encouraging those who are not in employment, education or training. So, that is quite frustrating. You want to be able to say, ‘Do us a qualification now’.

[105] **Jeff Cuthbert:** We are interested to hear that.

[106] **Mr Marchand:** We are also conscious that the awarding bodies have their own due process of quality assurance to go through. So, there is a reasonable lag in the system. To deal with Helen’s point, the lag is not because no-one wants to take up a qualification; it is because there is a due process to go through with the qualifications and curriculum regulatory authorities in England, Wales, and Northern Ireland when reviewing a qualification that has the national occupational standards as the first part of it. I do not think that it is a case of finger-pointing; we recognise the due process, but there is a frustration with that process. Many parties are frustrated with that process, and not just the SSCs on behalf of employers.

[107] **Jeff Cuthbert:** The final point—and you will also have been tipped off about this if you heard the earlier part of the meeting—is about the use of structural funds. The whole of Wales is covered either by convergence or competitiveness funding. The skills agenda is a key driver of the use of structural funds. Are you engaging in that process, either in your own right or through other partners?

[108] **Ms Taylor:** Bill Peaper talked about the bid through the Step Up Sector, which the

Welsh Assembly Government hopes will be backfilled by European structural funding. We are part of that consortium. The WEST project hopes to gain funds to continue its work with European structural funds, so we are engaged in that process.

[109] **Alun Cairns:** My questions relate to Energy & Utility Skills. It is probably one of the fastest moving sectors in research and development terms, because of the stress on energy supplies, and so a lot of work is going on. I note that your paper states that there is good evidence to suggest that those who go to work for that sector stay significantly longer in it than is the UK average. That can be interpreted in a number of ways. There are very few jobs in energy generation, for example. They are merely—and I say that with tongue in cheek—in the construction of the energy units, such as wind turbines, gas-fired power stations. They can have half a dozen people as long as they cover every shift. This is true even of the hydro plant in north Wales. I am trying to test, and draw things out. If the Assembly wanted to support energy as a sector, the value would be in higher education developing the initiatives, ideas, patents and various methods of protection, rather than in the other elements of the same sector.

[110] **Ms Taylor:** I would not want to leave one without the other; you need to take a balanced approach to all of these things. Do not forget that it is necessary to maintain the turbines.

[111] **Alun Cairns:** I am not saying that I agree with what I said, I am just saying—

[112] **Ms Taylor:** No, I know, and I am just trying to answer. It is not just about coal or gas-fired power stations, or wind turbines. It is an exciting sector and so we could be talking about new research into the tidal energy that we could have. Outside my job, I am personally very excited about the thought of community energy generation schemes and the potential of biomass. It is really exciting stuff. So, we need those ideas to be pushed forward. We need people to take those as businesses and make them work. They need the higher level skills to do that, as well as the technical skills. There needs to be a pick-and-mix approach. You need to get a really excited person who will push something forward and say, 'I need some skills on photovoltaics and on business, so I will go and pick a module on business skills at Cardiff University and a module on photovoltaics at Aberystwyth'. That is what we need: some sort of pick-and-mix approach with high-level skills. Some of them should be focused while others need to be more generic. Energy is wider than just windfarms. There is also the maintenance, the distribution, the high-voltage cables, and so on.

[113] **Gareth Jones:** I want to follow up on that. Alun is right, that sector skills council is vital, given the potential in this area. I know that he was speaking tongue in cheek there, but you refer in your paper to the fact that the sector faces advancing technology, rapid change, and global competition. We always hear a lot about how we need to be competitive if we are to succeed and make this economic impact. Have you any vision for this global competition? Can we deliver on that scale in Wales?

2.50 p.m.

[114] **Ms Taylor:** Absolutely. Some of our HE institutions are amazingly able to compete. The Welsh School of Architecture in Cardiff is second to none, because it is, literally, the best HEI for architecture. Cardiff is also up there for civil engineering. Our universities can compete, but part of the problem is that, if they are too competitive, they pull in too many students from outside the UK, and so our potential graduates will go and study further afield and perhaps stay further afield. Is that what you meant by that question?

[115] **Gareth Jones:** No, it was about Wales coming out on top in competition with other places; otherwise, we will be forced to buy in this technology. Do we have the skills in higher

education? Do they relate to your needs? Do they develop in that way?

[116] **Ms Taylor:** Those skills are emerging, and work has been done on the Welsh energy sector training project. The research institutes that have been set up, funded by the knowledge exploitation fund, will help us to get there. We are on a journey, but the potential is there, because the institutions are fundamentally sound.

[117] **Christine Chapman:** I want to open this up to all of you. A number of sectors have reported on skills gaps, yourselves included, I think. We have also heard from universities that the courses that they offer are often dependent on the applications that they receive from young people. We need to go back a little, to when young people are in school, so that they can develop relationships with employers and find out about jobs, and get inspired and motivated. We have heard from a number of people who work in that sector about their links with schools. Bearing in mind that we have had school/industry links for many years and that what is happening now is not new, why are those skills gaps still being reported at the other end, at university level? From your experience, what barriers still exist to stop you from working with pupils at an early age? Are there real problems? I know that there is really good work out there, but are we missing something as far as school/industry links are concerned? Is there something that we have still not solved?

[118] **Ms Taylor:** To be honest, the answer for us is resources. As a sector skills council, our remit is at a strategic level, and to deliver the links that you are talking about effectively, we would need to be working at an operational level. There are many more schools in Wales than there are people in my entire UK organisation, so it would be tough to do that on a UK level and to have real links with schools. Our role is to encourage our employers, and we are lucky in that we have large employers who can work with schools to make that link. However, this all goes back to encouraging the uptake of STEM subjects at an early age. Two days ago, I met representatives of Careers Wales, and we are looking forward to working with them in involving organisations in primary schools. That is where we really must focus. For us, it is about pointing our employers and the industry towards assisting in schools, where we can.

[119] **Mr Scofield:** In support of that, I would add that we have a big piece to do on careers early on. As an organisation, we are looking at the pre-14 age group, to get some understanding of what our sector looks like and how it might progress into a complete career path. What Helen said is also true in the automotive sector. When it comes to engaging with HEIs around management leadership, a big cultural shift is needed, and it is not just a matter of putting in qualification structures that are fit for purpose and that can change on a regular basis to meet employers' needs; we also need a cultural shift in the automotive sector to get employers to engage, especially with small and medium-sized enterprises and microbusinesses.

[120] **Christine Chapman:** So, it is employers who need to—

[121] **Mr Scofield:** Yes.

[122] **Mr Marchand:** I will offer a slightly different take in relation to resources and invert this to look at how information is provided to young people. I believe—forgive me, but I am not a specialist in this area—that if the parents, teachers and professionals who provide information, advice, guidance or careers services provide the correct information at that point, that would link very neatly with a whole system that people would understand. We have a similar issue with automotives in that passenger transport means certain things to certain people. It is about describing that and getting employers to buy into that description so that when it goes through the system, young people and those providing information recognise what business is about. That is key. We are spending a lot of time doing that at the moment

across a number of working bodies, including Careers Wales.

[123] **Gareth Jones:** We have no further questions, unless you have a specific point that you wish to relate to us. On behalf of committee members, I thank you very much for accepting our invitation to join us and for your attendance. We are very grateful for the written submissions, which we have had an opportunity to read. I can assure you that you have made a very valuable contribution to our inquiry. We share your concerns and we understand the needs. We very much hope that we can put things together that will facilitate skills generally in Wales, with the emphasis on economic development and making an impact. Thank you for your time this afternoon, and we wish you all the very best in your respective sectors.

[124] Symudwn ymlaen yn awr i drydedd ran y sesiwn craffu. Croesawn bum cynrychiolydd o'r cyngorau sgiliau sector, sef Mathew Basham, cyfarwyddwr gweithredol Skillset yng Nghymru, Maria Whittaker, cyfarwyddwr rhanbarthol Sgiliau Iechyd, Richard Jones, rheolwr Sgiliau er Cyfiawnder, Jacky Drysdale, rheolwr Sgiliau Gofal a Datblygu, a Sarah Cooper, rheolwr cenedlaethol Sgiliau Llywodraeth yng Nghymru. Yr ydym yn hynod ddiolchgar am y dystiolaeth ysgrifenedig yr ydym wedi ei derbyn gennych. Yr ydym wedi cael cyfle i'w darllen. Ni fyddwn yn eich gwahodd i wneud cyflwyniad; trown yn syth at y cwestiynau. Efallai y bu ichi wrando ar rai o'r sesiynau blaenorol y prynhawn yma a bod gennych syniad o'r hyn yr ydym yn ei geisio. Trof at yr Aelodau, sydd â chwestiynau i'w gofyn i chi.

We will now move to the third part of the scrutiny session. We welcome five representatives from the sector skills councils, namely Mathew Basham, the acting director in Wales for Skillset, Maria Whittaker, the regional director for Skills for Health, Richard Jones, the Wales manager for Skills for Justice, Jacky Drysdale, the Welsh manager for Skills for Care and Development, and Sarah Cooper, the national manager for Wales for Government Skills. We are extremely grateful for the written evidence that we have received from you. We have had an opportunity to read it. We will not be inviting you to make a presentation as we will move straight into questions. You may have listened to some of the previous sessions this afternoon and have an idea of what we are looking for. I will now turn to the Members, who have questions to ask you.

[125] **Jeff Cuthbert:** Thank you for your written papers, which were most helpful. If you heard any of the previous questioning, you will know, more or less, what I am about to ask—you may have had time to rehearse. The purpose of this inquiry is to examine the economic contribution of higher education in Wales. Clearly, you are here because we want to know how your sector skills councils feel that they are engaging with the higher education institutions in Wales, and vice versa. Are they responsive to your needs? Do they provide courses, information, or whatever, for your industries and occupational areas?

3.00 p.m.

[126] Secondly—I will not deal with the European structural funds issue with this set of witnesses, if you do not mind, Chair—all SSCs are driven by occupational standards, in terms of informing NVQs, modern apprenticeships, and the needs of their occupational sectors. What methodology do you use to ensure that your occupational standards are as complete, relevant, and up to date as they can be? How do you manage to engage successfully with the range of institutions, organisations, and employers that your SSC is meant to cover to ensure that they are participating in the process of informing national occupational standards?

[127] **Ms Drysdale:** I suppose that we are a sector skills council with an additional arm, in that we are also an Assembly Government sponsored body and have regulatory authorities. Therefore, we are fortunate that employers have to engage with us. We have created a network of four regional partnerships across Wales, and we regularly engage with over 1,300

employers in the social care sector. They inform us of changes that are required with NOS; as has been highlighted previously, NOS have moved from a five-year review process to an incremental review process, as and when sectors require. Our regional partnerships inform us of required changes, and we are able to act fairly swiftly. Many of our NOS are held jointly—with the health sector, for example—so we work together to undertake review and development, to ensure that NOS are always up to date.

[128] **Ms Whittaker:** On the NOS question from a health point of view, and to reinforce what Jacky said, we have different and varying networks—we go through many other partner organisations and stakeholders to engage the right parts of the sector in those consultations. Our NOS footprint is vast, and the range, breadth and depth of our standards are also vast. Therefore, that means engaging with many different types of networks throughout Wales, including the different forms of clinical networks that might exist, but also those that look at estates and facilities, so every aspect of the workforce is covered. Some of that is done jointly with other SSCs—we hold joint standards with Skills for Care and Development, for example. Likewise, there are some that we hold on a tripartite basis, with Skills for Justice, for example, in terms of DANOS, the drugs and alcohol standards.

[129] There is a lot of work that we do there through the robust networks that Wales has in terms of capturing employers. However, it is not only about employers—to pick up on some of the earlier points that you raised—it engages providers and other stakeholders in those consultations around the NOS. Therefore, it is not solely employers or the workforce themselves that have an input; those who lead in other ways, other provider networks, or key stakeholders within the sector also have an input. As Jacky also said, there are mechanisms in place, fortunately, to review them incrementally, which means that we can take feedback continuously from the sector, in terms of their fitness for purpose. Therefore, we can try to maintain the challenge of keeping up with the technological changes, the changes in practice, and the changes in policy in certain contexts that influence them, and we can try to build those, as swiftly as we can, into reviewing the standards, and then into any qualifications of which that standard forms a part.

[130] **Mr Jones:** In the justice sector, many of our standards change depending on legislative changes, procedural changes, as well as best practice throughout the sector. We have recently reviewed our firearms training NOS; after the tragic incident on Monday, they will have to be revisited. Therefore, ours is an evolution of NOS. They are definitely not there to stand still.

[131] **Ms Cooper:** With regard to Government Skills, we, perhaps more than any other council, have things in common with all of 25 of the sector skills councils. We have a diverse workforce, given what we cover and, therefore, we need to work collectively with all of the other sector skills councils to share their national occupational standards. However, that does not mean that we will not have any of our own. We were the last of the SSCs to be licensed, and we are now in the process of writing our not-in-full consultation with all of our employers to ensure that it is fully reflective of the needs of those who are doing the jobs to be supported by those standards.

[132] **Jeff Cuthbert:** Thank you. The other part of my question, the first part, was about the links with higher education.

[133] **Ms Drysdale:** You will see from our written evidence that Skills for Care and Development and the Care Council for Wales have created a national strategic partnership, working with all HEIs that deliver in our sector and with Government and employers together to plan courses, to look at labour market intelligence and to ensure that the standards that we as regulators set match industry needs, which are the needs of the social care and early years sector in Wales. That national strategic partnership meets on a quarterly basis and provides a

policy format for skills development. That is working extremely well and you can see from our written evidence that several excellent initiatives have come out of that, including bilingual provision and black and ethnic minority student destinations reports, which are currently ongoing.

[134] **Kirsty Williams:** I will ask something about the Skills for Health paper, if I may. You suggest in that that the HE sector needs to better consider the accreditation of prior education or learning and how that can be maximised. Could you expand a little on how you feel that that is not currently being done and whether other councils feel a similar frustration to that which seems to come out in your paper?

[135] **Ms Whittaker:** It is fair to say that the health sector has quite a highly skilled and traditional-based workforce and, as such, it is very used, at the highest end, to receiving a large amount of funding and support through higher education. Therefore, the challenge to us is probably slightly different from that for those who need to take that first step in engaging with HEIs. The challenge is to look at how you progress to accessing the HEI provision through non-traditional routes. So it is about widening the access available and looking at that wider aspect in terms of widening participation from the whole population and workforce issues. So, in some ways, it is a challenge to HEIs that do not need to attract more numbers to certain routes. However, in order to maintain the workforce for Wales and to help assist Wales to grow its own workforce and to maintain it in practice, particularly in terms of maintaining some of the Welsh-language resource through its workforce, it is quite a challenge to work with the HEIs in following through on recognising prior learning—for example, recognising NVQs as vocational routes into higher education—and looking at whether people really need to do bridging courses, when, perhaps, NVQs could be recognised as an entry route for higher education. It is particular institutions and courses that ask for more—the institutions will say that they recognise it, but there is an expectation that you need more.

3.10 p.m.

[136] Some of what you will have read in the paper is us exploring ways, coming from a basis of learning design principles, of taking forward your model of unitised, bite-sized chunks of learning that carry credit and award, and looking at that through the continuum of learning, be it accessing provision in HEIs, working collaboratively through models of delivery from HEIs and FE colleges or, in some respects, working with healthcare providers—with the large NHS employers, in particular, being the learning deliverers themselves—and working that through to the same model, in principle, that can be used in flexible units for continuing professional development purposes. So, in that respect, it is a whole-scale-change approach. It will obviously take a long time to embed and to bring the HEIs with us. Some are more responsive than others, and I think that it is fair to say that that is due to their traditional background and to whether they have a need to generate a market. The ones that we get the greatest work out of are those that are closely linked to their local communities. They may be the newer universities that are looking to widen access and to work with us. We would like to see provision in north Wales that has previously been available only in south Wales. So, we are working with the opportunities that that will offer us to demonstrate to higher education institutions more widely that this can be done and that they will get a quality student and, at the same time, to demonstrate to employers that what they will get is fit for purpose, that there will be practice and an award at the end of it. It is a long journey, but I am pleased to say that those that we are engaging with in Wales have been extremely responsive to beginning that journey with us.

[137] **Gareth Jones:** Mathew, do you wish to elaborate on the higher education provision, because your opinion is fairly strongly worded in your paper?

[138] **Mr Basham:** Yes. I would say that there is sufficient provision for the creative media in terms of numbers—in fact, provision is far in excess of the actual numbers of positions available in the industry. We welcome the purely academic provision in some cases—there is obviously some value in pursuing just an academic route—but what we would like to see is vocational provision that is extremely relevant, with very close industry links and targeted. We feel that the current funding structure does not really assist with the funding of excellent provision in terms of the basic payment-per-student model. It is very difficult for us to push forward a system with which we could create this truly excellent provision.

[139] We also feel that the provision, where it does exist, needs to be very clearly signposted. Skillset runs a system of accreditation; we currently accredit four specific courses in Wales on computer animation and traditional animation. We also have our Skillset Screen Academy Wales, which is a collaboration between four higher education institutions. Both the accredited courses and the screen academy manage to achieve excellent levels of employment for our graduates—it is currently running at about 90 per cent. We would like to see a flexible funding model to allow for this type of excellent provision.

[140] **Gareth Jones:** Fine, but are you engaged in that kind of discussion? Is there a way forward, do you think?

[141] **Mr Basham:** I have not come here today with an answer to the whole question of the funding model; it is something that we are still exploring. Obviously, what we do is leverage industry funds to improve the provision where we see that there are needs to target.

[142] **Gareth Jones:** In referring to higher education, you do say that it needs to be more responsive. That is the concern and I was just wondering whether you had any thoughts on that matter. How could we promote and facilitate that sort of responsiveness or make institutions responsive?

[143] **Mr Basham:** It is something that is already being undertaken by Skillset. We have an industry skills panel that meets on a quarterly basis and the Higher Education Funding Council for Wales is represented on that panel. So, we already have that close tie-in, but in terms of the future model, I think that it is still open for further debate.

[144] **Gareth Jones:** Christine, did you want to come in on that point?

[145] **Christine Chapman:** Yes; I wanted to ask Mathew about this. As Gareth said, the mismatch that you have mentioned in your paper between higher education provision and the needs of the industry is quite worrying. Bearing in mind the way that the creative media is now, in that there are many independent and freelance people, are we saying that all those people out there working on an independent basis want different things or are we saying that there is something running through all of them that higher education is not picking up on? If they all want different things, it is quite difficult, is it not?

[146] **Mr Basham:** No, there are many common trends that we can pick up on. Something that was mentioned in one of the earlier meetings was the need for customer care, soft skills, client-facing skills and management and leadership skills. Many of these are ongoing situations that reoccur, but targeting specifically for the industry has to happen on a very specialist basis. We represent an incredibly complex sector, and the level of complexity is such that you need to target specific courses very directly and make that provision industry-relevant.

[147] **Christine Chapman:** So, are you saying that you would still like higher education to target those very specific things?

[148] **Mr Basham:** Yes, provided that the industry feedback is continuous; it needs to be updated. The screen academy has an industry board that sits three times a year that directly feeds into course content and what the provision might be. That is the way to move it forward.

[149] **Christine Chapman:** So, if you have had this dialogue with the higher education sector and you have told it that it is not providing some of these things, what has its response been? Why, from its side of things, is it not providing it?

[150] **Mr Basham:** It is certainly not a criticism of higher education. Not every course can be targeted in this way. It is important to ascertain that there is some sort of academic provision available to all. Not everybody comes to higher education with a structured career plan in place. The response from the higher education sector has been to take a collaborative approach. It wants more information from us. It has been very welcoming.

[151] **Gareth Jones:** Flexibility is a recurring theme. We are noting what you are saying here.

[152] **David Melding:** I will concentrate on the care sector. Medical and nursing education and, to some extent, social work education has traditionally been highly vocationally orientated. Given that, if we are looking at the middle stream or you are trying to up the skills of that part of the workforce, would a foundation degree approach be suitable? Would you like to look at that? How important do you think it is that we embed an intermediate skills benchmark at about grade 3, and, indeed, encourage an even higher standard than that, to improve the standing of the social care workforce in particular? There is a high turnover and there is sometimes an undervaluing of that role. It is a very important part of the economy. In my view, it offers quite a lot of scope for providing employment in some of our more deprived areas, as we could be trying to encourage people there to train. So, is the foundation degree model worth looking at?

[153] **Ms Drysdale:** I will start with the notion of social work, if I may. Social work is now a regulated profession. The Welsh Assembly Government set the standard for qualified social workers at degree level in 2004, and the Care Standards Act 2000 requires, as does the Care Council for Wales, courses to that level to be regulated and approved. So, it is very vocationally related, as you say, and at least half of the training is completed within an assessed work placement—200 days across a three-year degree programme. So, yes, very importantly, it is vocationally orientated.

[154] On foundation degrees, we are working with the Welsh Assembly Government on a workforce action plan to implement 'Fulfilled Lives, Supportive Communities', the social care strategy. Part of the discussion on that is around practitioners who support these qualified, professional social workers, and some of the work that we are taking forward is to identify precisely what level of training those workers should have and the various options for learning that may support best the delivery of high quality care services to social care users and carers across Wales. Foundation degrees may well be one of the options in that regard.

[155] **Ms Whitaker:** I would like to add the health aspect to some of what you picked up with Jacky.

3.20 p.m.

[156] There are areas where health and social care work closely together, perhaps not so much in the role of a social worker, but definitely in terms of the support role that links beneath that, be it linked by a children's worker of some form—it probably needs a multiple set of skills and the standards may sit across various sector skills councils at the moment. It is the whole notion of that new type of working that is necessary to deliver against many of the

Welsh Assembly Government's policies and strategies, to make them sustainable. There is already some joint level 3 provision, and we need to ensure, through the incremental review processes that we are doing, that the level 3 provision is fit for purpose for those roles, and we are currently undertaking work jointly at the moment.

[157] We need to look not just at that provision, because there are links with the foundation degree that give you access to other professional routes. That is sometimes where the stumbling blocks come with professions who have professional regulation on top of the normal education regulatory processes. So, there are more hoops to go through, and sometimes the foundation degree is the right route and sometimes it is not, for multiple reasons. We need to bear in mind the fact that, where that route is appropriate and a foundation degree is the appropriate way for all the labour market intelligence back-up, we need routes that are flexible enough to support their development in Wales where indicated. Conversely, we need ways—I hope through the further embedding of our higher education strategy and learning design principle model—that enable the provision that already exists, in terms of higher national diplomas, diplomas and certificates that can be awarded in higher education institutions or in further education colleges in some circumstances, to be more responsive to fulfilling the roles.

[158] In the work that we have done to date on principles and foundation degrees, we have identified the fact that they may fit in better new types of workers where new roles emerge that perhaps do not have the background of current professional regulation, but are going in a different way. That is what we are picking up from our experience to date. Evidence may show that that is different after we have been through a review process, but, in picking up the point, it is about maintaining flexibility on an employers' needs basis.

[159] **Ms Drysdale:** Critically, foundation degrees respond and provide people with clear destinations and career pathways into the sector. Unfortunately, some that exist in social care at the moment have no destination so people are not qualified to work in the industry having completed foundation degrees. That is a tension, and it is one of the reasons why we need to engage in the planning process with higher education institutions to ensure that there are clear career pathways and destinations.

[160] **Ms Whittaker:** We must also engage with employers, because employers do not always have the knowledge about the progression route, the qualifications and the destination pathways. So, we have a dual role in that regard of working with the employers and the higher education institutions, because you will find from our strategy that much of the history was about employers saying that they wanted a degree in a certain subject when that was not what they needed to be fit for practice and purpose. It is a two-way dialogue.

[161] **Mr Jones:** To show how the foundation degree is working very successfully in our sector, South Wales Police has a foundation degree with the University of Glamorgan, and all student police officers go through that route. One of the issues in our sector is that there is a lack of training for multi-agency working and, from next year, showing that this foundation degree is very flexible, we will see for the first time student police officers, health visitors, social workers and nurses coming together for joint training on dealing with vulnerable people. We hope that it will engender a natural multi-agency working module that they can take forward into the future.

[162] **David Melding:** With which university is the higher education aspect of the foundation degree linked?

[163] **Mr Jones:** The centre for police studies at the University of Glamorgan.

[164] **Alun Cairns:** I wish to ask Richard Jones a question on the legal set-up. On the skills

for justice, perhaps you can offer a perspective on that. Higher education institutions in Wales have strong reputations in legal qualifications in terms of their output and the quality of graduates, but although it is okay in Cardiff, the sector is not as significant as it should be. What I am getting at is that many of the graduates who are leaving will end up in the city, because that is where the operations are. How can we create an environment in which the output stays in Wales far more so that high-level, legal qualifications are used to arrange those city deals here rather than in London?

[165] **Mr Jones:** Skills for Justice currently does not cover solicitors or barristers, because both professions are covered either by the Law Society or the Bar Council. Alun is asking me to answer this question with my previous hat on, because I used to work for the Law Society. One way of ensuring that would be to have some sort of sea change to offer more training places in law firms in Wales in order to keep those skills and to stop the brain drain to London.

[166] **Alun Cairns:** Do you mean that those training places in law firms should be developed in conjunction with HE institutions so that we have that link, or is HE not a factor and we simply need skills development in law firms?

[167] **Mr Jones:** Perhaps we need to work with the law firms to encourage them to offer more places—

[168] **Alun Cairns:** That is beyond the scope of this inquiry, so that is fine.

[169] **Gareth Jones:** Christine, do you have a question?

[170] **Christine Chapman:** My question has been answered.

[171] **Gareth Jones:** Are there any further questions? Is there anything that you, as witnesses, wish to say?

[172] **Ms Drysdale:** I have been asked on behalf of the alliance to say that if the committee wishes to have further information on any of the things that have been discussed this afternoon, we are meeting on 18 June and we would be happy to respond to any requests that you may bring forward. So, if there is anything on which you want further information, please get in touch.

[173] **Gareth Jones:** We appreciate that and certainly would welcome any further information. You know what the inquiry is about. We want to make progress, we want to work with you and we want to see your objectives being realised too. On behalf of the committee, I thank all of you. We received about 24 written submissions and we managed to cover a fair cross-section of them, hopefully, this afternoon. It has all been very worthwhile. We have all listened very carefully to your views and comments and we very much hope that the final report will help to move things forward in Wales and will facilitate your work and aspirations in your respective sectors. On behalf of the committee members, I thank all of you from the various sectors.

[174] Diolch yn fawr i chi am eich cyfraniad; bu'n werthfawr ac yn fuddiol. Thank you for your contribution; it has been valuable and worthwhile.

[175] Trown yn awr at ran olaf y sesiwn graffu. Hoffwn groesawu cynrychiolwyr o ddau fusnes bach a chanolig eu maint, sef GTW Developments a Park Place Research Cyf. Yr ydym eisoes wedi derbyn papurau We now turn to the last part of the scrutiny session. I wish to welcome to representatives from two SMEs, namely GTW Developments and Park Place Research Ltd. We have already received papers from them. I

ganddynt. Croesawaf Graham Waters, welcome Graham Waters, the director of cyfarwyddwr GTW Developments, a Dr Aled GTW Developments, and Dr Aled Finniear, Finniear, prif weithredwr Park Place the chief executive of Park Place Research Research Cyf. Ltd.

[176] A very warm welcome to you both; we are delighted to see you here this afternoon. We look forward initially to a brief presentation of about five minutes from each of you, if that is possible, and then we look forward to questions from Members. Is that acceptable?

3.30 p.m.

[177] **Dr Finniear:** Thank you for inviting me here today. I will start by saying a little about the company, just to put things in context. Park Place Research Limited is a small to medium-sized enterprise, and epitomises what you might regard as a technology-driven company. We employ seven PhD chemists and two graduate chemists. The company is set up to work with other companies that have ideas. They commission us to do research to commercialise these ideas. We are not consultants—we do the chemistry and introduce the technologies to make ideas a commercial reality. We work with manufacturers on one side, and the companies with the ideas on the other. We also work with the universities in England, with companies in the US and Denmark, and have partner collaborators in Finland. We are a new company, in that we have been around for just over three and a half years. So that gives a little context for the company without going into the technologies and getting too chemistry-focused.

[178] In relation to me and my personal experience, I have worked for some of the big companies—multinationals such as Boots and BASF. I have also worked at the biotech clusters in Cambridge and Nottingham. The core of our company is the people: we have chemists who have done postdoctoral work at Imperial College, London, and who have worked for Sanofi Aventis, Rhône-Poulenc and Rhodia. We have a very talented group of people who can stand up and hold their own in discussions with people in companies such as GSK or Pfizer. We work for some of the big companies such as them.

[179] Your question was about the interaction between universities and companies. There is a small technology sector in terms of chemistry-based business. Some of our principal markets are pharmaceutical companies, which probably account for 80 per cent of our work. It is a small sector in Wales, so what opportunity is there for a university to interact with a sector that is so small that it does not really exist? We are part of a sector that could potentially be grown—and we have no doubt that that could happen. We have a long list of potential applicants for positions, because our company is an exciting place to work, and we can attract people from outside Wales, or back into Wales.

[180] **Mr Waters:** Good afternoon, and thank you for inviting me. My company could not be more different from Aled's. It is the antithesis. His is a new, high-technology industry, and we are a dinosaur struggling to survive. We are an old-fashioned engineering company that cuts metal, and, as I stated in my submission, that is not something that you would associate with innovation. However, it is possible to innovate when cutting metal. We live in an extremely aggressive and difficult environment, because we service the textile industry worldwide, and, in particular, we used to service the textile industry in the UK. We still do, with what is left of that industry in the UK, but it has essentially ceased to exist here.

[181] We have therefore had to do two things. First, we have had to attempt to bring a better standard of products forward in order to attract the interest of people in foreign markets, which is where the textile industry has gone. Secondly, we have tried to identify new markets that have no relationship whatsoever to textiles as you and I know them. As I told someone this afternoon, your average Airbus tailfin is made of cloth; that may surprise you.

We are seeking to address the new industrial markets of carbon and glass fibre, and new, exotic industrial products, which pose all sorts of new technological problems for us, because they are not easy to work with. We are attacking that.

[182] We have shrunk to a tiny size because of the diminution of the UK market, and now we are attempting to grow again. To get back to the notion of our relationship with universities, we use them a lot, but we do not have the intellectual strength that Aled's company has—ours is essentially a one and a half man operation, in terms of intellectual property, but we attempt to be innovative, and we are succeeding in that. We ride on the backs of the universities in order to do that. We give them contract work and we sometimes collaborate with them directly. I am closely involved with the innovation network in Cardiff University. So, that is successful, as far as it goes. However, I have a deep concern—forgive me, because this is slightly outside the remit of this meeting, so if the Chair wishes to stamp on me, by all means, do.

[183] **Gareth Jones:** No. I found both papers to be very interesting. They were certainly contrasting, but they were interesting and relevant to our inquiry.

[184] **Mr Waters:** Thank you. I am concerned about standing very far back, far beyond this committee, to a level almost beyond Westminster, and looking at the strategic targets of the entire nation in terms of its technological output. I am aware that the universities are collaborating with us, but I am also aware that universities are collaborating with incoming industries and that there is a heavy emphasis on inward investment. Nine tenths of the website of International Business Wales is concerned with inward investment; it is not concerned to any real extent with promoting businesses growing within Wales and expanding outwards.

[185] In terms of our relationship with universities, if we consider people coming in, such as LG—though that may be a bad example as it is not here—I fear that we are subjecting ourselves not to a promotion of collaboration with universities in order to move outward, but to a new kind of commercial imperialism where, for once, they are the Brits and we are the Indians. The capital is offshore, the decisions are made offshore, every executive issue is offshore, and we are welcoming that structure in. Eventually, I fear for the future of the universities, together with industry.

[186] **Gareth Jones:** That is a valid and important point. That is why we hope that this report will change things around in Wales. David Melding has the first questions.

[187] **David Melding:** That was a very pungent contribution by Mr Waters, but my question is to Dr Finniear. I thought that what you said in your paper was interesting, that there is no lack of people with skills, or, at least, that we produce many PhDs, masters students, and bright graduates, but that they tend—talking about scientific graduates—to go into other areas or, if they stay in a scientific discipline, move to England or wherever. I put this question, reflecting on Cardiff, to both Cardiff University when it came in and some of the other HE institutions: we have one of the largest university hospitals in Europe, we have an outstanding medical college and pharmacy department, we are very strong in general science, and yet the number of scientific industries—particularly pharmaceutical—in this part of Wales, certainly around Cardiff, is very small. What has gone wrong?

3.40 p.m.

[188] **Dr Finniear:** That is a question that I have thought about quite a lot. I moved away from Wales to pursue a career in pharmaceuticals. What is lacking is enablement. Our company is an enabling company that aims to bridge the gap between someone's ideas and their development as commercial products or services. Within industry and within pharmaceuticals, there are specific groups that work in process research and development,

which is what our company does, to make ideas a reality. Cardiff University School of Medicine may be coming up with great ideas on potential drug candidates, and we work with a university in London that does exactly the same and has spun out various companies. In that sort of scenario, it needs to work with companies that can tell it how to take its idea into trials, and how to develop the technology to manufacture that drug. Normally, when you have an idea for a drug, you make a small amount of it in a laboratory, or maybe in a hospital, and that may cost you £0.5 million, just for a small amount. That will never be a commercial drug as you will never be able to make enough at any particular cost to go through the trials. So, the purpose of our work is to knock all the edges off an idea, and make it an environmentally acceptable process that can be manufactured at maybe \$500 a kilogram rather than £0.5 million a gram.

[189] That was the problem with penicillin, which was discovered by Fleming in 1917 or 1918, but it was not commercialised until 1940, and it took a citric acid manufacturer in the US to do that. That company turned out to be Pfizer, which was based on process development chemistry, which is what we do. That is always cited as an example of how universities come up with great ideas but do not commercialise them, and the technologies are sometimes not available.

[190] **David Melding:** I do not want to personalise this to your company, or to what was the School of Medicine but which is now merged with Cardiff University, but has part of the problem been that universities come up with potential ideas but that they remain at an academic level? They may publish an idea in a paper, but there has been no real thought of, 'We have had 20 good ideas and it is possible that one of them could progress to be a final product in the market'. It can then pass some of this work to you, to test and to develop. Have I got the right idea?

[191] **Dr Finniear:** That is how we work with other customers.

[192] **David Melding:** So, why are universities not doing it? Is there a problem in that they feel as though they will lose their intellectual property? Do they overvalue it? Are we at the wrong end of the imperial design that we heard about from Mr Waters, namely that we do not have the confidence to finish some of our ideas or to have a real vision, where you could end up, in 50 years' time, with people talking about a company the size of Pfizer that was spun out of Wales?

[193] **Dr Finniear:** The universities that we do work with, of which there are only two, have come to us but with funding from the Wellcome Trust and Cancer Research UK, and they have the money to fund the research. We have good links with Cardiff University, but when we previously approached Swansea University, Cardiff University and others, we found that they usually had the traditional view of universities—and I read what Professor Nicholas Topley wrote in his briefing—namely that they would come up with the ideas and someone else would give them some money to commercialise those ideas. There is still an element of that but, as a small and medium-sized enterprise, we do not have the money to give the university; we are a commercial organisation looking for someone to give us money, to pay us to do their research for them. So, we do not have a mechanism in place to allow us to go to a university and say, 'We will give you £10,000 to help to develop your technology'. All the focus is on how universities assist us with research and we pay them to do the research.

[194] **David Melding:** Before I try the Chair's patience, there seem to be some third parties involved with the universities that you just mentioned, such as the Wellcome Trust and Cancer Research UK.

[195] **Dr Finniear:** They are happy to support good ideas. Cardiff has been pretty good in dealing with the Wellcome Trust. I think that the partnership fund was set up for spin-out

companies. If Cardiff has good ideas and drug discoveries, that is a viable route to generate funds and to come to companies like us to help to build the infrastructure. We have other aspirations beyond what we are doing at the moment, involving developing our own technologies that we will license, but that is another phase for the company.

[196] **Sandy Mewies:** Your papers were very interesting. Judging from the interesting terminology used in yours, Mr Waters, your history lessons were not very different from mine. There also seem to be some similar issues in both your papers. You have identified a few issues, Dr Finniear—and please correct me if I am wrong—about there being a danger of reducing competitiveness in research and development if it is encouraged only in academia rather than outside, and that support is needed outside academia in some areas.

[197] We have talked a lot about incubator and start-up companies, and the move-on and one problem that people have raised with us is that they do not move on. The problem that you seem to be talking about is that laboratories and technical facilities are just not available for people to expand into, particularly in your field, nor is the help for you to do that. What you seem to be saying in the first instance, Mr Waters, is that education is being dumbed down in some areas. However, standards have to be kept up to compete at a high level. That is the feeling that I get from what you have said. I am sure that you will have more than enough time to come back on all this.

[198] I am particularly interested in what you said about the wings, because my constituency is in Flintshire and is not too far away from the Airbus plant. You have repeatedly mentioned an issue that I know about, namely the low basic skills that people have. You talked about Ed Balls, but we are in the Welsh education system here, although that issue has been identified. Efforts have been made to try to improve the technical skills of young people who are leaving education to go to work at Airbus, or wherever. Are you not seeing any improvements in the skills that those young people are leaving school with, or the strategies that are being used to improve those skills? It is a problem, is it not? If you want them to do that job of work, but they do not have the low-level, technical skills that they need to do it, you have to teach those first before they can move onto the higher level skills. I had hoped that there had been some progress in that area.

[199] **Mr Waters:** There is measurable progress. Please forgive me, but I would not dare to use the phrase ‘dumbing-down’—even if I thought it. In practical terms, I am certain that there is movement forward, but we have not yet seen its benefit. In a small company such as mine, people have to be self-starting and have to be able to work alone, without any supervision, when doing simple yet complex tasks, such as machining and drawings. Therefore, we require a certain level of literacy and numeracy, as well as a pair of relatively experienced hands, because a mistake is expensive for me.

[200] Thank the Lord, we do not have many people, and the people who we have tend to stay a long time, but I have had to replace two people in the past two years. My recruitment policy of late has perforce been—and I say ‘perforce’ because I tried to get young people—to accept and welcome people who are in their 50s, who have been made redundant, and who subscribe to the old and traditional idea of apprenticeship skills. I have one PhD student, but that is different, because I pulled him in from the local university, and that is okay. That is a post funded by the Engineering and Physical Sciences Research Council, and that has worked well. However, I think that your question is to do with lower level skills, where there remains a problem.

[201] **Dr Finniear:** Laboratory availability and costs are a huge problem. We have a good relationship with UK Trade and Investment in the north west of England, which has quite a lot of redundant laboratory space that can be leased for use, but we have had to tie up most of our capital. We funded the business by selling our houses. We spent close to £0.5 million on

investing in laboratories. If we were an office-based business—such as accountants or solicitors—we just would not incur that cost.

3.50 p.m.

[202] There is another question in relation to competing against universities. I tried to lease some specialist equipment from a centre of excellence that is tied to an English university, but I was told that it was a contract research organisation and that it regarded us as competitors and so would not work with us. That shows that there needs to be some overseeing mechanism that ensures that spin-out and subsidised entities that come from universities do not end up stifling companies such as ours. Universities may say that they will make materials for companies on a contract and custom basis for a cheaper price than we could offer, which makes it unfair competition. I do not think that it is a Wales-wide or UK-wide issue only; it is EU wide. There is encouragement to fund university research, to get spin-out companies, and that is a good thing, but there is no overseeing mechanism to check that that money is not being used to subsidise the competition to existing businesses.

[203] **Sandy Mewies:** That was the link that I could see between what both of you were saying. I think that Mr Waters made the point that there is a lot of support for new start-up companies, but people in my area come to me and say, ‘Look, if I had a brand-new company, you would not hesitate to give me money, but because I have already have a business, there is not the same sort of imaginative aid to take it that stage further’. Is that what you are saying?

[204] **Mr Waters:** There is no quick-witted and fast-footed aid. Let us return to our collaborations with universities. There is an overarching Welsh Assembly Government dimension to this. Many of the assistance processes require a degree of due diligence, as is absolutely correct, but, because of that, there is, by definition, a timescale for projects, no matter how small they are, and that is typically a minimum of three to six months. A small company, whether it is new or recently established, has a responsibility not to touch the project until the full process of approval and due diligence has been completed. In an environment such as that in which we work—and I am sure that Aled is in the same situation—there are times when you simply must bring a product to market within weeks. For example, we now have as a customer a company that makes the carbon-fibre rockets that strap on the side of space shuttles. It placed a requirement on us at the end of July 2007 that a working product would have to be in its hands by the end of September. I took the product to the company and it bought it in October, and it is now a customer of ours. There is every element of goodwill to help us, through collaboration between the Assembly, universities and businesses such as ours, but that cannot be done because of the necessary process of due diligence and because of the timescale. We must react very quickly. I do not think that we can square this circle, no matter how good your will is.

[205] **Dr Finniear:** I have one small point to make. When we set up the company, we planned to collaborate with universities on funding placements for PhD students, but because we need to invest heavily in our infrastructure and because our capital is all tied up, we simply cannot do that. The infrastructure is not there and there are no laboratories to lease and pay for on sensible business terms. We do not have those funds to interact with universities, but we want to work with them on new cutting-edge technologies.

[206] **Gareth Jones:** We are entering very interesting territory here as regards what is involved. I know that Christine wants to come in, but I think that David has a follow-up question.

[207] **David Melding:** Yes, I just want to clarify something. You are not after a subsidy, are you? You are saying that you would pay a reasonable market rent for scientific space, which would be a lot more than just office space. That is a failure in what the market provides

at the moment in that it just does not give you the sort of infrastructure that you could rent, does it?

[208] **Dr Finniear:** No. The philosophy of laboratory hotels has gone around the world, which involves laboratories that you can just move into, use the facilities and then move out when you are ready.

[209] **Gareth Jones:** I will just come in at this point, because I read with great interest the two paragraphs in your paper dedicated to this laboratory and so on. We went on a visit to York, where they have set something similar up. Jeff, do you wish to elaborate on that?

[210] **Jeff Cuthbert:** I think that you are alluding to the seemingly very proactive arrangement there with employers, the city council and the university itself on the research side, with spin-in and spin-out companies for which, as I recall, incubation facilities are provided for a limited period. There are similar incubation units in Wales. I am not sure whether there are any in Cardiff, but I have been to others, some of which have been supported with European structural funding.

[211] **Dr Finniear:** We have trawled the whole of Wales for laboratory facilities. The National Botanic Garden of Wales, which more of us have now moved into, was potentially the only option for laboratory space. The universities did not have spare laboratory space.

[212] There is a distinction between biological and chemical laboratory space, and part of the issue is that there may be buildings that are called 'laboratories' but while they may be seen as workshops by an engineer, they are not what we would class 'chemical laboratories'. However, there are some around England: there is the Heath in Runcorn and, as you said, in York. There are incubator facilities around the UK, and, in a business sense, it may not have made too much sense for us to set up a business where we did, but it was primarily because I wanted to set up a business in Wales as I am from Wales. From a purely commercial business sense, there are better areas.

[213] **David Melding:** You would be better off going somewhere else, would you?

[214] **Dr Finniear:** Yes.

[215] **Jeff Cuthbert:** That is very interesting.

[216] **Dr Finniear:** That is potentially a driver that is missing that would attract more people to do the same.

[217] **Gareth Jones:** It is a vital point for us.

[218] **Christine Chapman:** The papers and the presentation were interesting. You have both shown an element of innovation in different ways, and this is really good stuff for us as a committee. I am particularly interested in Graham's point about SMEs and the fact that we have a lot of small companies in Wales. Quite often, those companies are isolated from each other. They get on with the day-to-day business of running the company, but this is about trying to create links with universities, and you have good examples with your PhD student. It would be good if many of our indigenous small and medium-sized enterprises did the same, because if they could grow just a little bit, the impact on the Welsh economy would be tremendous. What barriers remain for companies such as yours, and what more should we be doing to ensure that other, quite small companies that are getting on with their day-to-day business follow that example?

[219] **Mr Waters:** I mentioned one earlier on, which is the timescale of a given project, but

there is another, which is absolutely enormous and I do not know whether anyone here is aware of it, but it is frightening. If one goes to something like the Cardiff University innovation network, or to a presentation for something like the SMART awards, they will see that they involve a certain amount of information transfer between, shall we say, the one-man business and some institutions, whether it be the Welsh Assembly Government or the university. However, there is a kind of one-man business paranoia relating to intellectual property. I know that it sounds as though I am exaggerating hugely, but I have been in a meeting to do with SMART at which a man stood up and shouted at the presenters, 'I am not giving you any information about my company, because I do not believe that your system is secure'. He was speaking to a man from the former Welsh Office, who you may even know: it was Dave Morris doing the SMART presentations. That is a major-league barrier. People do not want to expose their intellectual property just in case the system is not secure. That stops an awful lot of people, and so that partially answers your question.

[220] **Gareth Jones:** Jeff, did you want to ask something?

[221] **Jeff Cuthbert:** The supplementary allowed me to come in, but Christine's question was what I was going to ask. However, as a humorous aside, you began, Graham, by saying that your company was on the dinosaur side of things, but, as I recall it, the dinosaurs were around for more than 100 million years, so you have a while to go. Your company will still be around then, I am sure. [*Laughter.*]

[222] **Mr Waters:** Thank you.

4.00 p.m.

[223] **Gareth Jones:** I will just draw this session to a close and reiterate what I said earlier. I find both papers special in different ways, but both of you make the point that the subsidised competition from universities could ultimately stifle the growth of independent contract research activities. That is in your paper, Aled, but, Graham, you make the point about Professor Pham and the Cardiff group, which is subsidised or supported by Mitutoyo. You both make the same point. So, really, given the nature of the review that we are undertaking, it is essential for us to make sure that that does not stifle any growth. We may not be able to prevent it, but we do need to provide the opportunity for indigenous growth.

[224] I also ask you to consider the message that you give about access to high-value items of equipment, which is another key point. I am sure that that will be a recommendation to the Government in this report, along the lines that we have seen developed very successfully in York. You made the point that you want to stay here and develop in Wales—and that is what we want as well.

[225] On behalf of Members, I want to tell you both that we are very grateful for your attendance this afternoon, for your written submissions, and for sharing your expertise and views with us. It gives us food for thought, and your contributions have certainly been very worthwhile and productive, as far as we are concerned. Diolch yn fawr.

[226] There are papers to note, but Members know all about them. I now declare the meeting closed.

*Daeth y cyfarfod i ben am 4.02 p.m.
The meeting ended at 4.02 p.m.*