

Agenda – Economy, Infrastructure and Skills Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 12 March 2020

Meeting time: 09.30

For further information contact:

Robert Donovan

Committee Clerk

0300 200 6565

SeneddEIS@assembly.wales

Private pre-meeting (09.30–09.35)

1 Introductions, apologies, substitutions and declarations of interest

2 Paper(s) to note

2.1 Letter to Minister for Economy, Transport and North Wales re follow up action points from 12 February meeting

(Pages 1 – 4)

Attached Documents:

EIS(5)–08–20(P1) Follow up action points from 12 February meeting

2.2 Letter to Chair Public Accounts Committee re Ministerial Scrutiny on Employability Support Procurement Exercises

(Pages 5 – 6)

Attached Documents:

EIS(5)–08–20(P2) Letter to Chair Public Accounts Committee re Ministerial Scrutiny on Employability Support Procurement Exercises



2.3 Letter from Chief Executive Transport for Wales re further evidence

(Pages 7 – 8)

Attached Documents:

EIS(5)–08–20(P3) Letter from Chief Executive Transport for Wales re further evidence

2.4 Letter from Minister for Housing and Local Government re National Development Framework

(Page 9)

Attached Documents:

EIS(5)–08–20(P4) Letter from Minister for Housing and Local Government re National Development Framework

2.5 Response by the Welsh Government to the Draft Budget 2020–21

(Pages 10 – 22)

Attached Documents:

EIS(5)–08–20(P5) Response by the Welsh Government to the Draft Budget 2020–21

2.6 Letter from the Minister for Economy, Transport and North Wales re State of the Roads update

(Pages 23 – 29)

Attached Documents:

EIS(5)–08–19(P6) Letter from the Minister for Economy, Transport and North Wales re State of the Roads update

2.7 Letter to the Minister for Economy, Transport and North Wales re Retention Payments in the Construction Sector

(Pages 30 – 36)

Attached Documents:

EIS(5)-08-20(P7) Retention Payments in the Construction Sector

3 Degree Apprenticeships: Student voice and Open University

(09.35-10.20)

(Pages 37 – 61)

Rob Simkins, President, National Union of Students Wales

Ben Kinross, Apprentice Engagement Officer, National Society of Apprentices

Cerith Rhys Jones, External Affairs Manager, Open University in Wales

Rhys Daniels, Apprenticeship Programme Delivery Manager (Wales), Open University

Attached Documents:

EIS(5)-08-20(P8) Research Briefing

EIS(5)-08-20(P9) Evidence from NUS Wales and NSoA

EIS(5)-08-20(P10) Evidence from Open University in Wales

Break (10.20-10.30)

4 Degree Apprenticeships: Employers

(10.30-11.15)

(Pages 62 – 65)

Gavin Jones, Head of Early Careers Programmes, Airbus

Milly Blenkin, Talent Programme Manager for GoCo Group

Attached Documents:

EIS(5)-08-20(P11) Evidence from Airbus

Break (11.15-11.20)

5 Degree Apprenticeships: Education and Training Inspectorate for Wales

(11.20–11.50)

(Pages 66 – 78)

Jassa Scott, Strategic Director, Estyn

Mark Evans, Her Majesty's Inspector, Estyn

Attached Documents:

EIS(5)–08–20(P12) Research Briefing

EIS(5)–08–20(P13) Evidence from Estyn

EIS(5)–08–20(P14) Further evidence from Estyn

6 Motion under Standing order 17.42 (vi) to resolve to exclude the public from the remainder of the meeting

7 Draft Report: Barriers facing small home building firms

(11.50–12.05)

(Pages 79 – 122)

Attached Documents:

EIS(5)–08–20(P15) Draft report

Ken Skates AM
Minister for Economy, Transport and North Wales

24 February 2020

General Ministerial Scrutiny on Transport and Employability Support

Dear Ken,

Thank you for attending the Economy, Infrastructure and Skills Committee meeting on Wednesday 12 February 2020 as part of our scrutiny on Transport and Employability Support

During the meeting you agreed to provide the following information in response to issues raised by the Committee:

Governance and future development of Metro schemes in north Wales, south west Wales and south east Wales

- Is there a strategic plan for each of these Metro programmes and if so where is it published? How can the public access details of projects, and understand the funding and governance as well as the rationale for these Metro plans at a programme rather than individual project level?;



The implications of Brexit for the Welsh transport network

- The Welsh Government's position on UK Government plans for Free Ports. What are the risks and opportunities for Wales? Has the Welsh Government been able to engage with the Secretary of State and the Freeports Advisory Panel? If not, what are the barriers? Details of the piece of work undertaken by one of the enterprise zone boards in Wales specifically regarding free ports.

The work of the Unadopted Roads Taskforce

- What specific changes in approach are being implemented through the Good Practice Guidance and Common Standards for housebuilders and local authorities? How will these be enforced and monitored? The First Minister has said the Good Practice Guidance is currently being trialled by local authorities. Has this been published?

Additionally, due to time constraints there were a number of issues which Members were unable to raise with you during the meeting. The Committee would be grateful if you could also provide a response to these in writing:

- Can you clarify the scope of the Task and Finish Group on 20mph limits. The First Minister has referred to both 20mph speed limits and 20mph zones. Are both being considered? What are the relative strengths and weaknesses of each approach particularly in terms of cost and effectiveness?
- Can you give us more detail on the current strength of the evidence for the impact of 20mph speed limits and zones in terms of accident rates, air quality and greenhouse gas emissions? For example, in November 2018 the UK Government published research suggesting there is "insufficient evidence" that 20mph limits lead to significant changes in collisions and casualties in residential areas when compared to 30mph comparator areas.
- How will the recommendations of the 20mph Task and Finish Group be implemented, funded and evaluated?
- The Project Initiation Document for the pavement parking Task and Finish Group says the Group's remit "assumes that it is the intention to have a



national ban on pavement parking throughout Wales.” Can you outline the legal and policy options available for taking this forward?

- The Deputy Minister has acknowledged the need “to find a solution [to pavement parking] that works” and “that doesn’t alienate people”. Recognising that the Group has yet to report, how do you believe that the interests of motorists and pedestrians can be balanced given constraints on road space and limitations on availability of both parking and public transport alternatives?

The committee welcomed the candour in the response from yourself and your officials to the questions on Employability Support.. The Committee is still concerned about what has happened and the extent to which lessons have been learnt. However I feel at this point it is most appropriate we refer the matter on to the Public Accounts Committee; and so I will be writing to the Chair of PAC to draw attention to the evidence you provided to us.

Yours sincerely,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a long horizontal flourish underneath.

Russell George

Chair, Economy, Infrastructure and Skills Committee



Nick Ramsay AM
Chair, Public Accounts Committee

28 February 2020

Dear Nick,

Ministerial Scrutiny on Employability Support Procurement Exercises

The Economy, Infrastructure and Skills Committee held a scrutiny session with the Minister for Economy, Transport and North Wales on Wednesday 12 February 2019 and questioned the Minister and his officials about failures in the procurement process for Jobs Support Wales, a contract worth £500m. In particular the Committee was seeking clarity from Welsh Government about information provided during annual budget scrutiny on 9 January and in the Minister's written statement on Employability Support on 30 January.

Although the committee welcomed the candour of the Minister and officials in answering Members' questions on 12 February, we were very concerned about the two failed procurement exercises for Jobs Support Wales, and the extent to which lessons have been learnt since the first procurement exercise was halted. It transpired that these procurement failures are now under review at the highest level within Welsh Government. The transcript of the session can be found here, and there has understandably been some media interest.

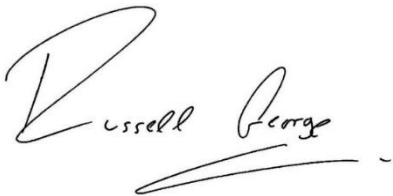


I have informed the Minister that at this point it is most appropriate we refer the matter on to the Public Accounts Committee, given your functions in relation to scrutiny of public expenditure, and previous work by your committee and the Auditor General for Wales on public procurement. I am therefore writing to you as Chair of PAC to draw your attention to the evidence provided to us.

Should the Wales Audit Office or your Committee choose to examine this matter further, we would of course welcome being kept informed of the outcome of that work, given the EIS Committee's remit on employment and skills.

A copy of this letter has been sent to the Auditor General for Wales, and the Minister for Economy, Transport and North Wales, for their information.

Best regards,

A handwritten signature in black ink that reads "Russell George". The signature is written in a cursive style with a long horizontal stroke at the end.

Russell George

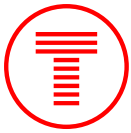
Chair, Economy, Infrastructure and Skills Committee

Cc:

Adrian Crompton, Auditor General for Wales, Wales Audit Office

Ken Skates AM, Minister for Economy, Transport and North Wales





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Agenda Item 2.3

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Russell George AM
Chair
Economy, Infrastructure and Skills Committee
National Assembly for Wales
Ty Hywel
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27 February 2020

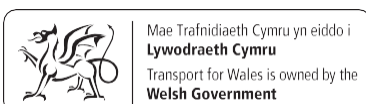
Dear Russell

Thank you for providing me with the opportunity to provide further evidence on both Scott and my appearance at Committee on 29th January 2020.

During the Committee I made reference to £1m a quarter for delay repay (Para 87-90). Unfortunately, I wish to correct my original response and clarify the figure of £1 million a quarter I quoted related to all delay repay compensation and passenger revenue refunds. Passenger revenue refunds cover all reasons for refunds, be it due to operational issues or not. For example, cancelled season tickets, passengers changing their travel plans, cancelled trains. I therefore would like to correct this statement, the latest actual figure for delay repay is £290,000 – this covers October 13th to January 4th.

In para 267 – 269, I committed to write further to the Committee regarding when we are due to hold our next all staff survey. We anticipate holding our next staff survey during spring but we are still to identify a date. We will share with the committee our findings.

In Para 327-328, Scott made a commitment to write further regarding a Welsh Language representative on our Board. I can confirm that our Non Executive Director, Alun Bowen who is a Welsh speaker and our Director for North Wales lead on our Welsh Language policies.



Cwmni Cyfyngedig drwy Warrant. Cofrestrwyd yng Nghymru. Rhif Cwmni 09476013. Cyfeiriad Swyddfa Gofrestredig: Llawr 5, Tŷ South Gate, Stryd Wood, Caerdydd, CF10 3EW
A Company Limited by Guarantee. Registered in Wales. Company No. 09476013. Registered Office Address: 5th Floor, South Gate House Wood St, Cardiff, CF10 3EW

We have also recently set up our Advisory Architecture Panel. The implementation of this Panel is underway following a stakeholder mapping exercise and the development of a work programme as part of the wider Advisory Architecture programme. This is following recommendations made by the Economy, Infrastructure and Skills committee in its report on The Future Development of Transport for Wales published in May 2019. Organisations and individuals have been identified including a representative of customers, industry, persons of protected characteristics as well as a representative from the Welsh Language Commissioners Office. We will also invite guests representing varying subjects and themes linked to our plan and these meetings will be held at varying locations across Wales and the Borders.

The Panel will be having its inaugural meeting on the 17 March 2020 with a view of meeting every quarter from the new financial year onwards. The Panel will be driven by it's Members and it's Chair, looking at current and future proposed ideas and developments that TfW have whilst also providing a direct input to ensure that TfW are listening to our customers and stakeholders and adhering to the guiding principles set out in the Future Generations Act.

Yours sincerely,

A handwritten signature in black ink that reads "James Price,".

James Price
Prif Weithredwr / Chief Executive

Julie James AC/AM
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref MA/JJ/0538/20

Russell George AM
Chair Economy, Infrastructure and Skills Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

26 February 2020

Dear Russell,

Thank you for your letter of 5th February setting out the Economy, Infrastructure and Skills Committee's views on the draft National Development Framework. I welcome the scrutiny that the Committee has undertaken so far and I am grateful for the views submitted.

I will respond to the individual points raised in your letter as part of a comprehensive Consultation Report. The Consultation Report will include the National Assembly's observations, and the other responses received to the public consultation on the draft NDF.

I expect to lay this Consultation Report to the National Assembly alongside proposed changes to the NDF, and other supporting documents, in April.

Thank you once again for the work which you and your Committee colleagues have undertaken so far

Yours sincerely



Julie James AC/AM
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Agenda Item 2.5

Written Response by the Welsh Government to the Economy, Infrastructure & Skills Committee's report; Scrutiny of the Welsh Government's Draft Budget 2020-21

Recommendation 1: The Welsh Government should set out a clear section in this and future budgets outlining more clearly how the economy and transport budget supports decarbonisation, including by detailing the specific budget allocations involved.

Response: Accept in principle

Alongside the draft Budget, the Minister for Finance and Trefnydd published the Budget Improvement Plan, which sets out further steps to explore how the assessment of the carbon impact of our spending programmes can be embedded more firmly in the budget process. The carbon impact assessment of spending programmes is a cross cutting responsibility of all Ministers and should inform the funding decisions Ministers take in setting detailed MEG spending plans.

However, the assessment of the specific carbon impact of individual investments is not always a straightforward process. For example, the carbon reduction impact of the Welsh Government's investment in electric charging infrastructure is likely to be highly dependent on the regulatory decisions that the UK Government makes regarding fossil fuel vehicles. Where it is appropriate and meaningful, we will consider the incremental impact of Welsh Government spending, as well as the wider impact that policy implementation has on carbon emissions. In doing so, we will continue to draw of the evidence of our statutory climate change advisers, the UK Committee on Climate Change (UKCCC) as to which Welsh Government investments will deliver the greatest impact. In addition, the development of the next Low Carbon Delivery plan will set out the detail of how key policies will allow us to meet our carbon budget, providing clarity and certainty to businesses and individuals.

Recommendation 2. The Welsh Government should set out the budget allocations for each proposal and policy in Prosperity for All: A Low Carbon Wales related to the Minister for Economy and Transport's portfolio.

Response: Reject

The Welsh Government 2020-21 draft Budget support our ambitions for decarbonisation and protecting our environment. This included £74m for decarbonisation transport investment which demonstrates our commitment to addressing the climate emergency. As outlined during the budget scrutiny there are significant ongoing initiatives within the Economy and Transport portfolio, such as investment in integrated public transport and active travel, which also support the delivery of *A Low Carbon Wales*.

Overall it would be difficult to assess and align the direct contribution of individual budgets to each low carbon action for the portfolio. The aim of low carbon plan is to set out how we will meet our carbon budget, whilst also providing wider stakeholders

with information on how we are taking action. The plan is a collation of cross-government action to address each proposal and of course initiatives may have an impact on a number of actions within the plan.

The new Transport Strategy will set out the vision to empower people in Wales to move around affordably and conveniently and in ways that impacts positively on their health and their environment, by providing a transport network fit for the future. The cost and impact of all interventions will be assessed as part of the policy development process. By improving our green infrastructure we can make it easier for people to travel in more environmentally friendly ways. This goes hand in hand with service improvements which will provide better connections for people, communities and businesses across government priorities.

However, we will endeavour to provide the Committee with clear evidence and examples of how the portfolio expenditure contributes the achievement of the aims in the low carbon plan.

Recommendation 3. The Government should provide greater and clearer detail on Transport for Wales' corporate budget now, and ensure that this information is provided in future budgets.

Response: Reject

This is an operational matter for TfW to decide how it can deliver against the remit letter Welsh Ministers issue, including how it defines its operational/corporate costs. This forms parts of its operation and business plan and will be published and available to the general public. In addition TfW publishes its annual report as set out in the Companies Act 2006 where it prepares, approves, signs and publishes its financial statements each financial year in accordance with the requirements of the Companies Act 2006.

Recommendation 4. In publishing the business case for Transport for Wales' future role the Welsh Government should publish details of the transfer process for new responsibilities, including: predicted dates by which it expects individual responsibilities to be transferred during 2020-21; how the specific responsibilities have been chosen and how the transfer will benefit Wales; the additional funding which TfW will receive to manage these responsibilities; and the basis on which that additional funding is calculated.

Response: Accept

The Welsh Government will publish details on any future role for TfW with a clear rationale for doing so along with any additional associated costs.

Recommendation 5. The Welsh Government should publish details of the subsidies TfW Rail Services has received and is expected to receive, during the lifetime of the contract. This information should be made transparent to the public on the TfW website, not just to this Committee.

Response: Accept

The Welsh Government will instruct TfW to make available on the TfW website the payments and predicted franchise subsidy for TfW Rail Services. This will need to have caveats around indexation and any changes to scope in life of the franchise as well as track access charges. Some of this information is already available on the TfW website.

Recommendation 6. The Welsh Government should publish further information on the performance management regime for Transport for Wales Rail Services including the level of payments and penalties and more details on how penalty payments will be reinvested. As with subsidy information, this should be made transparent to the public on the TfW website, not just to this Committee.

Response: Accept

The Welsh Government will instruct TfW to make this information available on its website on a quarterly basis.

Recommendation 7. In order to provide clarity on the relative contribution of local government and the Welsh Government to supporting bus services, the Welsh Government should update and publish the table provided in its draft Regulatory Impact Assessment for proposed legislative change, including data for 2018-19 – 2019-20 as soon as possible. Data for 2020-21 should be added as soon as local authority data are available. The Welsh Government should publish these figures every year going forwards. In responding to this report the Welsh Government should provide details of how and when this information will be published annually.

Response: Accept

The Welsh Government remains committed to supporting the provision of a sustainable bus network and infrastructure throughout Wales. The annual publication of this data will help to demonstrate the commitments made by the Welsh Government and, significantly, local authorities, as they are responsible for contracting with bus operators for bus services that would not otherwise be provided commercially.

Recommendation 8. The Committee recommends that the Welsh Government provide further details on cross-government discussions on behaviour change investment for active travel, and details of the level of investment in behaviour change programmes from other departments for 2020-21.

Response: Accept

There is close collaboration across Government departments to join up policies, programmes and initiatives relating to changing travel behaviours in recognition of the far reaching potential benefits that will be felt across different sectors. As part of the implementation of Healthy Weight: Healthy Wales, we are working together with colleagues in the Health and Social Services Department and Public Health Wales to see how programme budgets can be aligned to achieve behaviour change. We are in discussions with colleagues working on air quality, decarbonisation, health about developing joint communication and awareness raising activities. We will update the Committee on the outcomes of this work.

Recommendation 9. Welsh Government should clarify whether capital budgets from other departments support active travel infrastructure investment when investing in projects such as schools and hospitals.

Response: Accept

We explore opportunities to embed active travel in our infrastructure investments. For example, the 21st century schools guidance has been updated to reflect consideration of active travel access to schools that are part of the programme and an additional checklist for local authorities to support this process is being developed. Active travel facilities provided within the school site are funded through education budgets. When a new hospital is planned one of the main considerations for the Health Board would be the access and travel requirements.

Recommendation 10. Welsh Government should publish the advice received prior to issuing the latest loan to Cardiff Airport, and if this is not possible it should provide a summary of its conclusions, and details of the company or person who provided the advice.

Response: Accept

Oxera Consulting LLP was commissioned to provide advice and economic analysis to the Welsh Government on Cardiff International Airport's ability to repay its debt to the Welsh Government and to ensure that the latest loan is in line with EU State Aid rules.

The full report is commercially sensitive, though in summary, Oxera:

- Checked whether Cardiff Airport's projected cash flows, according to the central case of its business plan, were sufficient to cover CIAL's debt obligations;

- Investigated the appropriateness of the key assumptions underpinning Cardiff Airport's business plan. In particular, it compared the traffic growth estimates, the level of aeronautical and non-aeronautical revenues per passenger and cost increases assumed in the business plan with the airport's most recent performance and the available evidence from other comparable airports;
- Undertook high-level checks on the appropriateness of the key assumptions underpinning Cardiff Airport's business plan. These cross-checks illustrated that the key assumptions underpinning the airport's business plan were reasonable;
- Undertook a check on the sensitivity of the results i.e. Cardiff Airport's ability to repay the debt over a range of reasonable downside scenarios including a one-off catastrophic event taking place in 2021/22 leading to a temporary reduction in traffic for six years, bankruptcy of one its major airline customers, a higher base rate relative to the base rate as at May 2019, and a reduction in the growth rate of non-aeronautical revenues per passenger; and
- Ensured that, based on the airport's business plan, the analysis showed that the terms of the credit facility was in line with State Aid rules and in particular, as the free cash flows projected in Cardiff Airport's business plan become positive, that Cardiff Airport will be increasingly able to pay down its debt and improve its cash position; concluding that the airport is expected to be in a position to pay back the principal on the loans, including the outstanding balance from the previous loans and the amount of rolled-up interest.

Recommendation 11. Welsh Government should provide up to date details of its research and evidence base for the wider economic impact of the airport.

Response: Accept

In 2019 Oxera Consulting LLP was commissioned by the Welsh Government to undertake detailed analysis on the economic impact of Cardiff Airport. A copy of the report will be published on the Welsh Government website.

Recommendation 12. Welsh Government should publicly state whether the airport is being run on a commercial basis, in the expectation that it would ultimately generate a profit, or if it is being supported as an infrastructure asset to benefit the Welsh economy.

Response: Accept

A Plenary debate on the Welsh Government's continued ownership of Cardiff International Airport Ltd is scheduled to take place in March 2020.

Recommendation 13. Welsh Government should provide further evidence to support its view that public ownership of airports is the standard international practice, including the basis for the statement that ‘only 14 per cent of airports have private sector interest in them’.

Response: Accept

In 2017, the Airports Council International (ACI) published a policy brief on airport ownership, economic regulation and financial performance. Key findings of the report include:

- 614 commercial service airports have private sector participation.
- An estimated majority (86%) of the 4,300 airports with scheduled traffic are public, in that they are owned by a government or governmental entity.
- Although airports with private sector participation account for an estimated 14% of airports worldwide, these airports handle over 40% of global traffic

A full copy of ACI’s report can be found here: <https://store.aci.aero/product/aci-policy-brief-airport-ownership-economic-regulation-and-financial-performance/>

Recommendation 14. Welsh Government should set out its approach to distributing funding for apprenticeships in the academic year 2020/21 including an explanation of the overall approach, all demand management mechanisms and exceptions, and how the model will meet pinch-points of high demand.

Response: Accept

We will need to approve the approach to determining the 2020-21 Apprenticeship allocations. Once this approach is agreed it will be detailed in the allocation offer letter to be issued to each contracted provider and a copy of this letter will be made available to the Committee.

Recommendation 15. Welsh Government should provide the Regional Skills Partnerships with an interim, modest, sum of funding in the 2020-21 final budget to enable them to commission a small amount of rigorous research to improve their analytical capability.

Response: Reject

The Welsh Government is already working with Regional Skills Partnerships (RSPs) to improve their analytical capability. Any commitment to increase funding to improve RSP research capability would be captured within the wider review of RSP funding. A commitment was made by Welsh Government to review RSP funding during 2020-21 in response to the EIS Committee report on RSPs following its Inquiry, which was conducted in 2019.

Recommendation 16. The Welsh Government should set out the details of how the funding it has provided Airbus and the automotive sector in the previous 2019-20 budget was used. This should include any performance targets agreed. Welsh Government should also set out, in detail, the terms on which the new 2020-21 additional funding is to be distributed, the mechanisms in place to monitor its use, and the return on investment expected.

Response: Accept

In terms of Airbus, the aim of the funding is to improve research and development capability as well as manufacturing productivity. This is done by supporting Airbus to deliver a number of specific projects. These include areas such as robotics, automation, digitisation, virtual reality and artificial intelligence; and the Undergraduate/Post Graduate programmes are critical development areas in order to effectively progress the Airbus “Wing of Tomorrow” programme and support research and development activities linked to the AMRC Cymru. During the year ended August 2019, the funding helped deliver:

- Over 2,000 training courses;
- Over 9,000 qualifications/completions;
- 10 apprentices who undertook specialist CIPS training;
- 14 apprentices who progressed onto HNCs & Diplomas;
- 33 employees who were supported on the Foundation degree Aero Engineering programme; and
- 11 employees who were supported on the B.Eng. Aero degree programme.

For the year ending August 2020, we expect levels of training to be broadly similar to that for 2018-19.

In terms of the automotive sector, Ford will not now be drawing down the majority of the grant funding made available. However, to support and improve the future employment prospects of the workforce, we will make available funding to support the delivery of skills that are very transferable in nature, in demand across industry and widely recognised as a priority to support economic development. Employers who recruit Ford individuals who have undertaken this training will benefit from the enhanced skill levels delivered and improved business resilience in readiness for whatever the Brexit negotiations deliver. The other automotive project has as yet not progressed and therefore no budget has been awarded at this stage.

There has been no other funding to Airbus in this period except for a final claim for £8,500 currently being processed for Industrial Cadets programme via Equality & Diversity budget. There will be no further funding for this activity going forward as the budget no longer exists.

Recommendation 17. The Welsh Government should provide a copy of the analysis on the contribution EU funding makes to skills and employability programmes Welsh Government explained it has conducted. Welsh Government should also provide the Committee with copies of the plans and planning assumptions it says it has drafted to address skills funding post Brexit.

Response: Accept

The Higher and Further Education Brexit Working Group (HEBWG), referred to by Mr Morris in the Committee, was established in September 2016 for Higher Education, and expanded to include representatives from Further Education and Work-based Learning providers in May 2018. The group brings together leaders from across the sector, including Vice-Chancellors and college Principals, to discuss high-level priorities and concerns relating to the withdrawal from the European Union, as well as to provide a network for information sharing and collaboration. Although the focus of the meeting has been on the exit from the European Union, including no-deal preparedness, structural funds – including ESF and ERDF – have been regularly discussed at the meeting, including at the meeting on 12 February 2020. The Group's work was informed by the following papers produced by the Government Office for Science Wales in 2019 '[Wales: Protecting research and innovation after EU exit](#)' and '[Involvement of Welsh Further Education colleges and institutions in EU funding](#)', produced by ColegauCymru in 2017.

In addition, work was undertaken in 2018 and 2019, to look at the impact of a no deal Brexit and ensure the Welsh Government was able to respond to likely rising unemployment, redundancy and NEET levels across Wales. This work focussed on strengthening the capacity and reach of the Welsh Government's employability programmes and contributed to the overall Welsh Government no deal strategic action plan. Specific analysis was undertaken for key programmes including REACT, which supports individuals affected by redundancy, on the volume of learners expected to require support post Brexit. It also considered where additional funding was required to meet demand, or expand provision to reduce the impact of Brexit.

SHELL currently has £340m of ESF approved through to December 2023 under the Apprenticeships, Traineeships, REACT and Jobs Growth Wales operations which directly support delivery of the Prosperity for All commitments to 'Reshape employability support and deliver 100,000 Apprenticeships'.

Following the referendum result in 2016, the Skills, Higher Education and Lifelong Learning Directorate worked closely with the Welsh European Funding Office (WEFO) to look at future options, including ESF funding coming to an end in 2018, 2020 and 2023 and the impact that would have on the ability to meet these Ministerial commitments. This work defined the level of ESF required to enable continuation of these operations, and therefore the underpinning programmes until December 2023 and led to revised ESF business plans which extended existing projects and increased the level of ESF available to SHELL. Whilst there are a number of variables which may impact on this, including fluctuations in exchange rates, SHELL are confident, based on continued assurances from WEFO, that funding will continue to be available for Employability and Skills support and Apprenticeships provision for the foreseeable future.

SHELL have also been engaged with WEFO and external stakeholders, through the WEFO led future regional investment working groups, on the development of the consultation on future regional investment within Wales. As it stands, Employability and Skills programmes are likely to have a key role to play in any new national framework, and national programmes are likely to continue to play a part in the delivery of these funds.

Recommendation 18. The Welsh Government should set out, using specific examples, how it has placed gender equality at the heart of next year's employment and skills investment and policy; and how it is using the skills budget to close the gender pay gap and support the progression of women in the workplace.

Response: Accept

The Welsh Government core fund Chwarae Teg.

Chwarae Teg provide policy advice and guidance to support the Welsh Government to become world leaders in Gender Equality. This includes, but not limited to, economic policy, employability, childcare, infrastructure, education and skills and strategic equality plans – this drives all our programme activities and the broader cultural shift required in relation to gender segmentation.

Chwarae Teg have initiated a number of programmes to enable women to gain experience and confidence to consider employment routes not first thought of or in a non-traditional route, also with progression within current roles:

- Leadership Programme – facilitates the shadowing of women in leadership positions across different sectors to challenge perceptions and to inspire women to consider leadership roles.
- Step to Non-Exec – young women can undertake an 18 month programme to learn about governance and the role of non-executive directors.

During the 2019-2020 year Chwarae Teg have commissioned a number of papers relating to Females in Employment, progressing and Gender Pay and will continue to develop these in more detail during 2020-21;

- **Trapped: Poverty amongst women in Wales** – Chwarae Teg recognised the risk, experience and impact of poverty is different for Women than Men. Poverty rates in Wales have largely remained static for the last decade. This report enhances the impact that poverty has on job progression and employment opportunities.
- **Triple Glazed Ceiling: Barriers to BAME women participating in the Economy** – Chwarae Teg noted through the work undertaken on the Rapid Review of Gender Equality, that progress dramatically changed when focused on BAME women. A one-size fits all approach cannot be adopted. This research brings to correct this

gap in knowledge about BAME women's experiences in Welsh Economy and start discussions on their recommendations.

In 2020-21 this will be developed further by Chwarae Teg engaging with Trade Unions, Wales TUC and the WULF programmes to start addressing the issues and look to implement change.

- **Men's Perception of Gender Equality** – Whilst progress is made towards the goal of Gender Equality this report highlights women's barriers and employment conditions are underrepresented. Cultures are required to change and given men make up the majority of the workforce – gendered nature workplace cultures are required to change. Men are less aware of the extent to which gender continues to shape women's careers and that motherhood is seen as a common view to shape a woman's career.

Recommendations given in the report to overcome the challenges and 2020-2021 will see Chwarae Teg work closely with employer networks to start informing and implementing recommendations.

Recommendation 19. The Welsh Government should provide the Committee with more information on its gender budgeting approach in relation to its Personal Learning Accounts pilot.

Response: Accept

As part of Phase 2 of the Gender Review, and as part of the 2020-21 budget preparations, we have committed to pilot a gender budgeting approach for the Personal Learning Accounts (PLA) pilot.

In summary, gender budgeting means applying a gender lens to how governments raise and spend public money. Examining how budgetary allocations affect the economic and social opportunities of women and men, and restructuring spending decisions to eliminate unequal outcomes and progress equality objectives is at the heart of gender budgeting. Gender budgeting does not mean separate budgets for women and men. It is instead a critical review of resource allocation to identify potential differential impacts (intended or unintended) at a gender-level and understand the contexts in which those differences arise, helping to lay the foundation for evidence-based decisions on how to prioritise and allocate resources.

We are exploring applying gender budgeting tools and considerations to the Personal Learning Accounts Pilot delivery and its outcomes develop. We will continue to refine this throughout the pilot. The intention behind this work is to gather feedback about the extent to which taking a gender budgeting approach could help to improve the budget process in the future.

The evaluation of the PLA pilot will seek to incorporate gender mainstreaming and emergent gender budgeting techniques. It will apply a gender lens to the development of the research specification which will ensure evaluation objectives, and the resultant research questions and analysis, provide evidence to support the gender budgeting agenda. It is planned to have a regular feedback loop from the evaluation to the

operational Steering Group in order that early findings can support delivery improvement. The evaluation specification will be issued shortly

Recommendation 20. Now that the Reid review recommendations will not be fully implemented before the UK leaves the EU, the Welsh Government should set out its alternative plans for replacing EU research and innovation funding post Brexit.

Response: Accept

The Welsh Government is developing a consultation document for a regional investment framework for Wales. This is taking place with a wide range of stakeholders, including the Regional Investment for Wales Steering Group. Currently, EU funding is enhancing research and innovation capacity to increase the success of research institutions to attract funding to Wales and is supporting business to translate innovation into new and improved commercial products. This is in line with the Reid Review recommendations and will feature in the consultation document. Furthermore, an International and Cross-Border sub-group has been developing principles and delivery mechanisms in order to take advantage of opportunities beyond Wales' borders.

Replacement of the EU funding is the responsibility of the UK Government; the Welsh Government's demands not to lose a penny of funding are clear in this respect. They were the subject of the papers Regional Investment in Wales after Brexit <https://gov.wales/regional-investment-wales-after-brexite> and Protecting Research and Innovation after EU Exit <https://gov.wales/wales-protecting-research-and-innovation-after-eu-exit>, and are stated in our negotiating priorities for the future relationship <https://gov.wales/the-future-uk-eu-relationship-negotiating-priorities-for-wales-html>

Recommendation 21. The Welsh Government should provide the committee with the total quantum of research and development funding it provides and spends, broken down by areas of spend and the bodies to which is it disbursed or spent by.

Response: Accept

The Welsh Government invests in a range of direct and indirect projects, such as investing more than £42 million in health and social services research annually and £20m in the new Advanced Manufacturing Research Institute (AMRI), Broughton.

An exercise to collate the full breakdown of funding will be actioned.

Recommendation 22. The Welsh Government should commission a review of the whole research and innovation landscape in Wales including both public and privately funded activity. This review should allow the government to gain a full understanding of its research and innovation spend, including improving the effectiveness of that spend. Such a review would also provide an evidence base for a cross-government research and innovation strategy to cohere Welsh Government research and innovation policy and funding around its prosperity goals.

Response: Accept in principle

In the first instance the Welsh Government will form an internal officials led group to advise Ministers on the scope of any such review.

Recommendation 23. The Welsh Government should provide the Committee with details of any specific allocations in the budget which will be used to support the steel industry.

Response: Accept

There is no budget allocation specifically for steel. The Welsh Government has moved away from a sectoral approach to supporting businesses to a regional approach. Any applications for support from steel companies are considered on a case by case basis and the information can be provided to the Committee

Recommendation 24. The Welsh Government should provide the committee with as much detail as possible on the external consultants it has commissioned to work on the methodology for the indicative regional budgets (including who they are, what outputs are expected, what they are focusing on and what approach they are taking to their analysis).

Response: Accept

Through open competition, the Welsh Government has procured Hatch Regeneris, a private limited consultancy company with offices in Manchester and London. Hatch Regeneris is a leading, independent economics consultancy. They provide robust, high quality social and economic research, analysis and advice to the public, private and not for profit sectors.

More information about the company can be found here: www.regeneris.co.uk

Hatch Regeneris are engaged to “develop and recommend a robust and equitable methodological approach, including a funding formula that Welsh Ministers could apply to generate regional indicative budget allocations for economic development activity’. As part of their work Hatch Regeneris are consulting a panel of external experts and their feedback will be embodied in a report that will be provided to Welsh Government. The report will set out their approach, which is based on the “developed base” method (a needs based analysis) that considers a small number of socio economic domains

which are closely related to economic policy together with appropriate weights which are applied to the indicators in each domain.

Ultimately, the methodology will derive indicative regional funding shares which can inform decisions about regional economic development funding and its monitoring.

Recommendation 25. The Welsh Government should provide the Committee with as much detail as possible on the work of the OECD experts who are looking at how the Welsh Government can measure the success of the Economic Action Plan.

Response: Accept

The OECD's Multi-Level Governance Review endeavours to support the Welsh Government's regionalisation efforts by enhancing institutional capacity for delivering regional objectives. An overview of the project can be viewed at:

<https://gov.wales/oecd-multi-level-governance-review-enhancing-institutional-capacity-for-regional-governance-and-public-investment-in-wales-html>

As part of this project, the OECD has been asked to advise the Welsh Government on international best practice – including in respect of measuring inclusive growth. It is expected that the OECD's work will conclude with publication of a report by the end of 2020.

Ken Skates AC/AM
Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

Agenda Item 2.6


Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: KS/139/20

Russell George AM
Chair of Economy, Infrastructure and Skills Committee

SeneddEIS@assembly.wales

3 March 2020

Dear Russell,

Following on from my answer to you in WAQ79265 please find attached the update to the accepted recommendations relevant to my portfolio from the Economy, Infrastructure and Skills Committee's report into the State of the Roads in Wales October 2018.

Yours sincerely



Ken Skates AC/AM
Gweinidog yr Economi, Trafnidiaeth a Gogledd Cymru
Minister for Economy, Transport and North Wales

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Transport update on accepted recommendations to EIS Committee report into the State of the Roads in Wales October 2018

February 2019

No	Committee Recommendation	WG Response	Financial Implications	Action Taken & Next Steps
1	The Welsh Government should evaluate whether mobile apps like Boston's Street Bump could be used to improve the quality of real time data available for Wales' road network.	Accept - Mobile apps are increasingly becoming the norm and this would be another useful tool to assist maintenance planning. It is recognised industry wide that current surveys lack a real-time effective approach. Welsh Government are currently implementing a Geographical Information System (GIS) based network for access by their Agents to highlight condition issues and inform planned maintenance decision making.	No additional funding required beyond that already identified in the current budget.	Mobile inspections of civil engineering issues by the Trunk Road agents have been implemented. The Street Lighting maintenance app is being developed and should be ready April 2020 for testing. Phase 2 is to get the mobile apps to the Contractors who will then be capable and able to update the system
2	Highway Asset Management Plans (for local authorities and trunk road agencies) should be published and collected in a single place to ensure that there is transparency and public accountability around the process.	Accept - for Welsh Government motorway and Trunk Road Network only for the time being - Welsh Government are currently finalising the Asset management Policy and Strategy based on current best practice (ISO 55001:2014). Asset management plans would be generated using individual asset management systems which would be different for each local authority. Summarised output reports could be produced in a common format	No additional funding required beyond that already identified in the current budget.	A draft asset management strategy and plan with key performance indicators to ensure the motorway and trunk road network in Wales makes its contribution to the delivery of Welsh Government's objectives in Taking Wales Forward while complying with the Well Being of Future Generations Act (Wales) 2015. It is currently envisaged that a final version will be published on the Welsh Government's internet site by summer 2020.

Transport update on accepted recommendations to EIS Committee report into the State of the Roads in Wales October 2018

February 2019

No	Committee Recommendation	WG Response	Financial Implications	Action Taken & Next Steps
		and stored centrally. Welsh Government will discuss the best way to compare asset performance with local authorities following completion of the strategy and policy.		
5	The Welsh Government should bring together a stakeholder group similar to the Highways England Pavements Efficiency Group to advice on the most effective materials and processes.	Accept - Work commenced in 2017 by Welsh Government Pavement specialists in improving materials and processes used for highway maintenance on the Strategic Network. Trial works have been conducted with positive results to date. Liaison with various practitioners throughout the UK including Transport Scotland and Highways England and also local contractors has resulted in a new specification for road surfacing suitable to meet the challenge of durability, sustainability and environmental effects of climate change. Welsh Government Pavement specialists currently attend UK Technical Project Board and various national working groups for highway maintenance disciplines.	No additional funding required beyond that already identified in the current budget.	Work is ongoing to improve surface material specifications and this has resulted in further developments in road surfacing for the 2019/20 programme. A number of working groups are underway between Welsh Government, their Agents and Contractors to promote further improvement. Sections subject to the trials are performing very well and is anticipated that these materials will be far superior in terms of durability, sustainability, safety and value for money. Further development is planned in order to specify materials for the entire Welsh Trunk Road Network.

Transport update on accepted recommendations to EIS Committee report into the State of the Roads in Wales October 2018

February 2019

No	Committee Recommendation	WG Response	Financial Implications	Action Taken & Next Steps
6	Welsh Government and local government should ensure that priority and funding is given to cost-effective long-term planned maintenance in order to reduce more costly short-term fixes.	Accept - Welsh Government is investing more money in preventative methods of maintenance, which will help arrest deterioration of road surfaces before major interventions are required. In line with promotion of more durable surfacing, planned maintenance is now strongly influenced by longer term planning and a 5 year maintenance plan is currently under development. Welsh Government is utilising deterioration modelling capabilities which are used to project maintenance funding requirements.	No additional funding required beyond that already identified in the current budget	The 2020/21 surfacing programme is increasing use of preventative maintenance techniques to enable a long-term planning approach. These materials are both cost-effective and low carbon emissions.
7	Where geology or the laws of physics prevent full adherence to the standards laid down for active travel routes, then any decision to amend proposals should be taken in full collaboration with users.	Accept - Active Travel routes are identified through Local Authority consultation process. If the constraints are limited to localised restrictions it is likely the route would be approved as the overall benefit to the users would outweigh any minor restrictions. However if the constraints were	Where the Welsh Government provides funding it would ensure the appraisal process	The revised Design and Delivery Guidance will be published for consultation by the end of January, which now reflects the need for some flexibility in design more clearly. The consultation process will provide the opportunity to test if the right balance has been struck in this revision.

Transport update on accepted recommendations to EIS Committee report into the State of the Roads in Wales October 2018

February 2019

No	Committee Recommendation	WG Response	Financial Implications	Action Taken & Next Steps
		such that they jeopardised the route, Welsh Government would engage with stakeholders; Sustrans and the LA Cycling Officers to seek alternatives.	would take into account value for money and affordability.	
11	The Welsh Government should commission an independent review of recent Welsh Post Opening Project Evaluations to assess whether new Welsh roads have delivered against the estimated economic benefits that were projected when the schemes were agreed.	Accept - The WeITAG toolkit already contains the need to identify the benefits when making the investment decision, during construction and post construction. Once sufficient Impact Reports are available, Welsh Government will commission a review of the benefits of investing in the road network	The Commission will be funded through existing budget.	Preparation of documents to enable the procurement of a commission to undertake an independent review of recent Welsh Post Opening Project Evaluations is underway.
13	Welsh Government should ensure that support is available to ensure that the new WeITAG guidance is widely understood, and implemented both by public bodies, and contractors working on their behalf.	Agreed - Welsh Government is already working with the Future Generation's office to develop a programme of support sessions to ensure the toolkit is understood and where necessary, is refined.	No additional funding required beyond that already identified in the current budget.	Workshops were held for WeITAG users with sessions on how to apply the requirements of the Well-being of Future Generations Act to the assessment of transport interventions in Wales. We are currently considering which areas of the guidance to focus on providing further support on.

Transport update on accepted recommendations to EIS Committee report into the State of the Roads in Wales October 2018

February 2019

No	Committee Recommendation	WG Response	Financial Implications	Action Taken & Next Steps
14	<p>The Committee is keen to ensure that every new road project should be subject to challenge to ensure the Well-being of Future Generations Act has been rigorously applied in the scheme. If the WeITAG guidance is being followed, this should happen at all stages. The Welsh Government should audit a small selection of projects to assess the extent to which is this happening, and report back to the Committee in 12 months' time.</p>	<p>Agreed - WeITAG 2017 contains best practice for the development, appraisal and evaluation of proposed transport interventions in Wales. It has been developed by the Welsh Government to ensure that public funds are invested in a way that ensures they maximise contribution to the well-being of Wales, as set out in the Well-being of Future Generations (Wales) Act 2015 and to deliver the Act's vision of the Wales we want.</p> <p>The Welsh Government will report back to the committee in 12 months time on progress made against new road schemes which have been developed since WeITAG 2017 came into force.</p>	<p>No additional funding required beyond that already identified in the current budget.</p>	<p>WeITAG 2017 is currently being used to develop, appraise and evaluate the Llandeilo Transport Study. Two consultants were appointed in October 2017 to undertake stage 1, which has now been completed. This led to the identification of a long list of 42 options.</p> <p>The list was reduced to a shortlist of 11 which have been taken forward in stage 2. This was based on their ability to solve the problem, their fit with local and regional objectives, their positive impacts relating to well-being, deliverability, robustness in uncertainty and the potential for long lasting change.</p> <p>Stage 2 commenced in October 2018 and is nearing completion, due by April 2020 with a view of commencing WeITAG stage 3 in June /July 2020.</p>

Ken Skates AM

Minister for Economy, Transport and North Wales

4 March 2020

Dear Ken,

Retention Payments in the Construction Sector

Last year the Economy, Infrastructure and Skills Committee and the Finance Committee held a joint evidence session to look at the use of retention payments in Wales, and the UK more widely.

The session was prompted by the Finance Committee's concerns based around the delays in paying retention monies to contractors and the effect this has on the supply chain. Particularly the effect on smaller sub-contractors who have satisfactorily completed their work without defects but often have to wait to receive their retention payment for various reasons.

The joint session considered the following:

- to what extent retentions are an issue for companies based and/or operating in Wales, including how issues might differ through the supply chain;
- whether there are any benefits to the use of retentions;
- alternatives to the use of retentions and what role the Welsh Government could play in developing and delivering those alternatives.



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The Committees did not issue a formal call for evidence, but publicised the work through Welsh news outlets, and received seven consultation responses, including from contractors and industry bodies. On 17 October 2019, we took oral evidence from the Specialist Engineering Contractors' (SEC) Group, Chartered Institute of Building Wales (CIOB), and the Federation of Master Builders (FMB). Following that session Members wanted to take further oral evidence specifically from Tier 1 contractors and the public sector, but a lack of witness availability led to this session being cancelled. However, the Committees did receive further written evidence from the NHS Shared Services Partnership (NWSSP), who had been willing to appear before us.

The Committees noted that the UK Government held a consultation on retention payments in the construction industry which closed in January 2018. The UK Government has said it will publish its response to the consultation in due course. We also received written evidence from the Scottish Futures Trust, and the Scottish Government, which is currently consulting on this issue.

The problems relating to retention payments are clearly entrenched and complex, and from this short piece of work and the limited range of evidence heard, the Committees are not in a position to recommend option(s) to resolve them.

However, some consistent messages emerged from the evidence that was gathered, which are outlined in the annex to this letter.

Members would welcome the Minister's view on the matter of retention payments, and what Welsh Government's intentions are to address serious concerns within the industry in Wales, taking account of consultation activities in other jurisdictions.



We look forward to your response.

Best regards,



Llyr Gruffydd AM
Chair
Finance Committee



Russell George AM
Chair
Economy, Infrastructure and Skills
Committee



Annex A - Summary of evidence to joint Committee session

Impact of non-payment

- The 5 per cent deducted in retention payments is in effect used to support the cash flow of tier 1 contractors, and it can take between two to five years for retentions to be released. The retention payments system is a drain on the scarce resources of the overwhelming number of SMEs in the Welsh construction sector.
- The CIOB say many firms give up any expectation of receiving the payments. FMB research shows 5 per cent of members have had to withhold wages due to late or non-payment, and a 2014 survey revealed 12.5 per cent of payments being written off as bad debt.
- SEC Group have suggested that £700 million of cash retentions was lost over a three-year period to 2016 due to upstream insolvencies, and that over that period £7.8 billion of cash retentions was still owing. The FMB notes that following the collapse of Carillion, one FMB member lost £200,000 in unpaid contracts and another was forced to put their company into liquidation. The SEC Group Wales highlighted in its evidence that Dawnus owed £39 million to trade creditors, much of which would have comprised retention monies.

Inequality of protection

- There is inequality of protection for supply chain firms in the public sector: as Rudi Klein of SEC Group Wales pointed out, “public sector retentions are protected because public bodies don't go bust. So, if I'm a contractor dealing with a public body, I'm protected. On the other hand, if you're in the supply chain, you lose all of your moneys if the tier 1 goes bust.”
- Retention payments may also be withheld from a sub-contractor for defects that are nothing to do with their part of a project, and conditions set out in the Housing Grants, Construction and Regeneration Act 1996 (as amended) (“the Construction Act”) are not being complied with. The Scottish Futures Trust stated that changes to the Construction Act have, in many cases, actually extended the time an SME may wait for their retention monies to be released.
- The SEC Group Wales told Members that the “climate of fear” in the industry means that not only do supply chain firms not pursue their claim to their own retention monies, but they also do not claim the interest on those monies held back for years. One respondent from a construction sector SME described the adjudication process as “no better than a kangaroo court” and described SMEs as having “little



chance” defending themselves against the practices of the bigger companies.

Greater reliance on retention payments in Wales

- SEC Group said that there is a greater use of retention monies in Wales than in England and an over-reliance on retention payments: “every council, bar two in Wales, depends on retentions; they tend to use retentions either to add to their general expenditure or to use as working capital.” The FMB say tier 1 contractors are making money by investing retention monies they are holding from supply chain firms, and the SEC Group’s assertion in their written evidence that retention monies are being invested in the overnight money markets is a troubling claim.
- The practices described in evidence to Committee Members suggested a construction industry that operates in a dysfunctional way: FMB explained how the business model means that profit margins for tier 1 contractors are low or non-existent (Build UK’s 2017 figure was -0.5 per cent), and so retention payments are highly incentivised.
- SEC Group also said it was “troublesome” that health authorities in Wales were deducting 10 per cent instead of the standard 5 per cent, and “that goes down the supply chain as well.” Evidence from the NWSSP however said that for framework contracts retentions are only applied to the last 15 per cent of contracts, and that for third generation frameworks “the actual retention percentage deducted is, therefore, up to a maximum of 0.75 per cent, with half of the monies released at practical completion.”

Questionable benefits

- Although the purpose of retention payments is to provide protection in the case that non-compliant work is not addressed, the SEC Group said that this perception was “more apparent than real”, and “the disbenefits outweigh the benefits.” SEC Group noted that the amount being held in retentions was often insufficient to deal with extensive defects should they arise. It pointed to concerns expressed by the New Zealand government prior to legislating in 2017 about the negative impact on the industry: “funding working capital from retentions can mask and reward poor performance and poor financial management practices”, and also to Dame Judith Hackitt’s 2018 report on building safety which said that “Payment terms within contracts (for example, retentions) can drive poor behaviours, by putting financial strain into the supply chain.”



Alternative approaches

- Retention payments are also used in other countries worldwide, but a number of alternative approaches were noted, from project bank accounts (PBAs) to types of bonds, stakeholder accounts, parent company guarantees and trust funds. All appear to have pros and cons. The Scottish Government's evidence highlighted Retention Bonds, Performance Bonds and Parent Company Guarantees as alternatives to retentions, but the SEC Group said that retention bonds are not an alternative for small firms due to the prohibitive cost.
- The NWSSP pointed to other possible alternative approaches to the use of retentions, although noted they were not "without risk", and that "the traditional approach to retention perhaps still offers the best approach, as long as the retention percentages and methodologies are reasonably assessed and fairly applied".

Use of Project Bank Accounts (PBAs) in Wales

- From 1 January 2018, the Welsh Government committed to using PBAs on relevant contracts £2m or more.
- The CIOB noted that uptake of measures such as PBAs is low, suggesting that "one of the primary reasons for this could be a lack of support to adopt the above schemes which could be bureaucratic, particularly at SME contractor level."
- The CIOB also suggested that PBAs are rarely used outside the public sector and there are concerns as to their suitability on smaller projects.

Ring-fencing and legislative proposals

- Retention payments are widely used in other countries, including the USA, Canada, China, Australia and New Zealand, with examples in New South Wales, Canada and New Zealand of the introduction of 'ring-fencing' of retention monies in a separate bank account, or held 'in trust'. The SEC Group suggests that "most other jurisdictions... have legislation in place that ringfences cash retentions by requiring that they are placed in trust or in a stakeholder account until released".
- The SEC Group provided a copy of a proposed Bill which it developed in 2013, and additionally expressed support for a Private Members' Bill introduced in the House of Commons in January 2018, the Construction (Retention Deposit Schemes) Bill, which it says provides a "useful template". That Bill proposed to amend section 111 of the Construction Act to impose a mandatory retention deposit scheme on the parties and provided that failure to comply with those requirements would necessitate the refund of a cash retention to a



payee within seven working days from when the cash retention was withheld. However, the Bill's second reading was delayed on a number of occasions and its passage through Parliament ended in October 2019.

Role of digital

- The SEC Group has also sponsored the development of a digital platform to “protect retention money”, which would involve an industry-owned insurance fund to ensure retentions are released in full and on time. Retentions would be ring-fenced in a trust account, with an “industry-owned clearing house”. It suggests the scheme costs would be roughly £230 for every £100,000 of contract value, and a pilot is ready for testing.
- CIOB’s evidence also noted the prospect of enabling “digitising payment” through the adoption of Building Information Modelling (BIM) and data solutions, noting that payments in the industry are still “very much an analogue process.”



Agenda Item 3

Document is Restricted

Consultation Response

Degree Apprenticeships

This is a joint response from the National Union of Students Wales (NUS Wales) and National Society of Apprentices Wales (NSoA Wales) to the Economy, Infrastructure and Skills Committee's inquiry into Degree Apprenticeships.

About NUS Wales and NSoA Wales

NUS Wales is the representative body of students in Wales, made up of 20 member students' unions across further and higher education, and advocating on behalf of more than 250,000 students. As of January 2020, the National Society of Apprentices (NSoA) is a full member of NUS, providing a national voice for apprentices.

Consultation Response

Question 1. Have any issues become apparent during the rollout of degree apprenticeships and what lessons can be learnt from their introduction?

Degree apprenticeships represent a vehicle to drive social mobility and have the potential to deliver economic benefits. Fully realised, degree apprenticeships can contribute to bridging the gap between vocational and academic education, while delivering on widening access goals within higher education.

We recognise that Welsh Government is attempting to deliver in areas of skills shortages by limiting the number of degree

apprenticeship frameworks, and this has avoided many of the problems experienced during the rollout in England. Ofsted found that a significant amount of apprenticeship levy funding in England has gone to education providers delivering "rebadged" graduate schemes which tend to benefit those who are already well qualified and well paid¹. The Office for Students found that just 13% of degree apprenticeships in England in 2016/17 were accessed by students from the most disadvantaged backgrounds.² If Wales is to avoid making these mistakes, we believe an approach that limits the kind of degree apprenticeships available is beneficial.

However, we believe the extremely narrow nature of the rollout so far in Wales has meant the social benefits of degree apprenticeships have not yet been realised. The facts that 80% of the 155 degree apprenticeships startups in 2018/19 were men, and that almost none declared a disability, demonstrates that the potential for degree apprenticeships to widen access has gone unfulfilled.

We would particularly advocate for the expansion of degree apprenticeship frameworks in health and social care. Welsh Government's

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761606/29523_ofsted_annual_report_2017-18_041218.pdf

² <https://www.officeforstudents.org.uk/data-and-analysis/analysis-of-degree-apprenticeships/disadvantage/>

'A Healthier Wales'³ plan for the health and social care sector acknowledges the need to strengthen workforce training and development, and we believe expanding degree apprenticeships into the sector would be an effective way to contribute to this.

We also believe anyone in Wales should be able to access a degree apprenticeship regardless of geography, and research shows that the most disadvantaged students often have to travel the furthest to access education⁴. A select number of sites currently offer the training side of a degree apprenticeship, and we believe provision should be expanded to guarantee opportunity is evenly distributed across the whole country.

We believe there is a lack of guidance on the process that a degree apprentice would follow if their employer or education provider ceased operating. We would also welcome more guidance on how degree apprentices can access the same level of learner support at their education provider as their peers undertaking more common forms of study. We believe those undertaking degree apprenticeships – and apprenticeships in general – should have the same access to advice, advocacy and support that HE students traditionally receive through university services and their students' union.

Question 2. Was the process and criteria used for approving proposals from providers to deliver degree apprenticeships satisfactory?

Learner partnership – sometimes referred to as student partnership – needs to be enshrined, both in the approval process and the delivery and experience of degree apprenticeships. Proposals should include learners in the drafting process, and those proposals should address how learners will have access to representation structures akin to those found throughout other post-16 education and training providers. NUS Wales and NSoA Wales, as a member, should be involved in assessing whether degree

apprenticeships provide an adequate level of learner partnership.

Question 3. What are your views on the demand for degree apprenticeships and how that demand should be managed, both in terms of the range of frameworks and demand from employers and learners?

Degree apprenticeships should be accessible to anyone regardless of geography. The most successful vocational education systems in the world ensure that supply keeps pace with demand; Germany have introduced bachelor's and master's level apprenticeships in response to demand and ensure these are available across the whole country⁵.

The development of apprenticeship frameworks should have buy-in from learners, as well as employers and education providers, to guarantee co-creation of qualifications. We believe that while Regional Skills Partnerships have a role to play in their current form, their recommendations should be backed up by an improved data analysis supported by Welsh Government and followed through.

Question 4. To what extent should activity aimed at widening access feature in degree apprenticeship recruitment, and how can this be used to ensure that cohorts are representative?

Widening access should be central to degree apprenticeships policy. HEFCW's finding that four in every five degree apprenticeship starts in 2018/19 were from men shows that this has not been realised. This ambition has not been met in England despite degree apprenticeships launching in 2015, with 87% of apprentices in programmes receiving support being white according to OfS data.

Question 5. Do you have any comments on the cost of degree apprenticeships, how

³ <https://gov.wales/sites/default/files/publications/2019-10/a-healthier-wales-action-plan.pdf>

⁴ <https://www.jisc.ac.uk/news/disadvantaged-students-have-to-travel-12-times-further-29-jan-2019>

⁵ <https://www.tagesschau.de/wirtschaft/bachelor-professional-101.html>

degree apprenticeships are funded and the level of funding committed to them?

The degree apprenticeship pilot, which has seen Welsh Government cover the cost of the apprentice's tuition and employers cover the cost of their wages, represents a route into higher education that allows a learner to maintain a full-time job and does not involve them paying fees. We support any initiative that varies routes into HE and provides for those less able to access a traditional university education. We fully support Welsh Government's approach to the pilot and encourage it to continue to fully fund tuition.

Question 6. How has the degree apprenticeship pilot impacted on other level apprenticeships, if at all?

We do not have enough data available to make an accurate assessment of the impact of degree apprenticeships on other apprenticeships. As there were only 155 degree apprenticeship starts in Wales in 2018/19 it is unlikely there would have been a significant impact. We believe Welsh Government should follow the leads of the UK and Scottish governments in its presentation of data on apprenticeship participation.

Question 7. Should any aspect of the approach to delivering degree apprenticeships change and if so, what should be the future direction?

Developing learner experience and partnership within degree apprenticeships will be an important next step in developing qualifications which work for the learner, employer and education provider. The 2018/19 apprenticeship pay survey⁶ shows that the illegal underpayment of apprentices is an ongoing issue which is not going away, and we believe that stronger learner representation and advocacy structures should be in place to safeguard our apprentices and prevent

employers taking advantage of public funding for apprenticeships.

Learner and student partnership is the key to ensuring the upcoming reforms to post-16 education and training in Wales are successful. We are advocating that within the coming PCET legislation the requirement for student partnership is enshrined. This includes within all settings where degree apprenticeships are delivered. Whilst student partnership looks different within different education contexts, NUS Wales knows that successful student partnership structures in any form are politically autonomous, structurally independent, and fully funded.

We also believe that if Welsh Government wants the skills system in Wales to maintain alignment with European systems there must be an increased focus on increasing the proportion of off-the-job training apprentices receive during their apprenticeship. The apprenticeship pay survey also found that women in Wales are the least likely to receive any off-the-job training than anywhere else in the UK – with only 23% benefiting.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/857212/aps-2018-19-wales-report.pdf

Open University in Wales – Response to the Economy, Infrastructure and Skills Committee consultation on Degree Apprenticeships



About The Open University in Wales

1. The Open University (OU) was established in 1969, with its first students enrolling in 1971. It is a world-leader in providing innovative and flexible distance learning opportunities at higher education (HE) level. It is open to people, places, methods and ideas. It promotes educational opportunity and social justice by providing high-quality university education to all who wish to realise their ambitions and fulfil their potential.
2. Over 10,000 students across Wales are currently studying with The Open University. There are OU students in every National Assembly for Wales constituency and we are the nation's leading provider of undergraduate part-time higher education. Almost three out of four Open University students are in employment while they study and with an open admissions policy, no qualifications are necessary to study at degree level. Over a third of our undergraduate students in Wales join us without standard university entry level qualifications.
3. As a world leader in educational technology, our vast 'open content' portfolio includes free study units on the free online learning platform [OpenLearn](#) (including many Wales-related materials and our Welsh Language platform [OpenLearn Cymru](#)) and substantial content on YouTube and on iTunes U where we have recorded over 70 million downloads.
4. The OU is delivering degree apprenticeships in all four nations of the United Kingdom and has 35 apprentices registered on the Applied Software Engineering pathway in Wales.

Response to consultation questions

5. Below we have set out our responses to each of the questions set by the Committee.

Have any issues become apparent during the rollout of degree apprentices and what lessons can be learnt from their introduction?

6. The Open University (OU) in Wales found that in year 1 the timeframe to launch degree apprenticeships was too short and did not provide enough time to resource, develop, accredit and promote in time for the October 2018 start

date. The OU in Wales would welcome longer lead times for future changes to prevent this from happening again.

7. The OU in Wales found that the allocation of funding being announced in mid-July for the 2019/20 academic year was too late. As a consequence, The OU in Wales has been unable to fill our allocated numbers, particularly apprenticeship vacancies, as employers did not have enough time to advertise, recruit and employ degree apprentices. This process can usually take up to three months, which is less time than we had ahead of our registration cut off for October and does not take into account the holiday period in August. For comparison, The OU in Scotland received their funding allocation for 2020/21 in November 2019, which is allowing them to plan recruitment of apprentices and take time to grow strategically. The OU in Wales would welcome funding being allocated to HEIs immediately after the HESA reference period two to provide adequate time to recruit apprentices for the following academic year.
8. In years 1 and 2 of the pilot, the bid process included a requirement for employers to provide signed, indicative degree apprenticeship numbers. The OU in Wales found the process to be disruptive to employer engagement and was, in both years, an inaccurate reflection of the employers that converted. The OU in Wales found the time delay between employer engagement for the bid, and then re-engagement after contract award in July, was too long and as peak holiday season arrived, employer priorities changed and they were unable to respond quickly enough. The OU in Wales welcomed feedback from HEFCW that this would not be a requirement for the 2020/21 funding bid.
9. The OU in Wales has found, through employer engagement for our existing offer, that there is demand for more level 6 provision and the introduction of level 7 provision from employers and employees. The OU in Wales would welcome plans to broaden degree apprenticeships at these levels. Please refer to points 12 and 13 for more detail.

Was the process and criteria used for approving proposals from providers to deliver degree apprenticeships satisfactory?

10. The OU in Wales feels that aside from the timeframe for bringing degree apprenticeships to market in year 1 and the lateness of the funding allocation in year 2, the process was satisfactory.
11. The OU in Wales commends HEFCW for the way it has managed the roll out of degree apprenticeships, and for its on-going support, which has been effective in supporting the university to grow the programme.

What are your views on the demand for degree apprenticeships and how that demand should be managed, both in terms of the range of frameworks and demand from employers and learners?

12. Demand for degree apprenticeships is continuously growing as awareness improves. The OU in Wales feels that it is important to provide employers with

the confidence that there is a long-term plan for the provision. The OU in Wales also believes HEIs should have some assurance on the continuation of degree apprenticeships so that there is sufficient return on investment into the programmes for the longer term. In addition, it should be noted that the lead time for developing new courses in terms of curriculum and quality assurance necessitates a longer lead in.

13. The OU in Wales has identified, through employer engagement for our existing degree apprenticeship offer, demand for broader provision at level 6, specifically in the following areas:

- Digital – a flexible digital framework which allows apprentices to gain mandatory/core digital skills in the early stages of their degree, then select specialisms in the latter stages. Many employers recognise digital skills as a requirement for their organisations to grow, irrespective of industry, but feel a specific competency (i.e. Software Engineering, Cyber Security or Data Science) is a difficult long-term commitment. Many HEIs in Wales will already offer a range of Computing & IT degrees and The OU in Wales proposes that this could be a pathway introduced into the existing Digital Apprenticeship framework.
- Leadership and management – The OU's Business Barometer 2019 highlighted that managerial roles at senior, intermediate and junior level were the most difficult to fill. A degree apprenticeship in this area will provide opportunities for employers to address skill shortages within their own organisations and develop staff from within. It will also provide a useful progression pathway for apprentices completing programmes at levels 3,4 and 5 in a variety of sectors.
- Health and social care – The OU in Wales would be interested to know, given the size and priority sector status of health and social care, if any area would be planned for degree apprenticeship development. The OU in Wales would welcome seeing guidance from the Welsh Government on any long-term plans for this provision.
- Professional Services – The OU in Wales has also had smaller numbers of requests for legal, accountancy and HR degree apprenticeships. These skills are listed in each of the Regional Skills Partnership priorities and The OU in Wales would be keen to explore this further.

14. The OU in Wales has identified demand for the introduction of level 7 provision in the following area:

- Leadership and management – leadership skills among senior level staff, often within SMEs, are in demand. Employers often have skilled senior staff with degrees relevant to their role but lack the skills to lead people and organisations. The Senior Leader Master's Degree Apprenticeship is delivered by The OU in England and includes our triple-accredited MBA. The OU in Wales recognises that apprenticeships in this area can produce higher volume and impact the overall budget, however as a level 7 offer it would cost

less to fund per head and could be managed through stricter entry requirements.

To what extent should activity aimed at widening access feature in degree apprenticeship recruitment, and how can this be used to ensure that cohorts are representative?

15. Higher education has a key role to play in improving fair access to the professions. We believe that Degree Apprenticeships can offer students from non-traditional backgrounds the opportunity to develop high-level skills in the priority sectors, thus contributing to economic prosperity and diversifying Wales' workforce. The OU in Wales has been successful in recruiting significant numbers of widening access students to our undergraduate programmes and we believe that we could extend this to Degree Apprenticeships, if we were able to offer an appealing range of frameworks for students and employers to draw from.

16. In our view, Degree Apprenticeships offer the potential to benefit both school leavers from disadvantaged backgrounds and mature learners already in the workforce, potentially increasing social mobility. However, we believe that the key to widening access to degree level apprenticeships is to ensure the availability of clearly articulated progression pathways from lower-level apprenticeships to those at degree level.

Do you have any comments on the cost of degree apprenticeships, how degree apprenticeships are funded and the level of funding committed to them?

17. The OU in Wales is satisfied with the funding committed by the Welsh Government to the pilot period. The allocation for the three years provides an appropriate level of funding to allow the pilot to grow and be effectively measured.

18. HEFCW has managed the administration of degree apprenticeships well. The notable absence of bureaucracy and onerous and frequent funding claims has enabled The OU in Wales to focus more on operational efficiency.

How has the degree apprenticeship pilot impacted on other level apprenticeships, if at all?

19. The introduction of degree apprenticeships has helped The OU in Wales develop new relationships with FE colleges and work-based learning providers, as we seek opportunities to create pathways into degree apprenticeships from lower-level provision. The OU in Wales feels this is positive and it will provide longer term opportunities for apprentices with lifelong learning and progression. It has also supported new dialogue about progression pathways for apprentices from level 2-7, which The OU in Wales documented in the Welsh Government's recent [Structure for Welsh Apprenticeship frameworks consultation](#).

20. The OU in Wales is working with several employers who had not been involved with apprenticeships at the point of engagement. This has led to opportunities to inform these employers about apprenticeships at all levels and all ages, which has in turn led to greater awareness of the wider offer.
21. The OU in Wales is in the process of developing a relationship with a further education college, which will eventually provide progression from apprenticeships at levels 3 and 4 onto an OU degree apprenticeship. Apprentices on IT apprenticeships in the college will soon have the option of furthering their skills and knowledge to degree level, which will support the college develop more opportunities in a priority sector and help those apprentices realise their potential.

Should any aspect of the approach to delivering degree apprenticeships change and if so, what should be the future direction?

22. The OU in Wales would like to see the Welsh Government showcasing the investment made into degree apprenticeships through a mass marketing campaign and use of case studies to raise awareness with all employers and future degree apprentices.
23. Including degree apprentices in categories in the Apprenticeship Awards Cymru would help to raise awareness of the programme and celebrate the successes of apprentices at this level. The OU in Wales would like degree apprenticeships to be recognised alongside programmes at all levels as a viable, high standard of work-based learning.
24. Publishing longer term plans for degree apprenticeships, alongside an implementation plan for additional frameworks and levels, will support HEIs to plan effectively and provide employers with the confidence that continued investment into this important area of skills development will be sustained.
25. It is imperative that HEIs are provided with suitable timescales to support the development of high-quality programmes and to enable suitable institutional investment into the growth of degree apprenticeships.

23 January 2020

**Contact: Rhys Daniels, Apprenticeships Programme Development Manager,
The Open University in Wales**

Airbus UK

Agenda Item 4

Inquiry Terms of Reference

The Committee will explore, discuss and seek information on the following aspects of degree apprenticeships:

- The rationale for degree apprenticeships;

Offering degree level education is essential to underpin economic growth and prosperity. Providing an alternative education pathway verses that of going to university (as a full time student) is an essential element of securing growth as it provides an educational pathway suited to students with differing learning styles.

Additionally, the business benefit of having a apprentice in employment whilst they are studying is a well understood win win and provides a well rounded and experienced employee who often will stay with the organisation for the long term

- The process and criteria for approving proposals from providers to deliver degree apprenticeships;

A review of this process needs to be made. The current administrative bodies that cover education in Wales are operating in Silos, one part responsible for Further education and the other responsible for Higher education.

Degree apprenticeships by their very nature transcend these bounders as learners start at level 3 and progress over the life of the apprenticeship to level 6.

Currently the ownership of apprenticeships, both their frameworks development and funding is confusing and unclear. Clear accountability needs to be defined to ensure the validity and quality of the Apprenticeship is understood and maintained inline with business needs.

- Demand from employers and learners, both for the current frameworks or any demand for additional frameworks, and how it is being managed;

Attracting talent is essential for our future survival. Developing pathways that support future skilling needs is essential. The process currently underpinning Apprenticeship Framework development is underpinned by the Sector skills councils.

The onset of standards in England and the subsequent demise of the SSC role means that a credible alternative for development and control of framework development must be found quickly to ensure that the knowledge based

needed to develop these frameworks is owned and protected by a Welsh administrative body.

- The recruitment of degree apprentices and the personal characteristics of the 2018/19 cohort and the 2019/20 cohort so far to evaluate how they reflect groups under-represented in higher education and wider Welsh Government equality ambitions, including gender balance;

Equality targets will only be met when the product being offered is attractive to all. Ensuring gender balance in sectors like engineering will only be achieved through improving the students general awareness of STEM and the opportunities/career paths that can follow the study of such subjects.

The source of developing this awareness lies deep with our education system. A fundamental change in the infrastructure and methods that currently support career path selection is essential to achieve the fundamental shift in gender balance. “Do what we have always done and we will get what we have always got!”

- Employer engagement and the profile of employers accessing the degree apprenticeship programme including, if possible, the geographic spread;

The offering of funded degree apprenticeships needs to be balanced and centred around the identified regional employment needs identified by the RSP. This will allow the appropriate funding to be applied to support the required level of education in each key sectors.

- The degree apprenticeship funding model, the overall funding level and the funding commitment needed to ‘teach-out’ the three year pilot apprentices;
- Early views from employers, educational providers and learners on how well degree apprenticeships are working and lessons from their introduction;
- Views on Welsh Government’s overall approach to degree apprenticeships, their rolling out, and their impact on, and relationship with sub-degree apprentices; and
- Views on the future direction and potential of degree apprenticeships.”

Invitation to contribute to the inquiry

The Committee would like to invite you to submit written evidence to assist with the inquiry. General information regarding consultation procedures, which should be considered carefully before submitting evidence to the Committee, is set out in the Annex.

The Committee would welcome your views on any or all of the issues covered in the terms of reference, and in particular on the following questions:

- Have any issues become apparent during the rollout of degree apprentices and what lessons can be learnt from their introduction?

The demise of the SSC has meant that there is a severe shortage of experienced education practitioners to develop the degree frameworks. In the long term this issue will become more acute as development and review cycles reduce (to support industrial evolution).

Clear ownership and therefore knowledge retention needs to be defined to ensure the validity and quality of the Apprenticeship are maintained in line with business needs.

- Was the process and criteria used for approving proposals from providers to deliver degree apprenticeships satisfactory?

No. Whilst the outcome has provided a quality education path, there was an underpinning reliance on one individual to run to both collate and develop the educational pathways. This individual was a contractor with no long term affiliation with Wales. We see this as a considerable risk to long term knowledge management.

- What are your views on the demand for degree apprenticeships and how that demand should be managed, both in terms of the range of frameworks and demand from employers and learners?

The offering of funded degree apprenticeships needs to be balanced and centred around the identified regional employment needs identified by the RSP. This will allow the appropriate funding to be applied to support the required level of education needed in each key sector.

- To what extent should activity aimed at widening access feature in degree apprenticeship recruitment, and how can this be used to ensure that cohorts are representative?

The point should be not to limit the development of degree programmes, the point should be to make sure their availability supports regional and national needs. This strategic link is what is missing in the English system and has resulted in the proliferation of degree programmes and a subsequent impact on funding availability.

- Do you have any comments on the cost of degree apprenticeships, how degree apprenticeships are funded and the level of funding committed to them?

Degree programmes should be fully funded as long as they are meeting the strategic needs defined by the RSP.

Secondly, structured negotiations are needed with universities to challenge the 9k flat cost. An apprenticeship by its nature is part time, therefore there is sound logic to approach costing in the same way it is applied in FE i.e. bottom

up with the burden of proof necessary to create a competitive costing structure. This will provide a cost effective way for the Welsh Gov to support all levels of apprenticeship.

- How has the degree apprenticeship pilot impacted on other level apprenticeships, if at all?

Not aware of any direct impact other than the cost impact of the costs incurred by the universities 9k flat charge rate.

- Should any aspect of the approach to delivering degree apprenticeships change and if so, what should be the future direction?

1. Based on defined regional and sector needs.
2. Programme content should be owned and maintained by a body of specialists. The approach to content development should be treated as a project and draw on the expertise and knowledge of relevant business/sectors representatives into a multifunctional team who both guide the content development and review the final proposed content.
3. Maximum by-annual content review to keep pace with change.

Agenda Item 5

Document is Restricted

Ymateb i Ymgynghoriad / Consultation Response

Background information about Estyn

Estyn is the Office of Her Majesty's Inspectorate for Education and Training in Wales. As a Crown body, Estyn is independent of the Welsh Government.

Estyn's principal aim is to raise the standards and quality education and training in Wales. This is primarily set out in the Learning and Skills Act 2000 and the Education Act 2005. In exercising its functions, Estyn must give regard to the:

- Quality of education and training in Wales;
- Extent to which education and training meets the needs of learners;
- Educational standards achieved by education and training providers in Wales;
- Quality of leadership and management of those education and training providers;
- Spiritual, moral, social and cultural development of learners; and,
- Contribution made to the well-being of learners.

Estyn's remit includes (but is not exclusive to) nurseries and non-maintained settings, primary schools, secondary schools, independent schools, pupil referrals units, further education, adult community learning, local government education services, work-based learning, and teacher education and training.

Estyn may give advice to the Assembly on any matter connected to education and training in Wales. To achieve excellence for learners, Estyn has set three strategic objectives:

- Provide accountability to service users on the quality and standards of education and training in Wales;
- Inform the development of national policy by the Welsh Government;
- Build capacity for improvement of the education and training system in Wales.

This response is not confidential.

Estyn welcomes the opportunity provided by the Economy, Infrastructure and Skills Committee to provide evidence for the inquiry into Degree Apprenticeships. The degree apprenticeship programmes are new and in their pilot phase and therefore have not yet been subject to any formal review regarding their quality and effectiveness. Therefore the comments below are based on information gained from a range of activities including conversations with key stakeholders, meetings and conferences as well as our evidence base relating to delivery of apprenticeships at other levels.

Overall, Estyn welcomes the further development of the apprenticeship programme at all levels. Work-based learning has the potential to respond in an agile way to ensure that we have the skilled workforce we need now and in the future. The development of the degree apprenticeship programmes are an important part of the strategy and have the potential to further raise awareness of the value of apprenticeships with employers, learners and parents. We have provided more detailed feedback below, but would urge that going forward:

- There is clear and structured work-based activity including visiting learners regularly in their workplaces to undertake on-the-job assessment, and allocation of mentor in the workplace.
- The range of degree apprenticeship frameworks is broadened, to build credibility of the apprenticeship route.
- Recruitment is used pro-actively to widen participation.

The Committee would welcome your views on any or all of the issues covered in the terms of reference, and in particular on the following questions:

- **Have any issues become apparent during the rollout of degree apprentices and what lessons can be learnt from their introduction?**

Currently, degree apprenticeship programmes are not widely advertised so few people outside of employers and providers delivering the programmes have an awareness and understanding of them. The programme has had a very quiet introduction at a time when vocational training is becoming more acknowledged as a viable alternative to traditional academic routes. The opportunity has been missed to re-launch the apprenticeship offer in its entirety, including the degree programme. This is a missed opportunity to clearly show the entry and progression routes that are available to learners. The narrow range of degree apprenticeships available, does not help in marketing the apprenticeship route as an important alternative at degree level.

It is essential that universities design and deliver programmes that are constructed in the format of work-based learning, as delivered by those training providers who are successful/effective in delivering higher apprenticeship programmes. This means working with employers to design and deliver bespoke programmes and not being over-reliant on adapting existing courses.

The majority of funded learners on the degree apprenticeships have come from large national companies during the initial roll-out of programmes not to small and medium-sized enterprises (SMEs) and micro businesses. Degree apprenticeship opportunities

need to be marketed more thoroughly after the pilot to make sure all employers and learners are aware of the available opportunities.

Employers state that due to the lack of work-based activity included in the degree apprenticeships, they need to sometimes work with other training providers simultaneously to ensure that apprentices gain other, often lower level, qualifications to equip them with the practical skills they need for their job role.

The monitoring of learner progress through workplace progress reviews for degree apprentices should be carried out at regular intervals, similar to practice for existing apprenticeship and higher apprenticeship programmes. These reviews will support learners in making progress towards the completion of their programme or identify slow progress and the risk of not completing.

- **Was the process and criteria used for approving proposals from providers to deliver degree apprenticeships satisfactory?**

Apprenticeships at all levels have key components that were not part of the original proposal for the degree apprenticeships. These include the need to visit learners regularly in their workplaces to undertake on-the-job assessment and to undertake comprehensive learner progress reviews and assessment target-setting.

Apprenticeship programmes are highly reliant on coaching and mentoring in the workplace. In our report on higher apprenticeships¹ we reported that in the best cases, employers allocate an experienced mentor to work with their learners, but, in a few cases, learners do not receive any mentoring support from their employers. To ensure that learners reach their full potential and develop the workplace skills required by their employers, a workplace mentor should be identified at the start of the programme. Proposal and approval documentation should have a sharper focus regarding how these elements would be delivered and monitored. Higher education institutions have expertise in the design and delivery of degree courses but have less experience of liaison with employers and learners in the workplace for the work-based learning element.

In future, it would be beneficial for the criteria for approving proposals to state clearly how the key requirements of work-based learning within the programmes would be met. It is essential the programme is clearly designed and delivered as a work-based learning programme and not a slightly modified existing degree sandwich programme or one that contains a small element of workplace experience or internship.

- **What are your views on the demand for degree apprenticeships and how that demand should be managed, both in terms of the range of frameworks and demand from employers and learners?**

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<https://www.estyn.gov.wales/sites/www.estyn.gov.wales/files/documents/Higher%20apprenticeships%20in%20work-based%20learning%20-%20en.pdf>

The demand should be managed to match the economic needs of the country, employers and the learners. The demand should not be driven by large employers to secure the bulk of the funding allocation, nor should it be used to supplement training programmes where the employer may be reasonably expected to pay for training.

Currently the range of frameworks is limited to the pilot offer. However to meet the needs of a wide range of employers the offer should be expanded after the pilot. A wider range of opportunities would establish this type of degree level training as a known and viable alternative to full-time university-based degree courses.

The range of frameworks also needs to build more clearly on the range of apprenticeship frameworks and other vocational qualifications at levels 1-5. This will enable learners to progressively develop their skills through their career.

- **To what extent should activity aimed at widening access feature in degree apprenticeship recruitment, and how can this be used to ensure that cohorts are representative?**

Degree apprenticeships need to be better promoted in schools and a wider spread of young people targeted through marketing and promotion events. For the current pilots, less than 14% of the first year cohort for the degree apprenticeships were under 21 years of age. Degree apprenticeships should be promoted as an alternative to studying for a traditional degree for those with A level or level 3 equivalent qualifications.

Recruitment methods and entry criteria should mirror the existing work-based learning recruitment methodology by using initial assessment methods to determine a learner's practical skill set and ability. Regular progress review meetings with learners and employers should be included to monitor progress and ensure that learners complete their qualification in the given timeframe. Programmes should include a structured programme of off-the-job training to ensure learners network with other learners, share best practice and exchange ideas about the working practices.

Degree apprenticeship programmes have the opportunity to focus on two clear entry routes. Firstly, those learners who have been in an employer and progressed to higher levels may be offered the opportunity to progress to degree level training. The second route would be for new entrant learners who may enter directly onto a degree apprenticeship programme.

The pilot degree apprenticeship programme mainly comprises of existing learners who have progressed to a higher level. As a result, it is not widening access from non-traditional groups at this stage. Following an evaluation of the pilot programme and with the introduction of more degree programmes, there would be an opportunity to widen employer and public perception and understanding of degree apprenticeship programmes. This could market programmes and engage with underrepresented groups such as females into non-traditional programmes and black and minority ethnic groups.

The committee may find our earlier reports on Barriers to Apprenticeships (2014)² and Breaking down Barriers to Apprenticeships helpful³.

- **Do you have any comments on the cost of degree apprenticeships, how degree apprenticeships are funded and the level of funding committed to them?**

The cost of degree apprenticeships is similar to the cost of equivalent degree courses. However, the funding is via the Welsh Government and not by means of a student loan of £9/10k funded by Welsh Government for each degree apprentice programme.

This option may become more popular for learners and parents when access is available to new entrants and not those already in employment with their employer. A tension and subsequent pressure on funding will come from levy-paying employers who often see a need to recoup the money they have paid into the levy for training programmes. The funding for degree programmes should not be at the detriment of lower level programmes. The need exists to upskill the workforce across Wales. However, there remains a significant need to upskill learners to level 2 and level 3 and to establish clear progression routes thereafter to the higher levels, where appropriate.

- **How has the degree apprenticeship pilot impacted on other level apprenticeships, if at all?**

Currently, little information is available regarding any substantial impact on other levels. The sector needs to be aware that the high cost of degree apprenticeships may reduce the number of learners entering training at lower levels due to funding limitations. Degree apprenticeships need to supplement the apprenticeship programme offer and not place a forced restriction on those entering at lower levels.

There is a significant demand from learners and employers for apprenticeships. Many employers across Wales recognise level 3 frameworks as providing skilled status, with learners being valued members of their employers' staff. However, there is still work to be done to communicate the value of apprenticeship routes to parents.

- **Should any aspect of the approach to delivering degree apprenticeships change and if so, what should be the future direction?**

The approach to delivering and assessing degree apprenticeship programmes should mirror the way other apprenticeship programmes are delivered and assessed. Work-based learning, like all other education and training sectors, has established requirements and specialisms. Arguably the most important facet is the need for specialist staff who can regularly visit learners in their workplaces to undertake

² <https://www.estyn.gov.wales/thematic-reports/barriers-apprenticeship-november-2014>

³ <https://www.estyn.gov.wales/thematic-reports/breaking-down-barriers-apprenticeships-october-2015>

progress reviews and set challenging targets for the completion of work. These staff also act as the conduit between the employer and learner to make sure the training meets the criteria for work-based learning. The matching of on and off-the-job activities needs to be carefully structured and planned. Work-based learning involves a programme of on and off-the-job activities across a calendar year and as such should not be only fitted to an academic year. With the enhancing and widening of the degree apprenticeship offer, higher education institutions will need to train or recruit specialist assessors for these programmes.

In our higher apprenticeship report, we found that in a majority of cases, employers provide helpful mentoring support for learners. It is essential to have a designated workplace mentor to enable learners to be supported, share best practice and discuss ideas about how best to achieve their goals. However, in a few cases, learners do not receive any mentoring support from their employer. This means that they make slower progress and do not develop and apply their theory skills well enough.

In terms of quality assuring degree apprenticeships, Estyn and QAA have established joint protocols of working together with HEFCW. Estyn would be keen to work with other quality assurance organisations on developing a joint quality review, to build on our expertise and experience in inspecting apprenticeships at levels 1-5.

Russell George AM
Economy, Infrastructure & Skills Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

4 March 2020

Dear Russell George AM

Following the Economy, Infrastructure and Skills Committee's inquiry into Degree Apprenticeships on 27 February, it may be useful for us to clarify our written evidence, as we feel that our response may have been misinterpreted in the committee session. Our responses to the questions you asked were intended to be helpful and to support the review of the pilot degree apprenticeship programmes, and was not intended as a criticism of the pilot programmes.

Our written evidence to the Committee is based on our extensive experience of inspecting apprenticeships and higher apprenticeships, including the messages and recommendations from our [Higher Apprenticeships](#) report. The evidence also drew on the discussions we have had in the sector with work-based learning providers and employers as part of our inspections, thematic inspections and link inspector visits. We have not been involved with the design of the pilot degree apprenticeships, the selection of providers, or any ongoing quality monitoring. Our response to the questions about the design and criteria of the pilot programmes were based on what we have learnt from our experience of the practice of effective providers of higher apprenticeships. This caveat was stated clearly in our written submission.

In our evidence, we mentioned that *'it would be beneficial for the criteria for approving proposals to state clearly how the key requirements of work-based learning within the programmes would be met. It is essential the programme is clearly designed and delivered as a work-based learning programme and not a slightly modified existing degree sandwich programme or one that contains a small element of workplace experience or internship.'* This did not mean that we felt that the existing pilot degree programmes lacked work-based learning activity as we have not been involved in the criteria for approving proposals. The degree apprenticeship frameworks identify clearly the need to provide both off-the-job and on-the-job

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Mae Estyn yn croesawu gohebiaeth yn Gymraeg a Saesneg. Bydd gohebiaeth a dderbynnir yn y naill iaith neu'r llall yn cael yr un flaenoriaeth. | Estyn welcomes correspondence in both English and Welsh. Correspondence received in either language will be given equal priority.

training. Our comments were aimed at reinforcing the importance of these aspects complementing each other effectively, and of including the opportunity to gain any other relevant technical qualifications in addition to the degree. We have found in our inspections of the delivery of apprenticeships at other levels, that it is essential that both the on and off-the job training are designed to complement each other and that this relationship is reviewed regularly to ensure it delivers as planned.

From our report on higher apprenticeships we noted that in the best cases employers allocate an experienced mentor to work with their learners, but in a few cases learners do not receive any mentoring support from their employers. To ensure that learners reach their full potential and develop the workplace skills required by their employers, a workplace mentor should be identified at the start of the programme. This was one of the recommendations from our report which we felt would be helpful advice for the degree apprenticeship programmes.

When we mentioned in our written evidence that higher education institutions may have less experience of liaison with employers and learners in the workplace for the work-based learning element, we meant only that degree apprenticeships is a new way of delivering higher education, which is distinct and different from previous models. It was not to suggest that universities and other regulated institutions of higher education do not already have a range of partnerships with employers through the diverse work they do. When we write 'work-based learning' we are referring specifically to apprenticeships not elements of learning which have work-experience attached.

In discussing the monitoring of the quality of support offered by employers to apprentices, some witnesses highlighted the difference of approach currently in the methodology of quality assurance reviews between QAA and Estyn. In our written evidence we state that we would be '*keen to work with other quality assurance organisations on developing a joint quality review, to build on our expertise and experience in inspecting apprenticeships at levels 1-5.*' We do not have a one-size fits all approach to inspection. Our methodology for inspecting apprenticeship provision is different to a school inspection and includes first hand observation of learners in on-the-job training in their workplace and off-the job training delivered in various ways both off-site or in the workplace. These inspections include peer inspectors from other apprenticeship providers as part of every team and consider the voice of apprentices, training provider staff and the employer through bespoke surveys. First-hand observation of training and assessor activity, as well as scrutiny

of the training provider's own quality assurance and improvement work, form the evidence base for our judgements.

We have welcomed HEFCW's invitation for us to join QAA in carrying out a joint developmental quality assurance review of the pilot degree apprenticeship programmes. This has the potential to enable collaboration between the two quality bodies to ensure that both our experiences can inform the bespoke quality review for these pilot programmes. This would help to share understanding of our respective approaches to quality assurance and enhancement and enable the review to focus on all aspects of the degree apprenticeship programme, based on our respective experience and expertise in quality assuring apprenticeships (Estyn) and higher education (QAA). We already have a good working relationship with HEFCW and QAA which is maintained through joint working protocols and regular meetings to share information, particularly where our responsibilities/interests overlap – such as with these new programmes and when discussing HE in FE.

We would be happy to talk to the Committee about the work we do if you feel it would be helpful to the inquiry.

Yours sincerely



Meilyr Rowlands
Her Majesty's Chief Inspector of
Education and Training in Wales

Agenda Item 7

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