



26 May 2015

Clerk, Enterprise and Business Committee
National Assembly for Wales
Cardiff Bay
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Comments on Framework for Co-investment in Skills

ICAEW welcomes the opportunity to comment on the Framework for Co-investment in Skills by the Welsh Government.

ICAEW is a world leading professional membership organisation that promotes, develops and supports over 144,000 chartered accountants worldwide. We provide qualifications and professional development, share our knowledge, insight and technical expertise, and protect the quality and integrity of the accountancy and finance profession.

As leaders in accountancy, finance and business our members have the knowledge, skills and commitment to maintain the highest professional standards and integrity. Together we contribute to the success of individuals, organisations, communities and economies around the world.

ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.

We would be happy to offer further advice. Please contact Martin Warren, ICAEW Director for Wales at martin.warren@icaew.com.

Yours sincerely,

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INTRODUCTION:

ICAEW appreciates the opportunity to comment on the Framework for Co-investment in Skills aimed at giving a more prominent role to employers in investment decisions that impact skills provision.

MAIN POINTS:

1. To what extent will the policy of co-investment help to meet the Welsh Government’s aim of “ensuring that Wales develops a competitive edge in mobilising a productive and skilled workforce”?

We believe a policy of co-investment that balances responsibility and investment among numerous stakeholders can lead to making more resources and tools available for enhancing workplace skills in Wales.

Furthermore, ICAEW is pleased that on page 5 of the Framework document, the policy of co-investment includes support for higher level apprenticeships and work based learning programmes as these are essential to develop a balanced and skilled workforce.

The benefits of such a policy are not just economic, but also support social mobility enabling young people and the workforce as a whole to reach their full potential.

It is reassuring to note that on page 8 of the Framework document, the Government “recognises our responsibilities for skills investment in Wales” as it demonstrates its commitment to the levels of investment it will be making – and continuing to make – as part of the joint action

2. Will employers engage with the principle of co-investment? Are levels of training likely to increase or decrease as a result?

We believe greater engagement with employers is essential to enhancing workplace skills and improving access to the job market. Co-investment ensures greater employer buy-in which should make the training more relevant to the current job market and employer needs. For example, we believe greater engagement with employers would assist to enhance the apprenticeship system in Wales.

However we are concerned that professional bodies should also be included and consulted as part of the “co-investment framework to provide a strong foundation for shifting emphasis from a government-led approach to a system influenced and led by employers” (page 8). Professional bodies have a role to play in ensuring quality and standards for professional skills.

As mentioned in point 1 above, employers may additionally be looking for continued commitment from the Government. Joint-working is a best practice, but it is important that the Government affirms its government-led responsibility in the implementation and success of this new framework.

The principle of co-investment will require employers to give greater consideration to the outcomes of their investment in training which may reduce the quantity but increase the quality of the outcomes.

3. What impact (if any) will increased financial investment from employers have on the quality and relevance to the labour markets of training courses?

As stated above financial investment by employers will ensure a greater focus by them on the training provided and therefore will have a positive impact on the quality and relevance of training courses. Additional funding and resources can bring about further improvement and benefits.

4. Whether any additional training should be exempt from co-investment for example for new start-up businesses;

There is a clear need to support and encourage start-up businesses in Wales with its significant reliance upon SMEs. Exempting these businesses from co-investment could be a “double edged” sword making it easier for those businesses to train but not ensuring that they fully think through the most important priorities for that training.

We believe that it would be better not to exempt these businesses but put other mechanisms in place within, say, the support given through Business Wales, to assist the funding of training in the context of the needs identified.

5. Are there alternative methods of sharing the costs of training, for example a training levy?

ICAEW does not have detailed experience with schemes that have involved training levies. However training levies are usually more successful when industry based e.g. CITB levy. A general levy would be difficult to administer, enforce and ensure that the money employers contribute is invested back into those industry stakeholders that really need it – those tend to be SMEs.

6. The use of European funding:

European funding may indeed be a possible route for securing additional financial support. Significant European funding is received by the Welsh Government, but this tends to be concentrated in specific areas of the country and cannot therefore be used universally for training. However a blended scheme might be developed which could enhance the total funding available by utilising European funds where it qualifies.