

[National Assembly for Wales](#)
[Enterprise and Business Committee](#)
[Discussion on the Welsh Government's Co-investment in Skills Framework](#)
Evidence from Creative Skillset Cymru – CIS 12



Creative Skillset Cymru

The industry skills body for the Creative Industries - working across film, television, radio, fashion, textiles, animation, games, visual effects, publishing, advertising, marketing communications and performing arts

Consultation: Discussion on the Welsh Government's Co-investment in Skills Framework - Invitation to contribute to the inquiry

[Creative Skillset Cymru](#) welcomes the opportunity to contribute to the Welsh Government's inquiry on the Co-investment in Skills Framework. The views expressed in this consultation are on behalf of the industries we represent, which include creative media, publishing, advertising and fashion and textiles. If you would like any more information or to get in touch with use please contact **Gwawr Thomas (tel. 02920 452 869) gwawrt@creativeskillset.org** We are happy for our response to be publicly available and we would also welcome the Committee's invitation if they would like to call us to give oral evidence in any of their sessions.

Creative Skillset Cymru's work is guided by its Industry National Advisory Board . The Board is led by Rhodri Talfan Davies, Director of BBC Cymru Wales and includes representation from key industry representatives including BBC Cymru Wales, ITV Wales, S4C, Welsh Government anchor companies - Boom Pictures and Tinopolis and growing companies, such as games company Wales Interactive as well as representatives from Trade Unions, Trade Associations, sector support organisations, education and Welsh Government. A full list of our Industry Advisory Board members can be found here:

http://creativeskillset.org/about_us/structure_and_governance/cymru_national_advisory_board

Creative Skillset Cymru also has a separate Fashion and Textiles Forum, chaired by Angela Gidden, the leading Creative Director of Attic 2, Nomad & Nest with membership from industry, training providers, Welsh Government and organisations associated with the development of the Fashion & Textiles sector.

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"?

- 1.1. The creative industries welcome the proposed approach and move towards co-investment and as the consultation document recognises, this should be a shared responsibility amongst the key stakeholders: the government, employers and individuals. As a sector of huge growth in Wales with large percentages of SME's and freelancers, industry led and tailored co-investment skills programmes are absolutely critical. Over many years, Creative Skillset Cymru has already brought an effective co-investment partnership together (see paragraphs 1.4-1.6 below) and wishes to see this industry-government collaboration being recognised and supported by the government's co-investment framework.
- 1.2. The Creative Industries is one of the Welsh Government's nine key priority sectors. It is a sector of growth and a sector of immense change and has a vital role to play in stimulating the Welsh economy. Employment across Creative Skillset's footprint is expected to increase by 45% between 2012-2022, rising from 37,200 to 54,100. For a highly-skilled, high-value sector, investment in skills should be a main priority
- 1.3. In recent years, Wales has become the second largest production base for television after London. We've seen a renaissance of TV dramas for example, with series like *Doctor Who*, *Torchwood*, *Sherlock* and *Hinterland* all shot

in Wales and the Pinewood Studios development at Wentloog expected to attract a number of high-end television and film productions. There is also a strong and growing hub of activity in both Games and Interactive Media with a number of home-grown companies operating within an international market. Following years of decline, the fashion and textiles industries in Wales also seems to be growing once more.

Manufacturing employment (the largest sub-sector in Wales) increased by 39% between 2009 and 2012; and between 2010 and 2011, the turnover of businesses in textiles manufacturing increased by £15 million to £151 million.

1.4. We believe that if industry and government work together to support skills for the creative industries, we can ensure the sector in Wales continues to grow from strength to strength. Indeed, the creative sectors have already recognised the need to co-invest and they have, through Creative Skillset, created several models of co-investment to develop the skills that are needed for their success. Through Creative Skillset these sectors collectively research their skills gaps and shortages, draw plans of action, develop new qualifications and training programmes and agree on collective solutions, supported by models of co-investment.

1.5. For example, our industry and European Social Fund (ESF) supported [Skills for the Digital Economy Programme](#) (2011-15), is an excellent example of how industry and government co-investment can work effectively. The programme has delivered skills and training for the creative industries in Wales over the past 4.5 years. The total programme budget amounted to £4.2M, with £2.6M of that made up of ESF via the Welsh Government with the rest of the funds - £1.6 provided by industry - S4C, the trade association Teledwyr Annibynnol Cymru, Creative Skillset Cymru and direct contributions from industry itself. It has led to the training of almost 1,000 people and has had significant positive impacts on the turnover of companies. In the last year alone, net impact on turnover of £1.6m was attributed to the programme – and the cumulative turnover that could be attributed to the initiative by 2020 would be £9.3m. Its impact and innovative approach to co-investment was [recently applauded](#) by the Welsh Government’s Deputy Minister for Skills:

“As the Skills for the Digital Economy programme draws to a close, the real success story is the 975 people across Wales who have benefited from the programme and who have contributed almost half a million of their own money into this training, which goes to show how much they valued it.

“This programme has provided a real opportunity to gain valuable insight into what has worked effectively and could be used across Wales. As we continue to support apprenticeships and the creative skills sector I look forward to working with Creative Skillset Cymru in sharing that insight.” Deputy Minister for Skills, May 2015

1.6. Similarly, three [new Apprenticeship programmes](#) (in Fashion and Textiles and Creative and Digital Media), established and piloted by Creative Skillset Cymru over the past 4 years are further examples of effective co-investment skills programmes. These were developed, overseen and monitored by industry with co-investment secured via employers’ contribution to the apprentices’ salary, matched by the Welsh Government’s Sector Priority Fund (2011-2014). 85% of the 100 apprentices trained, went straight into employment upon completion of the qualification and had a highly positive impact on employers in terms of addressing skills gaps and increasing capacity, turnover and provision of new services. However, no further apprenticeships have been piloted since the end of December 2014 – when the Welsh Government Sector Priority Fund ended. Independent evaluations of the programmes show that demand for apprentices is continuing to rise - for example, Creative Skillset Cymru currently has 61 fashion and textiles companies with 132 apprenticeship placements to offer between them. Whilst industry is there ready to co-invest, government needs to step up to the plate since otherwise no further apprenticeships will be offered to the sector in Wales.

1.7. Creative Skillset’s latest [Workforce Survey \(2015\)](#) shows that 48% of the workforce in Wales has a learning or skills need. Whilst this is the lowest figure of any workforce survey conducted by Creative Skillset (a fall of 5% on 2010 (52%) and a substantial fall from 2005 (62%)), it also shows us that almost half the workforce continues to face learning or skills needs. However, we firmly believe that the 14% fall in skills needs since 2005 can be attributed to the industry and government/ESF co-invested skills programmes overseen by Creative Skillset Cymru during that period. This once again, provides clear evidence that with the right level of investment from both industry and government, effective models of co-investment such as those established by Creative Skillset can ensure that the creative industries in Wales develops a competitive edge by utilising a productive and skilled workforce.

1.8. It should be noted however and as the consultation document points out, public skills investment cannot cover the needs for all industrial sectors – our industries expect that Welsh Government will prioritise therefore the key economic sectors.

- 1.9. We also firmly believe that in industries with so many SMEs and freelancers it is vital to have a co-ordinated body to organise and make possible co-investment and we therefore urge the Welsh Government to consider this alongside other aspects of making co-investment work. For example, without Creative Skillset Cymru brokering and coordinating industry investment to match fund government/ESF support, none of the skills programmes highlighted above (and in paragraph 2.3) would have been established.

Government therefore needs to invest in the structures and mechanisms that can support employers' ownership of the skills system, manage collective arrangements and scale up co-investment. Creative Skillset does not receive government funding for its core infrastructure at the moment – it is all competitive, project funding and specifically in Wales, there is no clear project funding other than from Europe (ESF) which will end in June 2015.

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

- 2.1. Creative Skillset Cymru has an excellent track record of raising industry investment in skills which has been matched to government support. Every aspect of our work involves some co-investment from industry and government and there is clear evidence from Creative Skillset support programmes that employers are willing to invest in skills and talent development where they are involved in their development and delivery where standards and quality are guaranteed.
- 2.2. As was noted earlier (paragraph 1.7) Creative Skillset's latest [Workforce Survey \(2015\)](#) shows a 14% fall in workforce skills needs since 2005 (from 62% in 2005 to 48% in 2015). We firmly believe that this reduction can be attributed to the industry and government/ESF co-invested skills programmes overseen and delivered by Creative Skillset Cymru over that period. This therefore provides clear evidence that with the right level of investment from both industry and government, levels of training is likely to increase and will ensure that the creative industries in Wales develops a competitive edge by utilising a productive and skilled workforce. Here are some examples of some of our most successful industry-informed co-investment programmes to date, which have all led to an increase in levels of training within the sector:
- 2.3. **Creative Skillset's Skills Investment Fund (SIF)**– which puts together industry and government investment in skills across the UK; some of the strands of this co-investment have been focusing on delivering skills and training for the sectors in scope for UK tax credits – film, children's programmes, high-end TV, animation, games and VFX. Since March 2014, the SIF has committed circa £700,000 in skills support for companies in Wales, leveraging the same amount from employers, totalling over £1.4m of training investment. This has led to a great increase in training for employees working within some of our most talented and high-growth companies including - TV company Rondo Media; the motion graphics and special effects studio – Bait; Fiction Factory - producers of hit drama series *Hinterland*; and the creative digital agency Atticus Digital – amongst several others. The co-investment's impact on skills is summarised effectively in the following quote from the MD of Atticus Digital:

*“Creative Skillset Cymru has provided huge support via the **Skills Investment Fund**, providing grants for training Atticus staff in virtual reality. This funding accelerated our in-house capability and ensured that we could develop the required expertise. The benefit to the company has been enormous and has resulted in the creation of two new jobs and increased turnover”.* (MD of Atticus Digital, May 2015)
- 2.4. Another strand of the Skills Investment Fund concentrated specifically in Wales – **the Creative Skillset Cymru's Skills for the Digital Economy Programme** - (see further details in paragraph 1.5) – has trained almost 1,000 individuals over the past 4.5 years. Co-funded by ESF which was matched by almost £1.5m in industry co-investment, this programme led to a large-scale increase in training for new entrants, freelancers, employers and employees in Wales. The final independent evaluation of the programme (June 2015) noted that:

“Welsh Government representatives noted that the Skills for the Digital Economy programme aligns with the Welsh Government policy on seeking to stimulate growth within the priority sectors through employer-led workforce development”. Skills for the Digital Economy independent evaluation, June 2015.
- 2.5. **Apprenticeships** – As noted earlier, Creative Skillset Cymru has piloted and established 3 new apprenticeship programmes in the past 3 years – in Creative and Digital Media and Fashion and Textiles. These were all developed, overseen and monitored by industry with co-investment secured via employers' contribution to the apprentices' salary. 85% of apprentices went straight into employment upon completion of the qualification. In 2011 there were no Apprenticeships available to the creative industries in Wales - by today, having been led and developed by Creative Skillset Cymru, there are 3 successful apprenticeships in place which have trained over 100 individuals.

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

- 3.1. We believe that employers are incentivised to co-invest when they have ownership and maintain control of their investment and we believe that Creative Skillset Cymru, as a sector led skills body, is the best vehicle for this to be coordinated. Creative Skillset's skills and training programmes are informed, developed, overseen and monitored by industry and are therefore able to maintain quality and relevance for our industries. They are also financed via levies and by industry paying to attend courses or match funding our initiatives. Employers are therefore guaranteed that the quality and relevance of the training is there and are meeting their needs.
- 3.2. We would also like to highlight Creative Skillset's role in the industry accreditation of Further and Higher Education courses. Industry standards and quality provision are key elements in making co-investment choices, and the industry-led accreditation scheme developed by Creative Skillset (the Creative Skillset Tick for courses (<http://courses.creativeskillset.org/>)), demonstrates the need for clear signposting and the value of establishing key industry-training provision partnerships to drive quality in vocational learning and galvanise the employers' interest in it. The Creative Skillset Tick exists to ensure that provision is industry relevant and that signposting exists for learners/individuals and employers in terms of the very best provision for their industry. 11 courses in the creative industries are currently accredited in Wales including one apprenticeship.

As part of these suggested Terms of Reference, the Committee may wish to consider:

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

- 4.1. The structural profile of the creative industries presents many challenges for co-investment: the high proportion of micro-SMEs and the increasing presence of freelancers and people working in short-term contracts. If the goal is to increase employer investment in skills, then we believe that employers should set the price of training that they agree is essential to their business needs. Employer ability to invest in the skills development of their employees will vary according to the size, nature and relative maturity of their business. Therefore, the employers and individuals, many of whom are self-employed, are the experts to set up pricing structures for the training they invest in their sector and this is what Creative Skillset has the ability to oversee and manage effectively – as it has over many years.
- 4.2. Any co-investment model should also take account of the large freelance workforce which accounts for 29% of employment in the creative industries in Wales, and where direct employer co-investment may not be as easily achieved. Freelance training has particular challenges and needs; for example, taking advantage of a training opportunity and paying for it is balanced by the individual's need to work and therefore not being able to afford the time for training.

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

- 5.1. Creative Skillset already administers training levies across the UK (which the sector in Wales benefits from) as mentioned in paragraph 2.3, covering TV, High end TV Drama, animation, children's programmes and film. Games and VFX industries also contribute. Each sector has an advisory skills council to identify skills shortages and develop an action plan.
- 5.2. Whilst the sector in Wales does benefit from the levies, co-investment is awarded on a competitive basis and it is of key importance that match funding is secured in Wales to add strength and depth to it. UK-wide, the investment has gone down from £20m to £4m (currently) and this reduction means that we need to make the most of it across the UK. The high-end TV levy also excludes a large percentage of the Welsh workforce as the focus is on high end television drama production, which disqualifies most of our TV workforce as TV production budgets are usually under the 'high-end' qualifying band. Working together has direct benefits and means we can achieve greater scale, address common issues and secure wider benefits.

6. The use of European funding

6.1. Creative Skillset Cymru has already established successful models of industry co-investment utilising European funding (ESF) as match and we hope that this will continue in the near future with a large-scale co-investment programme currently being developed for submission to ESF. Previous programmes have included the following:

6.2. Skills for the Digital Economy Programme (2011-2015)

6.3. This programme – (as outlined previously in paragraphs 1.5 and 2.4) has been the bedrock of skills investment for the creative industries in Wales over the past 4.5 years. Almost 1,000 participants have benefitted from high level training – of which 91% of participants thought was excellent and 100% of employers said they would recommend to other organisations. Creative Skillset is in the process of applying for further support from the ESF, once again matched by industry investment.

6.4. However, we are facing tremendous difficulties in that ESF is insisting that all training supported by the fund needs to lead to a qualification. There are four main reasons why this is problematic for our sectors - firstly being the lack of demand from employers/employees for accreditation at higher levels of learning; secondly, as a fast-growth and technologically-led sector, skills needs change all the time, so what CPD might be needed this month, could be highly different to the following month – it would prove futile if time and expense was taken in accrediting them; finally, the structure of our CPD courses don't align themselves/fit to a neat unit/credit formula. Our industries do consider industry approved and agreed training provision as being industry accredited, even though it may not lead to a full qualification. We would recommend that the industries themselves should work with Europe and Government to set industry skills performance measures.

6.5. Apprenticeships – utilising the Welsh Government's Sector Priority Fund

6.6. As mentioned previously (in paragraphs 1.6 and 2.5) over the past 4 years, Creative Skillset Cymru with the support of industry has piloted three new Apprenticeship programmes in Creative and Digital Media and Fashion and Textiles. This was European/Welsh Government funding which was co-invested with the wages paid by employers to apprentices. The apprenticeships rely on employer co-investment in paying apprentices to earn while they learn, as well as investing significant time and money to support these qualifications. It is key to future success of apprenticeships across all creative industries sectors, that consideration is given to the integral role of Creative Skillset Cymru as the 'broker' for new and nearly new apprenticeships. The Welsh Government funding (which included ESF support) for the Creative Skillset pilots ended in December 2014. Whilst we are eager to establish further apprenticeships and employers are crying out for further frameworks to be established we are unable to do so due to the lack of funding.