

## **PAPER FOR THE ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE**

### **PRIORITIES WITHIN THE SKILLS AND SCIENCE PORTFOLIO**

As Minister for Skills and Science, I have a broad portfolio which covers our work on skills, apprenticeships and employability support as well as innovation, science and digital infrastructure. This paper seeks to provide Committee members with a summary of the broad priorities for my portfolio for this assembly term. These reflect our manifesto commitments and will be used as the basis for informing the next Programme for Government.

#### **We will create a minimum of 100,000 apprenticeship opportunities to support individuals and to help employers in growing their businesses**

Apprenticeships continue to be our flagship programme. They have proven their effectiveness in the marketplace and are highly valued by both employers and apprentices with framework completion rates remaining consistently high at over 80 per cent. In 2014/15 there were just over 19,500 new apprenticeship learning programme starts and over 44,000 apprentices in training. We are keen to engage more employers to take on apprentices in the future, recognising that only 13% of employers in Wales are currently engaged with apprenticeships.

Central to our planning is the work to make available 100,000 all-age apprenticeship places over the current Assembly term. This commitment will seek to ensure that we are able to align the skills people gain through an apprenticeship with the skills that the economy needs. We will also be seeking to extend the scope of apprenticeships, particularly in growth sectors and in sectors where future job opportunities will emerge, as well as to build on our work in delivering Higher Level apprenticeships.

We will also continue with our efforts to gain clarity from the UK Government on the impact for Wales of their Apprenticeship Levy. There are some cross-border issues which remain unclear; however I remain committed to working with providers and employers to plan provision and drive forward our changes within the system. We do not anticipate that the Apprenticeship Levy will result in new or additional money for Wales given that the outlook indicates the funding from Westminster is likely to reduce overall. This area represents a significant challenge for apprenticeships in Wales and I am in regular dialogue with providers and employers to look at how we maintain the quality and integrity of apprenticeships in Wales in light of these challenges.

Reflecting our strong commitment to apprenticeships, as well as our actions to mitigate the impact of the UK Government's Apprenticeship Levy in Wales, our delivery priorities for 2016 to 2021 include:

- strengthening employer engagement with apprenticeship learning;

- expanding the take-up of apprenticeships amongst 16-19 year olds and increasing the number of school leavers going on to high quality apprenticeships;
- extending the scope of apprenticeships, particularly in growth sectors and emerging job categories, in line with priorities determined by Regional Skills Partnerships;
- developing higher level skills by focusing on apprenticeships at level 3 and above where returns tend to be better, including Higher Apprenticeships which support technical and professional opportunities at Level 4 and above, and, in tandem, continue with the phased reduction in Foundation (Level 2) Apprenticeships; and
- enhancing those skills pathways that integrate apprenticeships into the wider education system, which include the opportunities to work closely with higher education.

**We will create a new all-age programme of support for people seeking the employability skills needed to get quality jobs.**

Our new employability programme will aim to support individuals of all ages to find good quality employment. We want this support to be tailored to individual need and, where appropriate, aligned with emerging job opportunities in local communities. Our aim is to bring together the activities from our main employability programmes – Jobs Growth Wales, ReAct, Traineeships and our new Employability Skills Programme - into a single employability support programme that will better meet the needs of those requiring support to gain, retain and progress within work.

The new programme is being developed using the most recent evidence and research into the delivery of effective labour market programmes. It will be informed by evaluations of the Work Ready, Jobs Growth Wales and ReAct Programmes, the Skills Conditionality pilots which we conducted with the Department for Work and Pensions, and the Traineeships evaluation and review. We have a wealth of evidence available to us on what works.

The all-age programme is anticipated to begin delivery in 2018. Between now and then, we are conducting a series of pilot projects to test the capacity and willingness of different sectors to innovate and respond flexibly to the needs of individuals and employers. We also intend making changes to some of our existing programmes to enable us to transition smoothly to delivery of our all-age programme.

Our new Employability Skills programme is part of this transition. The programme reflects a different approach to delivery with a greater focus on a work placement and a continuation of support once an individual secures employment. The core content of the programme is a high quality work placement or employer specific training which is combined with work preparation training and essential skills provision. Our intention is that the programme will run from September 2016 until the launch of the all-age

programme and will challenge Wales' provider network to deliver differently, forging closer links with employers, with the aim of providing sustainable employment outcomes for participants. This is a demanding timetable and a complex programme of work but I am confident that it will result in a programme more fit and flexible to respond to the labour market challenges and opportunities we face, both now and in the future.

**We will promote, encourage and enable innovation and connectivity, our key drivers for economic growth and job creation, across the whole economy.**

Our Innovation strategy – Innovation Wales – made us an early adopter of the Smart Specialisation approach to interventions. This commits the Welsh Government to prioritising strategic interventions which create real critical mass in areas where we already have recognised capability. Innovation Wales also urges Welsh businesses to look beyond the UK for innovative commercial solutions.

Using this strategic approach, along with tactical interventions, we promote exploration, experimentation and discovery of new opportunities. For companies and universities, this could be within product development, diversification or new paths to market, but will be based on evidence of technology strengths which already exist in Wales

In 2015, the Welsh Government's SMART suite of innovation programmes was launched. These are SMART Innovation, SMART Cymru and SMART Expertise. SMART provides a suite of integrated programmes to provide support to Welsh businesses and research organisations to commercialise new products, processes and services developed through research, development and innovation processes. SMART Innovation is critical to the delivery of SMART Cymru (R&D funding to business) and SMART Expertise (Support for Collaboration with Research Institutions). The programme also advises on Innovate UK programmes.

The previous programme significantly increased R&D levels in Welsh businesses. It assisted 1,037 businesses, 533 new products, processes or services were launched and 327 registered with a direct profit benefit of £22.1m. They also delivered £20.8m of investment with 233 new jobs created. Our aim will be to capitalise on these achievements in furthering the deployment of Innovation Wales and to use these experiences to inform innovation funding associated with Structural Funds to 2020 as well as Horizon 2020 funding opportunities.

As mentioned by the Cabinet Secretary for Economy and Infrastructure in his presentation to Committee, ensuring that we have the right and appropriate regional delivery vehicles to drive economic development is important if we are to have the right Welsh Government support available to drive business development. Regional skills delivery not only remains a key policy focus

going forward but is part of a growing agenda set against a context of a strengthened UK Government-driven, regionally focused skills landscape.

I will therefore be continuing my support for the Regional Skills Partnerships as an important demand-led mechanism for bringing together employer demand for skills and training to inform the supply of provision at a regional level. Their annual regional employment and skills plans will continue to drive planning decisions for providers and offer a critical evidence base from which to make future skills investment decisions. This approach will also enable Welsh Government to align regional skills provision to investment and growth opportunities, including the priorities identified by Enterprise Zones, City Regions and potential cross-border collaborations, for example with Cheshire and Warrington Local Enterprise Partnership (LEP) and Northern Powerhouse.

My intention is that the Wales Employment and Skills Board will continue to play a vital role in providing an independent employer perspective on post-16 employment and skills policy and delivery mechanisms. As well as engaging closely with employers on their skills needs, we will also be continuing with our investment in fast and reliable digital communications infrastructure to further improve connectivity across Wales. This includes areas such as superfast broadband, mobile telecommunications and business class infrastructure, allowing connectivity to premises in Wales and to the rest of the world.

We are delivering digital infrastructure through a number of projects and schemes aimed at improving connectivity for residential premises, businesses of all sizes and public services. These include:

- Superfast Cymru, which to date has delivered access to fast fibre broadband under the Superfast Cymru project to 600,000 premises across Wales.
- Our work with Airband, specialists in high speed wireless broadband, to deliver to 2000 premises in business parks and industrial estates across Wales with an expected completion date of early autumn 2016.
- Access Broadband Cymru (ABC) which is a grant scheme that funds (or part-funds) the installation costs of new broadband connections for homes and businesses in Wales that deliver a step change in download speeds.
- The Ultrafast Connectivity Voucher scheme which is open to businesses across Wales to help meet the initial capital costs incurred in installing ultrafast broadband services.

In terms of mobile services, I will be continuing my engagement with the mobile network operators to identify what can be done to expand mobile coverage for both voice and data as widely as possible across Wales. This includes pressing Ofcom through meetings and consultation responses to use its regulatory powers to improve mobile coverage across Wales, including

calling for geographic coverage obligations to be included in future auctions of spectrum.

**We will use scientific research and discovery to develop ideas and innovations that will help to improve our health, protect our natural environment and contribute to our future prosperity.**

There is substantial evidence that a strong research base underpins a thriving economy, supports better health and social care, and showcases Wales as a modern, vibrant, innovative nation. Since publication of *Science for Wales* in March 2012, Welsh Government policy has focused clearly on boosting research quality and quantity in Wales' Universities, especially research in science, technology, engineering, maths (and medicine) or STEM(M) subjects.

'Sêr Cymru' ('Stars Wales'), our initial plan to expand Wales' research strength, started in early 2013 and is set to run until March 2018. Four objectively world-class academics now hold Sêr Cymru Research Chairs and to date have brought some £12 million of competitively won research grant funding into Wales. In addition, the Welsh Government, with business and higher education partners, has also won one of the largest grants yet from the EU's Horizon 2020 Marie Skłodowska-Curie COFUND – some €9.5 million (close to €24.1 million with match-funding). My intention is to work with stakeholders to build on the achievements of our existing investments via Sêr Cymru as well as other research projects maximising the research opportunities coming to Wales.

A further element for boosting research capacity and exploiting research outcomes are two Catapult Centres. These are world-leading centres designed to transform the UK's capacity to innovate in specific areas and drive economic growth. Innovate UK has awarded a regional Centre of excellence in Precision Medicine to be based in Cardiff. Furthermore, the UK Government recently announced a Compound Semi-conductor Catapult which Wales will lead.

Support for STEM engagement activities which encourage and inspire young people regarding science is achieved by our National Science Academy (NSA). The NSA has a portfolio of some 20 projects including strategic projects outside the competitive grant call (often prior successful ones). STEM engagement also sits with and supports reform of formal education, namely to deliver an engaging curriculum for science subjects, with robust and well-regarded qualifications. I will be working with the Cabinet Secretary for Education, Minister for Lifelong Learning and Welsh Language and drawing on the expertise of the Chief Scientific Adviser for Wales and her team in shaping developments in this area.

This paper provides a snapshot of the positive and hugely valuable work which is taking place across the key priorities within my Skills and Science portfolio. By no means are the priorities listed exhaustive, and undoubtedly they will be shaped further as we publish our Programme for Government and draw up our cross-cutting strategies, working across Welsh Government. I hope that Committee members are able to acknowledge the achievements which have been made to date and endorse the direction of travel that we will be taking in the future in order to achieve our key goals.

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