



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

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[The Economy, Infrastructure and Skills
Committee](#)

21/09/2016

[Agenda'r Cyfarfod](#)

[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)

[Committee Transcripts](#)

Cynnwys Contents

- 4 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest
- 4 Blaenoriaethau ar gyfer y Pumed Cynulliad
Priorities for the Fifth Assembly
- 27 Papurau i'w Nodi
Papers to Note
- 27 Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Hannah Blythyn Bywgraffiad Biography	Llafur Labour
Hefin David Bywgraffiad Biography	Llafur Labour
Russell George Bywgraffiad Biography	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Vikki Howells Bywgraffiad Biography	Llafur Labour
Mark Isherwood Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Jeremy Miles Bywgraffiad Biography	Llafur Labour
Adam Price Bywgraffiad Biography	Plaid Cymru The Party of Wales
David J. Rowlands Bywgraffiad Biography	UKIP Cymru UKIP Wales

Eraill yn bresennol
Others in attendance

Dr Rachel Garside-Jones	Pennaeth Ymgysylltu Polisi Sgiliau, Llywodraeth Cymru Head of Skills Policy Engagement, Welsh Government
Dr Robert Hoyle	Pennaeth Prosiectau Gwyddoniaeth, Llywodraeth Cymru Head of Science Projects, Welsh Government
Julie James Bywgraffiad Biography	Aelod Cynulliad, Llafur (Y Gweinidog Sgiliau a Gwyddoniaeth)

Assembly Member, Labour (The Minister for Skills
and Science)

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Mike Lewis	Dirprwy Clerc Deputy Clerk
Gareth Price	Clerc Clerk
Anne Thomas	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 09:30.
The meeting began at 09:30.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **Russell George:** Good morning. Welcome to the first public meeting of the Economy, Infrastructure and Skills Committee in this new term. I'd just like to say that we do operate bilingually, so the equipment in front of you—it's channel 1 for translation from Welsh to English and channel 2 for amplification. The meeting will be broadcast and a transcript of the proceedings will be published. Just to remind Members that there's no need to touch the microphone equipment—it will come on automatically—and in the event of a fire, take advice from the ushers. Are there any declarations of interest from any Members at all this morning? There are not, so we'll move on to apologies. There are no apologies; we've got a full house today.

09:31

**Blaenoriaethau ar gyfer y Pumed Cynulliad
Priorities for the Fifth Assembly**

[2] **Russell George:** I would like to welcome this morning Julie James, the Minister for Skills and Science. This is the first time you've been to this new committee of the Assembly, so I'd like to give you a very warm welcome and certainly say, from the committee's perspective, that we hope to have a very

respectful relationship and very much hope that we can be helpful to you in your role. That's the spirit in which I think our committee would like to work with you and your colleagues.

[3] Minister, can I ask you to perhaps introduce yourself and your colleagues, and then perhaps go into telling us a little bit about what your priorities are and give us some opening comments?

[4] **The Minister for Skills and Science (Julie James):** Thank you very much, Chair. It's really great to be here. It's always nice to start off with a new committee. I'm Julie James. I'm the Minister for Skills and Science. I'll let my colleague officials introduce themselves.

[5] **Dr Garside-Jones:** I'm Rachel Garside-Jones, and I'm head of skills policy engagement.

[6] **Dr Hoyle:** And I'm Robert Hoyle. I work for the chief scientist division.

[7] **Julie James:** I just want to start off by saying I'm very sorry that I sound like I've been chewing razor blades for a fortnight. Unfortunately, I have a bit of a chest cold and I've been having coughing fits, so apologies if that happens. I've poured myself a glass of water that will hopefully sort it out.

[8] Thank you very much for having me here. I also hope that we'll have a constructive relationship. The committees in the last Assembly were very helpful in terms of setting some serious challenges to us about how our policies worked, and whether they were achieving their goals. That was most useful in our thinking and our development of those policies. I'm very much hoping that we can have a similar relationship with this committee, and I'm sure we can.

[9] We have a very simple set of priorities and challenges, although that doesn't mean that it's simple to get around or to deliver them. And the simple sets of challenges and priorities are: to increase employability. We have a number of measures for that, the most central of which is our 100,000 all-age apprenticeship manifesto commitment. We've also pledged to have an all-age employability plan to go with that, and the idea, obviously, of increasing employability in the nation is to drive up skills, to drive up gross value added and to help the Welsh economy to take its role on the world stage, where it should. As part of that, we also are determined to make Wales a truly digital nation. We've invested heavily in rolling out broadband,

for example, across a lot of Wales and I know, Chair, that you've taken a very personal interest in that as well. And the third element of that is that we are determined to make sure that the strong research base that we have in Wales underpins that economy and drives it forward. With that in mind, we want to make sure that our universities get the very best out of us and we get the best out of them also in terms of driving our economy, our society and our culture forward.

[10] And then you'll not be surprised to know that the flipside—the challenges that I face—are just the flipside of those main priorities. So, tackling unemployment remains a strong focus for us, but because of the success of previous policies, our unemployment rates are falling dramatically, and that's very pleasing. So, although we do have unemployed cohorts of people, who we are still prioritising, we now have a major focus as well on people who are economically inactive. The latest employment figures show that around 35 per cent of economic inactivity in Wales is a mental-health-related issue. So, we will be refocusing our employment and employability plans to make sure that we have individualised support for people, both who are unemployed, but, more importantly, who are partially or semi-partially employed, or who perhaps need supported employment for a while to get them back into that employment market, with a view to driving that economic inactivity down.

[11] The other areas of economic inactivity, the committee won't be surprised to know, are around retirement and student populations. Neither of those is anything to be worried about. Wales is a good place to come and retire. We'd expect that figure to be high. But, at 35 per cent, economic inactivity for health and related reasons is way too high, and we need to sort that out.

[12] At the same time, we need to sort out digital exclusion. We have high levels of digital exclusion amongst some parts of our population. We have a very challenging target of 95 per cent of people in Wales being digitally included. I'd like to restate that slightly by saying that all of those who want to be on the internet and make use of it ought to be able to do so. So, there are some cohorts of people who don't want to be on the internet, and some of our surveys show that people quite vehemently don't want to be, and we're not in the business of persuading them if they don't want to be. But we have a number of people who want to be digitally connected, who want to access services, in particular, digitally, and who are not able to do so for various reasons. So, that's a big issue for us, particularly as we look at public

service transformation in terms of digital delivery and so on.

[13] Then the last one is ensuring that our universities remain competitive and that we drive our research base up, and that we assist Wales to get the right amount of research funding from the UK. We have traditionally not got the amount that we should have for our population, although the flipside of that is that our research in Wales hits well above its weight in terms of global impact. So, we have a very high global impact off too low a research base and we have a number of programmes that I'm happy to go into later that will help us to address that.

[14] So, that's a quick run-through of the main priorities and challenges and, as you see, they obviously match each other and, obviously, Chair, I'm very happy to answer questions as we go along.

[15] **Russell George:** Thank you very much, Minister. I'm very grateful for your setting out your opening comments and your priorities. Can I just ask the first question, and that's in regard to the wage subsidy for Jobs Growth Wales 2? This is, of course, a flagship Welsh Government policy. I want to understand why Members learned about that via a BBC report in the summer rather than in a ministerial statement, or indeed why it wasn't brought before the Chamber before summer recess.

[16] **Julie James:** Actually, I did make a statement on employability support in Wales on 5 July, at the end of the last session. In that, we used Jobs Growth Wales as one of the examples of why we were changing our employability support. So, whilst the actual support changed on 1 August, I did actually come and tell the Chamber about it. Perhaps I could have made it clearer in that statement, obviously, but I deliberately did come and do it before the end of the last term because I didn't want people to be surprised by it. Actually, in the BBC reports, I don't know—. I didn't see the actual report on the TV, and, you know, they cut them, but I did make the point to the interviewer that it must be a slow news day because I'd announced it back in July and he wasn't asking me about it until August. So, I'm afraid, Chair, my view is that I did seek to tell the Chamber that we were making those changes.

[17] Let me explain again why we have done that. There are three reasons, really. Jobs Growth Wales is a very successful programme, born out of the recession, when we had a very large cohort of young people who were job-ready but could not get on the first step of the ladder. We had very large

numbers of young people who were having periods of unemployment of many weeks and months. We know that all the research shows that the longer you have a period of unemployment, between finishing permanent education and starting your life career, those scars stay for the rest of your career, and the longer that period is, the worse those scars are—people don't recover in their career from that.

[18] So, the programme was designed deliberately for job-ready youngsters. You've heard me say in the Chamber many times in the last Assembly, and I'll say it again for the committee: 'job-ready'—that's the point; not people far from the job market, but people with the skills necessary to have a job, but without the work experience. You've seen the adverts yourselves: 'We want somebody with these skills; must have a year's experience'. So, we had a cohort of young people who just could not get through the door.

[19] So, that's what Jobs Growth Wales did; it de-risked the taking on of that job-ready, no-experience youngster for the business by paying six months at minimum wage. A lot of them earned more than minimum wage, but we paid the minimum wage to the employer for six months to de-risk that for the employer and to encourage them to take on that youngster. It was hugely successful. Our youth unemployment rate has fallen dramatically—16,000-plus young people were helped into work as a result of that programme, and very high numbers of them, 82 to 86 per cent, went on to have permanent jobs or went on into apprenticeships or other programmes as a result of that. That's a very good success rate.

[20] Additionally, there is lots of evidence to show that businesses grew as a result of them taking on those youngsters, because the youngsters brought their enthusiasm and skill into the business, where perhaps they wouldn't have done that before, and I'm sure that all the members of this committee have been around their patches and all over Wales, as I have, talking to people who are so enthusiastic about what that young person's brought to their business.

[21] And then that cohort of youngsters diminished; as the recession slowly diminished and business confidence grew a little, people were more prepared to take the risks themselves on a young person. We like to think, although I have no empirical evidence of this, only anecdotal, that part of that was driven by the programme itself as businesses told each other about the strengths and benefits of taking a young person on. And so, what we've

done is we've continued to programme into Jobs Growth Wales 2—partly, the European funding criteria changed, although only a little, so it's a focus on people from more deprived backgrounds, partly because, actually, business confidence is such that we think that de-risking it for them at half, rather than at full, is enough. So, it still de-risks it—it's a wage substitute programme after all—but we don't feel that it needs 100 per cent de-risk for the first six months, and, you know, the figures are showing us that that's right.

[22] And also, times have changed. There was a little bit—I mean, after the referendum vote, we did wonder whether that business confidence would diminish and we would have to put the subsidy back up again, but, at the moment, it doesn't look as if that's so, but we remain vigilant and we'll see how it's going.

[23] So, at the moment, we have a number of vacancies still being advertised. We don't seem to be having a problem attracting employers to advertise vacancies, but it's under constant review. So, at the moment, the subsidy at that level appears to be doing the job. It's not a cost reduction exercise, as this is about refocusing some of the money, as I said, on those people who are economically inactive who perhaps need a bigger programme of support, who are not job ready and are perhaps further away from the job market. So, it's refocusing Welsh Government money on harder-to-reach individuals, bearing in mind that Jobs Growth Wales is for job-ready people.

[24] **Russell George:** Thank you for setting that out, Minister. I think my initial concern was, perhaps—I appreciate fully that there was a statement in July, but it wasn't explicit that there'd be a cut of 50 per cent to the programme. I think my concern or question was why that wasn't mentioned at that point, but, you know, you provided your answer on that and other Members may want to come in on that at some point. David, did you indicate?

[25] **David J. Rowlands:** Yes. Good morning, Julie.

[26] **Julie James:** Good morning.

[27] **David J. Rowlands:** You've partly answered the questions I'm going to ask you, but perhaps it just gives a little bit more focus to it. What do you feel are your top priorities, following on from that—the three main challenges you have with regard to your programmes?

[28] **Julie James:** Well, in a little more detail, we are looking at the moment about how we will deliver our 100,000 apprenticeships. There are a number of options for doing that. Inside that programme, our main priorities will be to make sure that we're increasing the skills base of Wales up from essential skills to higher-level skills, and that's because all of the surveys that we use—the UKCES surveys, employer surveys and so on—show projections for the economy that mean that employers are looking for much higher level skills, and that people with no skills or very low, essential skills are falling as a percentage of the employed in Wales, as they are all over the developed world, and the projections are—and I haven't got the figures immediately in front of me; I don't know if Rachel can point out to them later. If not, I'll send them to you, Chair. But the projections show a very sharp increase in the demand for employees with level 3, level 4, level 5 skills and above, and a sharp falling off of demand for employees with level 2 or below skills—quite marked, actually, over a 15-year period.

09:45

[29] So, the programme of apprenticeships will continue to support the foundation economy. We will still have level 2 apprenticeships, but we are very much encouraging employers to offer progression into level 3 and level 4. And the other reason for that is because Wales suffers, as many other economies do—I apologise for this terrible cough; it's very annoying—from having a number of people with high-level jobs and a number of people with low-level jobs, but we struggle to get people to climb the tree in the middle. That's essential for a healthy economy, and so what we're doing is attempting to engage our employers to offer a progression series of training opportunities, including apprenticeships, which take you up above level 2. That's right across all sectors. We concentrate on our priority sectors. I'm sure we're going to come on to the levy at some point, so I won't pre-empt that. That's caused us a little bit of a difficulty, but, broadly, the challenge is to make sure that people continue to offer that progression, whilst giving the right training and support to people in work, as well as new entrants.

[30] **David J. Rowlands:** I think there's plenty of scope for that, because I went to the BT—EE now—facility in Merthyr, and they said that they were taking in people at very basic levels, but they found it quite easy to take them up to higher levels and even progress through to some of their top IT skills, so I think—

[31] **Julie James:** That's right, and, actually, BT's a good example of other things that the Welsh Government can do with its money. So, one of the big things that the employability programme will be looking at is how we can use our money to leverage other good things into the economy, not just the training: so, around wage levels, engaging with our employers to make sure that people are paid a reasonable amount for the job and so on, and, as you know, that benefits the economy because it puts spending power into the economy, and all of the other things that we want. Wales's gross value added growth is around 0.2 per cent below the UK average at the moment, and one of the things we want to do is use Government money to leverage some of the GVA growth by using some of this money to have other tags attached to it, which, again, I'm sure we'll get on to later on in the session.

[32] **Russell George:** We will do indeed, yes.

[33] **David J. Rowlands:** Thank you very much.

[34] **Russell George:** Thank you, David.

[35] **Dr Garside-Jones:** Do you want me to add on there about the increase in demand for higher level skills? In 'Working Futures', which kind of predicts the need for skills, the thing that was most stark was that increase in demand for higher level skills, so, where in 1994, it was 30 per cent of managers, professionals and associate professionals, in 2024, it's predicted that it's going to be 40.5 per cent. So, it's a huge increase in that demand for the higher level skills.

[36] **Russell George:** Okay. Thank you. Hannah Blythyn.

[37] **Hannah Blythyn:** Thanks. In your opening response to my colleague David's question there, you expressed that one of the top priorities is increasing the skills base of Wales. So, my question is in relation to that, and also how the skills policy meets the demands of the Welsh economy, along the lines of both regional and sectoral demands, but not just addressing those gaps and those needs that we know are there today, but ensuring that the skills that are being developed are flexible and transferrable for the future as well, as much as we can foresee where we're going to need them.

[38] **Julie James:** Yes. It's an excellent question, and it's slightly the holy grail, isn't it, of skills policy. So, our skills policy, which we announced back in the fourth Assembly, in 2014, we think remains fit for purpose. It talks

about proper use of labour market intelligence to predict trends and so on, and we established, using that skills policy and the implementation plan that followed it, three regional skills and learning partnerships who have been, in the two years that followed, getting themselves sorted out. I hope Members will be engaged with the ones in their areas. All three of the regional partnerships have recently submitted their plans for skills growth and so on in the future, and officials are currently evaluating those plans. I've been told that they have, so far, not come across anything that should derail the timetable, so, I'm hoping to announce the successful adoption of those plans very shortly in the next couple of weeks.

[39] Those regional skills partnerships are charged with doing exactly what you set out there, Hannah, which is to engage with all of their local employer base, and to predict, using UK trends, as well as Welsh trends, as well as regional trends, the demand for labour in their area. We will use that information to fund the right levels of skills and apprenticeship training in those regions. We aim to be very flexible. We've had some very good success with that. The south-east partnership, for example, in association with the—. I never get their name right—the haulier's association, or the road transport association; I apologise to them, it's not their fault that I can't remember their name, it's the cold medication—flagged up that we had a very severe shortage of HGV-able drivers. So, in very short time, we were able to put a programme in place that trained up those drivers. And, of the people who trained, around 80-something per cent of them got jobs. And, they're good jobs—heavy goods vehicle drivers earn good salaries. So, that's a huge boost to our economy. It means that our local indigenous population got those jobs and it's a really good use of Welsh Government funding to do that. So, the combination of us and the regional skills partnership and a local employer base enabled us to fill a skills gap that we perhaps otherwise wouldn't have been aware of. That's just one small example of how those partnerships can work. And, obviously, also we use them to fund our local further education and work-based learning providers to deliver longer term apprenticeship programmes and so on, based on local employer demand.

[40] I just crave your indulgence here, Chair; it's a long answer, but I think it's worth doing. The other thing they're charged with doing is talking to their local schools. We have something in Carmarthenshire that I think some of you have been involved in—I think you've been involved in it, Adam, a little bit. It's the Business Class, which is a Business in the Community initiative that the Government helps with. It allows local employers to get into schools early—primary and secondary level; mostly secondary level, but

some primary level—to allow local people, including the opinion formers, which are the parents and grandparents, to understand what qualifications you might need if you want to have a good job locally or in Wales, so that people make the right choices when they start to narrow their education down, and that they don't have cartoon images of industry. So, if you say, 'I want to work in agriculture', most people immediately imagine a farmer. Nothing wrong with being a farmer, but there are a large number of other opportunities for working in agriculture, including being a scientist. Food is the same: everything from food production to food preparation, but also all the food science, all the labs that go into that and so on. And, we have a lot of those firms right across Wales.

[41] So, it's about making sure that our schoolchildren understand the labour market intelligence and the demand in those local businesses, if that's what they want—a job locally, or indeed a job in Wales, or indeed a job in the UK. So, it's a two-pronged attack, if you like, to try to make the opinion formers and the children themselves, the learners, understand what they need and also to get the employers engaged to make sure that they're passing that information on.

[42] **Russell George:** Thank you. Have you finished your line of questioning, Hannah? Mark, did you want to come in on this?

[43] **Mark Isherwood:** If I could. You referred to Jobs Growth Wales being for the job-ready rather than the people furthest from the workplace. Of course, the UK Work Programme being delivered in Wales supposedly reached that category. But, people were referred—without choice—onto the Work Programme because Jobcentre Plus decided, and were then prohibited from coming onto Jobs Growth Wales. So, there was a disconnect. We know the Wales Audit Office said that somewhere around three quarters of people who went onto Jobs Growth Wales would have found jobs anyhow. But, I—and no doubt others—had casework where people who had been referred to the Work Programme found jobs, but were then told those jobs were conditional on getting onto Jobs Growth Wales—because there's obviously an incentive for the employer—and they lost their jobs. I had one young woman in Flintshire who lost three jobs because she couldn't get onto Jobs Growth Wales.

[44] Coming to the end of this, I understand the UK Government Work Programme, as we know it, is ending at the end of March next year and whatever follows will be different and possibly less well resourced. What

dialogue, therefore, are you having with the UK Government about how those gaps are going to be filled, and, in accordance with what the Welsh Affairs Committee called for during the last Assembly, to ensure that the two Government schemes complement each other and don't disqualify people from the other block because they're on one of them?

[45] Finally, very briefly, you referred to 35 per cent of working-age worklessness and economic inactivity being in people who have health issues—mental health or what have you, and possibly, within that cadre, people on the autistic spectrum—not an illness, a condition. But, nonetheless, I've had discussions during the summer regarding proposals for autism-specific apprenticeships, and I wonder how you'd respond to that.

[46] **Julie James:** On the first one, I'll very briefly explain that the issue with Jobs Growth Wales and the old DWP Work Programme was that the DWP Work Programme was let as what the UK Government described as a 'black box' contract. So, the contractors could do anything they wanted with those people, very flexibly, to get them into the job market and they didn't have to say what it was they were doing, because it was up to them and they got paid by result, which is fair enough.

[47] Unfortunately, the Jobs Growth Wales programmes are paid for by European funding, and we have to be able to show additionality. So, we have to be able to show that it isn't duplicating what was done before. Despite a lot of liaison with the DWP, we were never able to get to the point where we could show that what Jobs Growth Wales was providing wasn't a duplicate in some way of what the Work Programme was providing, and so we couldn't put people on the Work Programme on to Jobs Growth Wales, because we couldn't prove the additionality. I know that's a hideously technical reason, and it was very disappointing for a lot of people, but that was the bottom line. We did a lot of work with the DWP, which tried very hard to meet us halfway. It's not anybody's fault, it's just the two programmes never married.

[48] We've continued that dialogue through the ending of the current Work Programme, and they're about to announce the new work and health programme. This is just my understanding, so it's subject to change and, obviously, the Government has just changed and we have new Ministers in place, and so on, but our understanding is that the new work and health programme will offer placements to people who have been more than 24-months unemployed and who have other barriers to work, and so on. The funding will not be adequate for all of the people who meet those criteria,

and therefore people will not be mandated on to the programme; it will be much more about choosing a cohort of people who can benefit from that money.

[49] Our programmes kick in well before 24 months, and we are having a long conversation with the DWP to try to make sure that they marry up. There's a lot of goodwill to try to make that happen. It seems more likely that it will happen, as we tend to pick people up as soon as they're unemployed or made redundant, and this is a long-term unemployment programme. But, we continue to have the dialogue to make sure that we can marry them up. We've been talking about trying to co-contract with them on the work and health programme, but unfortunately that hasn't proved possible for this next tranche, but we're still in conversation with them about whether we can do it for the next tranche. There's lots of goodwill, it's just about trying to marry the financial systems up so that we can. But it seems less likely that we will have the specific problem that you mentioned, because youngsters or anyone who could get on—well, it would be a youngster on the Jobs Growth Wales programme—won't be picked up by the work and health programme, because they won't have been unemployed for 24 months, so they won't be mandated in the way they were before. So, hopefully, we won't have quite that problem. I absolutely understand your frustration, and I've experienced it myself with my own constituency work.

[50] On the other point, with autistic spectrum disorder apprenticeships and other apprenticeships, a large part of the new employability programme will be about helping employers to make the reasonable adjustments necessary to help people with specific problems like autism spectrum disorder and other things into work. We know that employers tend to overestimate—and this is a hideous generalisation and I apologise for it—but, in general, employers tend to overestimate the cost of the reasonable adjustment and underestimate the ease with which they can actually do it. So, we're doing a lot of work with helping employers to understand that and then helping our apprenticeship providers to make allowances to make sure that people with specific problems get those opportunities.

[51] **Mark Isherwood:** What about programmes that are designed specifically to support people on the spectrum? As you are probably aware, they prefer the word 'condition' to 'disorder'.

[52] **Julie James:** I am, yes; absolutely. I have a very beloved nephew with—. Yes, my sister goes quite mad if you say that, quite rightly.

[53] Yes, we're looking at specifics, but actually part of the issue with the new employability programme is that we're attempting to make it much more flexible and fluid and much more individualised. The numbers in Wales are now so small that there's no reason why we can't do that. Whereas before we had large numbers of people who had a similar problem, meaning Jobs Growth Wales had a cohort of people who all had the same problem and so we could put in a one-size-fits-all solution for that cohort, that's not the case anymore. People with economic inactivity issues tend to be very individual indeed. And, actually, spectrum conditions are very individual. That's one of the frustrating things about them. Something that works for one individual doesn't work for another individual with the same thing. So, we're looking at individualised programmes. We will be looking at some more general programmes as well, but the whole point about the new employability programme is that it will be a lot more flexible to meet individual need.

[54] **Russell George:** Can I just remind Members and the Minister we've got quite a lot of lines of questioning to get through, so can we all be a little more succinct? I'm just conscious of continuing through our lines of questioning and ensuring that all Members get an opportunity. Jeremy Miles.

10:00

[55] **Jeremy Miles:** I just want to develop the line of discussion around employability skills programmes. You've obviously done an evaluation of the existing—. You've spoken a little bit about Jobs Growth Wales in particular and you've done an evaluation of that, ReAct and traineeships, and so on. What lessons have you learned from that evaluation that would inform the new employability skills programme?

[56] **Julie James:** There are specific lessons to be learned on all of the programme evaluations, as you'd expect. So we've taken account of some of the very specific things. Time doesn't permit me to go through all of those, but we've published the evaluations. More generally, we now don't have big cohorts of people with the same problem. So, previously, in the last Assembly—I appreciate many Members weren't there—Members in that Assembly would have heard me saying that you can't have a one-size-fits-all programme because a 50-year-old person who's just been made redundant doesn't have the same needs as an 18-year-old who's never worked. We don't have big cohorts of anybody anymore, so we're looking at a much

more flexible programme.

[57] I too have shared the frustration of Members who have a constituent who's 25 in three days and therefore can't go onto Jobs Growth Wales. Clearly, that's an unintended consequence of having a cohort edge. So, that's the lesson, really: to have more flexible and fluid edges and to allow people to morph from one scheme into another. So, you might be eligible for ReAct, but that doesn't mean that you won't also want an apprenticeship. You might be a Jobs Growth Wales candidate, but you might also need some support to stay in work. You might need some reasonable adjustment if you have a disability or any kind of health issue. There are other things that you might need to get there. In truth, the largest number of people we now need to help are people who are further away from the job market and who need help both to get into the job market and actually, more importantly, because many of them are already in the job market, help to get better jobs, to increase their potential, to get more hours and to stay in work for longer.

[58] For many people, the first month in work is the worst. They're poorer than they've ever been, they don't have the money to sustain them till the end of their first wage packet, they suffer all kinds of social consequences that come with working that you get used to, but you're not used to, perhaps, when you first start. We need to assist people through those first difficult months into sustainable employment, and some of them will need help forever, but that doesn't mean that we shouldn't help them, because we know that work brings health, mental health and economic benefits to both the individual and the society around them. So, we need to help as many people as possible to have meaningful employment of one sort or another. It helps both the economy and the individual, and it diminishes the pull on many of our oppressed services.

[59] So, the real lesson is to individualise it much more, and the reason that that's possible is because the numbers have come down so dramatically as a result of the previous programmes, in part.

[60] **Jeremy Miles:** So, you've referred to the particular challenge of addressing the levels of economic inactivity. Is it your assessment that if further powers were devolved to Wales around employability, we could make more progress in tackling that cohort in particular? If so, what discussions, if any, have been ongoing around those powers being devolved?

[61] **Julie James:** It's not so much—. I mean, it would be nice to have

employment devolved, you can do a few more things then, but in truth, as I said to Mark Isherwood earlier, we work pretty well with the DWP, really. It's much more about reach and access, if you like.

[62] So, what we've done is we've devised—I hope you've all seen it—a thing called skills tracks, where individuals can identify themselves on a track and then find the support that they need for their particular situation. We're looking to help that individual with an individualised—and I'm struggling for a word here, because I don't want to use the word 'assessment', but that's what it is. The reason I don't want to use that word is because I encounter a lot of people all the time who are very traumatised by the DWP assessment for the Work Programme. Sorry for the politics in that, but they don't like that word anymore.

[63] So, we're looking to help people have an individualised self-help programme, if you like, and we will assist them with that to get them onto those skills tracks. I hope you'll have a look at it. It looks a bit like the tube map. You can then identify the programmes fluidly as you go along those tracks, and they all lead to sustainable employment at the other end. It is about getting that individual support in place, so it is about attracting the people, making them want to come to us and get that support, and then getting them the support that they need to sustain them into work. That's a combination of levers: getting our employers to be more proactive on that, getting better advice to our employers, especially our SMEs, around how to employ people—a lot of them don't have HR strategies, they're very little companies, they're the bedrock of the Welsh economy and we need to help them do that, to help them make reasonable adjustments if those are necessary and just think a little bit about some of their traditional working practices. Sorry for the anecdote, but you still encounter people who have shift patterns that start before public transport starts and then they can't attract people, and I'm saying, 'Well, nobody can get to you. The buses don't start for an hour until after you—.' If you start your shift at seven and you're anywhere outside a city centre, people are going to struggle to get to you. So, it's about some flexible thinking for our employer base, some support for our economically inactive people and some better preparation.

[64] **Russell George:** Vikki Howells.

[65] **Vikki Howells:** Thank you, Chair. Good morning, Minister. My question, again, is around groups of hard-to-reach people. Obviously, the statistics we've got at the moment with unemployment in Wales being lower than the

rest of the UK are fantastic, but what that means is that, often, the gap between trying to address issues with people who are quite easy to reach and the people who are harder to reach becomes even wider and harder to bridge. I'm thinking particularly about young people when I say that. There are so many different opportunities open to our youngsters today in terms of further education, in terms of apprenticeships and education maintenance allowance to stay on in school as well, but yet we still have this cohort of disengaged—albeit small—really hard-to-reach youngsters who are not in education, employment or training. I know that, in the fourth Assembly, the youth engagement and progression framework was a key policy initiative for you there, and I was just wondering whether you could update the committee today about your policies and priorities to support these hard-to-reach young people during the fifth Assembly.

[66] **Julie James:** That's a quite good question. The youth engagement and progression framework is actually in the portfolio of Alun Davies, but he and I work very closely together, because we overlap very significantly, so I can tell the committee that we're continuing with the youth progression and engagement framework, that it's through its first two years and that we're now embedding it in local authority practice. But I'm afraid if you want some very serious detail, you'll have to ask the Minister for Lifelong Learning and Welsh Language.

[67] However, working closely with Alun, we've also developed a couple of other things. We've got a really excellent programme that I hope you'll all go and see called the Young Apprenticeship programme, which Cardiff and Vale College are piloting at the moment, which allows young people who are 14 to go into early apprenticeship programmes. So, it's allowing people who would otherwise fall out of school, who have had poor attendance records and have had other difficulties with mainstream academic learning to go into mostly craft, but some other, apprenticeships and start down that path. I won't say his name, because I don't have his permission, but one of the youngsters had only attended 100 days of school in the last two years and he has 100 per cent attendance on the Young Apprenticeship programme. So, it's a cracking programme. It's a pilot at the moment, and we're hoping to allow that opportunity to a lot more young people who perhaps don't benefit as much from mainstream academics.

[68] Having said that, we also want to do a lot of work with our academic institutions, and I'm working very closely with the Cabinet Secretary for Education on this, because we do not wish to give the impression that

apprenticeships are something that only youngsters who are having a problem staying in academic learning should go for. Some apprenticeships in Wales, the GE Aviation and Airbus apprenticeships to name but two, and there are many more, are harder to get into than Cambridge. So, you're talking about academic high flyers going down the apprenticeship route, and there are lots of anecdotes already about youngsters showing up in engineering firms and sitting down next to a person who has shown up on their first day and that person came through the apprenticeship route and this person came through the higher academic route, and this one has a very large student debt and that one doesn't. So, there are other drivers as well for the apprenticeship programme. But that's not to say that the Young Apprenticeship programme isn't a great thing too.

[69] It's a central tenet of our current programme that we are striving for equality of esteem for vocational and academic routes. Most of our captains of industry came up the apprenticeship route. It's amazing the number of people who lead engineering firms who say to me, 'Well, I started on the tools, so I came up the—'. We've got to get that across. So, the Cabinet Secretary for Education will be looking at the way that we assess schools, because some of the ways that we assess schools have unintended consequences—they get rewarded for keeping people on at school who perhaps shouldn't have stayed on.

[70] **Russell George:** Sorry, Minister. I was going to say, if your diary would permit and your voice would allow, would you mind extending our time with you this morning by 10 minutes?

[71] **Julie James:** Yes, that's fine.

[72] **Russell George:** I'm very grateful.

[73] **Julie James:** Sorry, I'm being very long-winded, so it's my own fault.

[74] **Russell George:** No, we're very grateful for your full answers, Minister. Did you have any other further questions, Vikki?

[75] **Vikki Howells:** Yes, just building on that, really, and thinking about the importance of STEM subjects, it's an issue that's close to my heart, because, when I was a teacher, we did lots of work in school trying to get young girls in particular to be interested in the STEM subjects and to see that as the future, really, in terms of skills and in terms of job opportunities. I just

wondered whether you'd be able to update us on your plans for how that could be nurtured throughout the education system, particularly among female learners.

[76] **Julie James:** That's an excellent question. It's been a hobby horse of mine for many years. One of the stats that really upsets me is that, when I took my A-levels—tragically, some 40 years ago now—about 19 per cent of women did physics then, and, last year, that was 20 per cent. So, you know, nothing much has changed in 40 years. We need to do something really quite drastic. So, we have a programme as part of our Qualified for Life programme called Focus on Science, which the chief scientific officer has been working on. She's also produced a paper recently, 'Talented Women for a Successful Wales', alongside professors from Cardiff and Swansea universities, which set out a route-map for us in terms of getting more women—and, indeed, more people, actually—but more women into science. I'm due to respond to that report in the next couple of weeks, so I won't, I'm afraid, trail it now, but that has some challenging targets for us.

[77] On top of that, I'm also working closely again with the Cabinet Secretary for Education and the chief scientific officer to make sure that our science enrichment programmes stay in place. We fund quite a few science enrichment programmes. We want to co-ordinate that better and make sure that more of our young people get through science days and science experiences. Some of our big anchor companies—Airbus, for example, runs a day when it has a whole female cohort that come in and experience the apprenticeship programme. GE Aviation does something similar, BAE Systems do it, Ford do it—quite a few of our anchor companies do it. We're still funding Techniquest; we've made an agreement with Techniquest that we will have tapering funding over the next four years while they put themselves on to a more sustainable footing, because of their valuable contribution to this.

[78] The other thing we'll be doing is assessing the pilot programmes, and, where the pilot programmes have shown their success, we'll be rolling them out. I think it's a challenge for us not to continue to put more pilot programmes in place, but to actually accept that some of the pilot programmes haven't worked and that others have and to actually build on the success of the successful pilots. We have a terrible tendency to have innovative pilots rather than actually just doing the thing that's shown that it works. So, Julie Williams, the Chief Scientific Adviser for Wales, myself and Kirsty Williams are working very hard to ensure that and we will be coming

back to the Assembly in the next—sorry, I don't entirely remember—two or three weeks with our response to that report.

[79] **Vikki Howells:** Thank you.

[80] **Russell George:** Hefin David.

[81] **Hefin David:** Given your response to Vikki Howells about GE Aviation and higher education, and the fact that students who went through GE were likely to have the same knowledge but less debt, is that an implicit criticism of HE and their role in the delivery of high-level apprenticeships?

[82] **Julie James:** No, not at all. Higher education institutions are absolutely integral to the delivery of high-level apprenticeships alongside our big anchor companies. I mean, you can't be doing a PhD in aeronautical engineering as an apprentice in Airbus without the HEI and the local college playing a very big role in that. Indeed, both the college and the university in that instance have been absolutely instrumental in getting those programmes under way. It's not intended as a criticism of the academic route, either. It's simply a demonstration that there are two routes to get to the same point and that one size doesn't fit everybody.

[83] **Hefin David:** And to what extent would you say that HEIs are primed and ready for the delivery of high-level apprenticeships in a wider way?

[84] **Julie James:** We've been talking to the HEIs for the last several years now about that. It's part of the ongoing discussion around the Diamond review and the Hazelkorn review, which the Members will be aware of and which I'm absolutely not going to tell you anything more about, so don't ask, because the Cabinet Secretary for Education will be making some announcements very shortly about that.

10:15

[85] The way we do higher apprenticeship models at the moment, Hefin, is very individualised. They're very bespoke. So, an employer will come to us and say that they have that need, or we go to the employer and ask them if they have that need, and then we broker it with the various institutions that deliver it. So, Airbus, for example, is done through Coleg Cambria and Swansea University, and the University of South Wales delivers one of the ones with Gwent College that totally escapes me—the construction one.

They're bespoke. So, no, I have no criticism whatsoever of the institutions. They've all stepped up to the plate. Our big drive now is to get more employers to take on people and get them through those routes.

[86] **Hefin David:** What's the incentive for HEIs to step up to the plate? Why do they do it?

[87] **Julie James:** Well, partly because they want to invest in the local economy—they're Welsh institutions, so they believe in the Welsh economy—partly because they want the employers to work with them, and partly because they want the Welsh Government funding that comes with it. So, it's a combination of things, as you'd expect. But, in fairness, they deliver great programmes and they're proud to do so, I think.

[88] **Hefin David:** Okay. Thank you.

[89] **Russell George:** Adam Price.

[90] **Adam Price:** Minister, science and innovation are also included in your very expansive portfolio, and Welsh Government strategies in those areas were published respectively in 2012 and 2014. Do you envisage updating those priorities or are they largely as set out in those documents still?

[91] **Julie James:** The science policy for Wales is being reviewed at the moment by the chief scientific officer. She's working on producing an updated strategy at the end of next year, is it?

[92] **Dr Hoyle:** At the end of next year, yes.

[93] **Julie James:** End of next year. So, that's ongoing at the moment. In terms of the innovation suite, no, we're sticking with what we've got. It's fairly new, as you know—as you know very well, in fact. I don't think it's yet had a chance to really prove what it can do. So, rather than fiddle with it we're going to try and give it that chance. As you know, it's the SMART suite. It's been in place only a year or so. We've already had some success, and I'm looking forward to working with them. I've only just taken it over—you know more about it than I do, I'm sure. I've only just taken it over, but I had a very constructive meeting with all of the officials and the various bodies in that sector earlier this week—this week, last week; time flies when you're having fun—and we've got a piece of research going on as well about whether we need an overarching innovation body for Wales. I met with the consultants

working on that yesterday. They're due to report back in three weeks or so. So, it's possible that we'll do something around an overarching body or not. I'll wait with great interest to see what the consultants say, but at the moment we don't intend to change the policy on innovation.

[94] **Adam Price:** As you were alluding there, I was co-chair of the innovation advisory council. You also have a science advisory council. Do you anticipate retaining those bodies in their current form? Do you see them providing a useful function—

[95] **Julie James:** That's what the consultants are looking at. So, the consultants are looking at whether the current arrangements with the number of—. We have sector councils, we have the science advisory body, and we have the innovation advisory body, and we are in the process of looking at the Hazelkorn review about the way that we govern HEIs and further education colleges. The consultants, I had a very useful meeting with them only yesterday, are looking at what—I believe that the expression they use is 'ecosystem'—that ecosystem should look like. We had a very robust discussion about what they might be looking at, and they're going to report back to me in two or three weeks.

[96] **Adam Price:** Do you anticipate making that report public?

[97] **Julie James:** Yes, once we've digested it. I think they're actually going to report back for me to have a discussion with them as to their initial findings and then see if we can find a way forward. But, yes, absolutely, we will be making it public because we will be doing something as a result of the report.

[98] **Adam Price:** As part of that ecosystem of innovation that you referred to, I think in the previous administration the Minister for public service reform had responsibility for public service innovation. Does that now sit with you?

[99] **Julie James:** Yes.

[100] **Adam Price:** So, public service innovation, social innovation and science and technology are all in one. I think that that's very, very sensible.

[101] **Julie James:** Basically, I also have the overarching digital brief for the Government. So, I run the internal digital working group for public service

innovation as well. Basically, the whole point is to pull it all together. Science is about more than hard science; it's about social science as well and public service reform. As I alluded to earlier, actually, when I talked about digital exclusion, a large part of public service reform is around innovation, a move to the cloud and digital services, and it's essential that we don't leave a cohort of people behind as we move there. It's also essential that we get our entrepreneurs and our innovators to work on helping our public sector colleagues to get to where we want them to be. So, yes, it's a big and exciting brief and I confess that I'm still getting my head around it.

[102] **Russell George:** Mark Isherwood.

[103] **Mark Isherwood:** Speaking of digital infrastructure, which fits nicely with your concluding comment, why was the deadline for the Superfast Cymru broadband roll-out of 96 per cent extended a year to June 2017 and what targets are BT contractually obliged to meet?

[104] **Julie James:** The original—. It's a market intervention programme—I would like to start by saying that—so one of the things that is absolutely essential to understand the way Superfast Cymru works is that the first thing we had to do before we set the programme up is what's called an open market review, because we had to find out where there was no commercial viability for broadband to go out. So, we were only allowed to intervene in the market where no commercial operators said they would go. So, there is no Superfast Cymru in the middle of Cardiff, the middle of Swansea or the middle of Wrexham—anywhere where there's a population centre—because all the commercial operators said that they would roll out in big population centres. There are several other pockets around Wales. So, if you look at a map of Superfast Cymru, it excludes all of the areas where the commercial company said that they would roll out.

[105] We then started on the programme. Ninety-six per cent of premises that existed in 2011 is the target. That's five years ago. Between then and now, obviously a large number of premises have been built. Also, it became clear around about two years ago, and many Members wrote to me on this, that the commercial operators who had said that they would go into industrial estates, in particular, were not going there. So, we had pockets of small businesses around the edges of cities—several very vociferous ones in my own constituency. Mark, you wrote to me about one and Russell has inundated me with mail on the subject, and a number of other Members in the last Assembly did too. And new Members in this Assembly have also

followed in that good tradition. So, what we did was conduct another open market review and that showed that the commercial operators had revised their plans and would not be rolling out into those industrial areas and, as a result of that second open market review, we added 42,000 premises to the original target and we extended the deadline by a year.

[106] I was then asked by the Public Accounts Committee—I wasn't, my officials were—in the last Assembly whether that meant that some properties had changed priorities and so on, and so we explained then, and I've explained many times in Plenary and I'll do it again now, that that's not how the contract works. We have not specified any premises at all in the contract. We have just said a percentage and a number. It's entirely up to the deliverer, who is BT, to get to that premises number. So, I have not said that they need to go to 32 Acacia Gardens or to the industrial state in Llangefni; it's up to them where they go, and that's the frustration because I have no control over where they go. As long as they're meeting their premises target, it's up to them. If we were to say to them that we wanted them to go to a specific place, the contract says that we would then have to pay for that—so very expensive. We've had long, extensive conversations with them about them telling us that at least the 1 per cent of the 4 per cent they're not going to get to, definitely, and we've got somewhere with that and the websites are being updated. The contract also has a gain share, so depending on the number of people who take it up, we get a fairly large sum of money back. That sum of money is what we will use to get to the last percentage in Wales.

[107] So, our manifesto commitment is that every home in Wales will have broadband. That does not mean that they'll have cabled broadband, I have to tell you. Some of them will have satellite broadband or mobile broadband, but we will get broadband to everybody. So, many of you are familiar with the Access Broadband Cymru scheme and we also have the ultrafast connectivity scheme for businesses as well. Using a number of those levers, we will get to everybody.

[108] The last thing I would say, with your indulgence, Chair—sorry, I know I'm going on again—is that a measure of the success of the programme is that when it started, most of my postbag was people saying that they didn't want broadband and we'd never get it to them anyway. And now my postbag is full of people saying, 'Why am I in the last year? Why can't you get to me faster?' So, we've made people believe that they should and could have it, but nobody wants to be in the last year. It's very frustrating. But BT are on track to deliver everything they said they would deliver. I have a robust quarterly

meeting with them about how they deliver it. And as it becomes clear where they won't get to, we will start to intervene to get them there. So, we're about to conduct a final open-market review to tell us where we can intervene. Bear in mind it's a state-aid intervention programme—I can't go anywhere where there's a commercial capability. We're about to do the last open-market review to get us to the last bit of Wales and then we will roll out the last bit of the programme to get to the last 4 per cent.

[109] **Russell George:** Thank you, Minister. I believe you've got a statement to Plenary in a couple of weeks' time on superfast broadband.

[110] **Julie James:** I think its 17 October.

[111] **Russell George:** The twenty-seventh—

[112] **Julie James:** No, it's not—. It's been moved from the twenty-seventh as I have a personal issue on the twenty-seventh. So, I believe it's now 17 October.

[113] **Russell George:** Right. In that case, Minister, I'll forgo the questions I had and ask you at that point as we've run out of time. Can I thank you for your time this morning and allowing us to go over our permitted time? I hope we haven't hampered the recovery of your voice too much.

[114] **Julie James:** Pleasure. Sorry for the gravelly throat.

[115] **Russell George:** Very grateful.

[116] **Julie James:** Thank you.

10:26

Papurau i'w Nodi Papers to Note

[117] **Russell George:** Before we go for a break, can I just ask that we move to item 3, which is to note the papers? Are Members happy with that? Yes. Everyone's indicating that they're happy.

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd
o'r Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o weddill y exclude the public from the
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(vi).*

*accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[118] **Russell George:** Can I also move, then, to item 4 and resolve that we go into public session for the remainder of the meeting? Thank you.

[119] **Mr Price:** Private session.

[120] **Russell George:** Private session—sorry. [*Laughter.*]

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:27.

The public part of the meeting ended at 10:27.