



Russell George AM
Chair of Economy, Infrastructure and
Skills Committee
National Assembly for Wales

25 June 2018

Dear Russell,

In response to questions tabled by members of the Economy, Infrastructure and Skills Committee on 07 June and on which I agreed to provide further information, please see below:

Question by Bethan Sayed AM - To clarify the role and status of the policy statement on skills. What is the status of the Policy Statement on Skills, published in 2014? Is it still the basis for your policy action on skills? Or has it been superseded by the employability plan?

Please see the attached report which provides an update on the status of the Policy Statement on Skills and actions recorded in the Skills Implementation Plan (2014).

Question by Lee Waters AM - Would the Minister look at PhDs in machine learning, in particular where there is a skills gap at the top end in order to retain the expertise in Wales.

Yes, we will follow up on this recommendation. Some of the steps we intend to take include:

- Monitoring the number of postgraduates in this area via our higher education statistics; and
- Working closely with the Higher Education Funding Council for Wales to explore what further intelligence is available.

I trust the above information is helpful in responding to the Assembly Members' questions. However, if I can be of any further assistance, please do not hesitate to contact me.

Yours sincerely

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

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

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

Context and background

On 30 January 2014, the Welsh Government launched the Policy Statement on Skills. This document set out a vision for employment and skills policy in Wales for the following 10-year period, including the responsible action needed by all stakeholders to develop a resilient, responsive and sustainable post-19 skills system. It also recognised the tough choices ahead if Wales is to deliver the skills needed to raise productivity levels and reduce barriers into employment.

The statement covered four areas of priority:

- **Skills for jobs and growth:** a focus on skills for jobs and growth so that we can deliver a more highly skilled Wales which can compete with the best.
- **Skills that respond to local needs:** the need to deliver the skills that respond to local needs so that the employment and skills offer available to employers and individuals is based on their needs and is easy to access.
- **Skills that employers value:** the requirement to support the skills that employers value. If we expect employers to pay more to address skills needs, we must ensure that training is of high quality and meets their requirements.
- **Skills for employment:** ensuring that individuals are given the skills for employment by focusing Welsh Government investment where it can add value to existing employment programmes, as demonstrated by Jobs Growth Wales.

The Welsh Government committed within the statement to produce a **Skills Implementation Plan** setting out the key policy actions and their timeline in order to deliver the ambitious goals for Wales. The plan, launched in July 2014, focused on the policy actions up until April 2016, working with employers, unions and delivery partners. These actions support the longer-term reform required to secure a resilient and sustainable skills system for Wales.

As well as setting out the detail of specific interventions, such as the Skills Gateway and future employment and skills programmes, the Plan outlined the strategic approach to be taken in relation to future regional skills delivery in Wales. It also set out the Welsh Government's support and commitment to a strong vocational education system in Wales via the function of Qualifications Wales and the role that co-investment in skills would have in underpinning all areas of future employment and skills policy.

The direction set by the Policy Statement on Skills remains valid given the long-term challenges for Wales in raising overall skills levels and addressing skills shortages, engaging more employers to invest in training, improving routes into higher learning and supporting people into better paid employment. This focus can be clearly identified within skills and employability commitments identified in the Programme for Government - Taking Wales Forward. These have been supplemented by specific commitments within the National Strategy Prosperity for All, the Economic Action Plan (December 2017) and the Employability Plan (March 2018).

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

This paper provides an update on all commitments set out in the Policy Statement on Skills and the Skills Implementation Plan and indicates where these have been completed, where they are still underway, or where they have been superseded by actions outlined within the Economic Action Plan and Employability Plan.

Update on Actions

Skills for jobs and growth

Action: Integrated Skills Performance Measures

Key milestones

- Publication of initial Skills Performance Measures by **September 2014**
- Integration of Skills Performance Measures within policies and programmes between **September 2014 – April 2015**
- Annual review of Skills Performance Measures to commence from **April 2015 onwards**

Skills Performance Measures were published in September 2014. In 2015 the Well-being of Future Generations Act was published, followed by its own set of National Indicators which superseded the Skills Performance Measures. Officials responsible for the Skills Performance Measures were involved in working groups on the National Indicators and there is cross-over between the two sets of indicators. For example, the two sets cover qualification levels, productivity, and people in employment. Data for other measures such as skills gaps due to essential skills and Welsh language skills and employer investment in training continue to be collected and officials analyse these figures comparing them to previous data where available. Figures on these were most recently published by Welsh Government in the Employer Skills Survey 2015 Wales Report (and further data will be available shortly from the Employer Skills Survey 2017). Measuring our performance continues to have a strong focus within the Employability Plan, particularly given the employability and skills targets set out in the Plan.

Action: Investing in skills alongside employers and supporting employer collaboration, networks and innovation

Key Milestones

- Introduction of initial phase of the Flexible Skills Programme by **September 2014**
- Integration of co-investment policy as part of programme specification and delivery arrangements by **August 2015**
- Mid-programme review and evaluation by **October 2017**

The Flexible Skills Programme has been in operation since June 2015 and continues to be utilised to support employers to up-skill their staff to meet the needs of their

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

growing business. Aligned to Wales' co-investment policy the FSP provides financial assistance at a 50% intervention rate.

The programme operates pan-Wales and is open to any employer who can demonstrate return on investment and/or business development need.

A customer feedback exercise was undertaken in 2016 to review and evaluate the programme's use and operational processes. Overall, the findings were very positive. In excess of 12,200 individuals are expected to have received training as a result of the FSP to date.

Skills that respond to local needs

Action: Delivering an integrated approach to employment and skills support

Key milestones

- Launch of Skills Gateway by **October 2014**
- Mid-programme review and evaluation by **October 2017**

The Skills Gateway was launched in January 2015 as an engagement, assessment and referral system in order to provide a seamless service for businesses and individuals seeking employment and skills support in Wales. It provides access to an integrated portfolio of skills and employability provision and assists businesses and individuals in identifying their skills development needs while providing advice and guidance on how to access appropriate support to meet those needs.

The Skills Gateway continues to be developed to ensure it remains current, relevant and responds to the needs of users.

As part of the longer-term reforms to employability support in Wales, we are looking to simplify access to such support further. To do this, we are developing the Employment Advice Gateway. The Employment Advice Gateway will provide impartial and cohesive employability advice to people aged 16 and older.

A mid term evaluation of the Skills Gateway is underway and the recommendations from this will be relevant to, and reflected in, the current development of the Employment Advice Gateway (EAG).

Action: Strengthening the approach to regional skills delivery

Key milestones

- Regional skills partnership structures identified by **October 2014**
- Regional Employment and Skills Plans agreed with Welsh Government by **April 2015**

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

- Regional Employment and Skills Plans refreshed annually From **April 2016**
- Evaluation of impact of Regional Plans on prioritisation of Welsh Government funding **From 2016–17**

Regional Skills Partnerships (RSPs) were announced by the then Deputy Minister for Skills and Technology in October 2014 i.e.:

- North Wales Economic Ambition Board – Regional Skills Partnership North Wales (NWEAB - RSP)
- South West and Mid Wales Regional Learning and Skills Partnership (RLSP)
- Cardiff Capital Region Skills Partnership (CCRSP), formerly known as the South East Wales Learning, Skills and Innovation Partnership (LSKIP).

RSPs have a key role in producing regional intelligence informed by employers. They have substantially increased their employer focus and have developed robust employer engagement strategies to capture the skills needs of the region and, in particular, the skills needs associated with regional infrastructure projects and priority sectors.

Action: Improving the quality and impact of skills provision locally

Key milestones

- Introduce pilot Skills Priorities Programme by **September 2014**
- Introduce full Skills Priorities Programme, incorporating co-investment policy as part of programme specification and delivery arrangements by **September 2015**
- Mid-programme review and evaluation by **October 2017**

The Skills Priorities Programme (SPP) was piloted in 2014 through to March 2016 and has been designed to allow the Further Education sector to respond to and develop provision to address job specific, higher level skills gaps, at a regional level as identified by Regional Skills Partnerships. It also supports Further Education Institutions to develop the skills base of their staff through continued professional development activity.

The SPP is now in the second year of the 2017-19 programme and for 2018-19 delivery, a new Innovation strand has been added to the programme to ensure that SPP can be even more flexible and respond quickly to emerging regional priorities and new employer demand as it arises throughout the year.

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

An evaluation of the SPP has been conducted, covering both 2015-16 and 2016-17 delivery, in order to inform the 2017-19 programme.

The evaluation has concluded that “There is a high level of satisfaction among FE providers with SPP”. The evaluation cited the flexibility of SPP being key to the success of the programme, and that the “overlap of CPD and other activity can be considered as an additional programme impact”.

Skills that employers value

Action: Introducing Sector Qualification Advisory Panels

Key milestones

- Consult on the future of apprenticeship frameworks in Wales by **October 2014**

In order to deliver on commitments within the Skills Implementation Plan, the Welsh Government consulted on the apprenticeship programme in early 2015.

The consultation informed the Welsh Government’s Apprenticeship Skills Policy, aligning the apprenticeship model with the needs of the Welsh economy, published in February 2017. Future delivery priorities for Wales for 2016 to 2020 include a focus on growth of apprentice opportunities for 16 to 18-year-olds; building up apprenticeships in engineering and manufacturing in line with priorities determined by Regional Skills Partnerships; a focus on apprenticeships at level 3 and above, where returns on investment tend to be higher and where the most successful European countries focus - this will continue the phased reduction across specific sectors of Foundation Apprenticeships up to 2020 - to continue to accelerate growth in the number of technical and professional opportunities in higher apprenticeships; and to focus on working with businesses, harnessing their potential to recruit apprentices and build awareness of the opportunities the programme has to offer.

- Sector Qualification Advisory Panels (SQAPS) established in 10 sectors by **December 2014**

Early pilots were conducted on various approaches to introducing SQAPs. It became apparent that a ‘standing committee’ approach based on physical panels meeting at regular intervals was not the most effective means of engaging with employers to gather intelligence about qualifications issues. The establishment of Qualifications Wales in September 2015 gave an opportunity to review the approach. SQAPs were considered no longer necessary and, as part of its VQ strategy, Qualifications Wales have introduced sectoral reviews of Vocational Qualifications on a sector by sector basis.

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

- Establish Qualifications Wales by **September 2015**

Qualifications Wales is the independent regulator of qualifications and the qualifications system in Wales and was established in September 2015.

Action: Delivering skills utilisation agreements working with employers

Key milestones

- Commence pilot of skills utilisation in two key sectors by **October 2014**
- Review pilot outcomes and make recommendations on roll out to other sectors **by October 2015**

The Skills Implementation Plan (SIP) made a commitment to pilot skills utilisation to influence the way skills are deployed by employers and to tackle levels of over qualification. Following initial research by Professor Ewart Keep for Welsh Government, it was decided to run a pilot study focusing on two key sectors, the creative and construction sectors.

Creative Skillset was appointed to deliver the pilot project for the creative media sector and CITB was appointed for the construction sector.

The pilot studies were conducted over a 6-month period and final reports were submitted at the end of October 2015 to Welsh Government.

The pilot studies concentrated their research on exemplar companies that were already involved in training and skills development, keen to improve and receptive to participating in the study. Although the research was not representative of all companies within each sector it helpfully demonstrated the approaches applied by companies on skills development in two key sectors for the Welsh economy. The pilot studies were reviewed and evaluated by Knowledge and Analytical Services within Welsh Government and external research services and fed into skills policy development/ the design of employability and skills programmes.

Action: Implementing a policy of co-investment in skills

Key milestones

- Co-investment guidelines issued by **October 2014**
- Co-investment guidelines integrated into policies/programmes **from April 2015**
- Policy review and evaluation by **October 2017**

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

The Welsh Government published its Framework for Co-investment in Skills in November 2014. This document described the approach to be taken in pooling the resources of government and employers in mobilising a productive and skilled workforce. The framework built on the consultation on co-investment in skills during 2014 and outlined three key priorities:

- **Influence** –influencing employers to invest in the skills that they need, e.g. ensuring vocational qualifications hold currency with employers.
- **Investment** – setting out the balance of co-investment between government and employers and the prioritisation of public resources to support apprenticeships for those under 25 years of age and provision to deliver Essential Skills to adults.
- **Impact** – focusing on the impact of our investments and ensuring that there is appropriate accountability for the investments being made via the Skills Performance Measures published in September 2014.

The framework aimed to provide a strong foundation for shifting the emphasis from a government-led approach to skills investment to a system influenced and led by employers. The framework, implemented from April 2015, impacted upon programmes led by the Welsh Government, such as the Work Based Learning programme, the Flexible Skills Programme and the Skills Priorities Programme.

A review of the Framework was undertaken in October 2017 with final recommendations under consideration to support actions and commitments made in the Economic Action Plan and Employability Plan where the strong focus on increasing employer investment in skills remains.

Skills for employment

Action: Simplifying arrangements for accessing skills and employment support

Key milestones

- Launch of Skills Gateway, including standardised initial assessment of skills and work readiness **by October 2014** (see page 3)
- Mid-programme review and evaluation **by October 2017** (see page 4)

An update on the Skills Gateway, including its mid-programme review, is set out on pages 3-4 above.

Action: Providing employment support arrangements that add value

Key milestones

- Work Ready Skills Conditionality Pilot by **April 2014 – March 2015**

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

The Work Ready Skills Conditionality Pilot evaluation report concluded that there was no clear evidence to support the benefit of conditionality in relation to skills programmes. DWP has since changed their approach and conditionality is more closely linked with the Claimant Commitment through which actions are jointly agreed by the individual and the Work Coach. The DWP employment Work and Health Programme was launched in December 2017 and is primarily a voluntary access programme.

The Welsh Government continues to provide employability support on a voluntary basis.

- Introduce ReAct III by **July 2014**

The ReAct III programme launched on 1 July 2014 immediately following the closure of the ReAct II programme.

The Welsh Government's ReAct III programme is designed to complement and supplement the service offered to redundant workers by Jobcentre Plus and Careers Wales. ReAct III aims to address the needs of people who have been made redundant, or are under notice of redundancy, through a series of measures designed to remove barriers to obtaining new employment. ReAct III targets four key areas where assistance may be required in order for a redundant worker to gain new employment. Two are aimed at providing prospective employers with incentives and assistance to employ a redundant worker, whilst two are aimed at updating the skills of a redundant worker and removing any barriers to training and employment.

Since 01 October 2008, when React I was introduced, the ReAct programme has supported over 28,600 redundant workers.

Responses to destination surveys sent to past participants of the programme show that 76% have found new employment after leaving the programme

ReAct III is scheduled for closure to new entrants on 31 March 2019. From 1 April 2019 onwards, redundant workers seeking support to return to work will have their needs met by Working Wales, the Welsh Government's new employability programme. The ESF project that underpins ReAct III delivery will continue until the end of 2022 and will underpin Working Wales following its launch.

- Define employment offer in Wales by **September 2015**
- Introduce new adult employability programme by **September 2015**

The Skills Implementation Plan committed to replace Work Ready (the national programme for unemployed adults) with a new adult employability programme by September 2015.

**Update on actions within the Policy Statement on Skills and Skills
Implementation Plan (2014)
June 2018**

The Employability Skills Programme (ESP) was procured in August 2016 and has been delivering adult employability support from 12 September 2016. The main aim of ESP is to support unemployed adults to get a job and to stay in work by improving their employability skills. ESP is a flexible programme and offers a high quality work experience placement, along with work preparation training, and essential skills provision if required.

The Welsh Government's Working Wales programme (currently in procurement) will commence in April 2019. Working Wales is a new programme designed to support people of all ages to overcome barriers and gain the skills to achieve and maintain good quality, sustainable employment. This approach to delivering employability and skills support is designed to meet what individuals need to gain employment rather than fitting them into narrow programme eligibility criteria. Working Wales consolidates Welsh Government's current suite of employability support (Jobs Growth Wales, ReAct, Traineeships and the Employability Skills Programme).

- ***Focusing on Essential Skills***

Key milestones

- Extension of Essential Skills in the Workplace Programme by **July 2014**
- Introduce standardised Essential Skills assessment tool by **October 2014**

The Wales Essential Skills Toolkit (WEST) was launched through an agreed, phased approach on 1st October 2014. The final phase commenced development in January 2015. All functions relating to the screening and assessment of the Communication, Application of Number, Digital Literacy and English for Speakers of Other Languages (ESOL) are now available.

The Wales Essential Skills Toolkit (WEST) is a bespoke, standardised assessment tool for all post-16 learning providers - Further Education Institutions, Work Based Learning providers and Adult Community Learning Providers in Wales, which determines a person's levels of ability and understanding in literacy, numeracy and information technology.