

Economy, Infrastructure and Skills Committee

Date: 7th November 2018

Time: 9:30-10:15

Title: Evidence paper on the Draft Budget 2019-20 – to be presented to the Economy, Infrastructure and Skills Committee

Introduction

1. This paper provides information to the Economy, Infrastructure and Skills Committee on the Minister for Welsh Language and Lifelong Learning portfolio proposals outlined in Draft Budget 2019-20. The Draft Budget was published as part of a two stage process, an outline budget (stage 1) on 2 October followed by a detailed budget (stage 2) on 23 October. It also provides an update on specific areas of interest to the Committee.

Summary of budget changes

2. The Draft Budget 2019-20 provides a one-year plan for revenue investment and a two-year plan (2019-20 and 2020-21) for capital investment. Table 1, below, provides an overview of the planned revenue budgets relating to the Minister for Welsh Language and Lifelong Learning portfolio that are relevant for this Committee.
3. The 2018-19 First Supplementary Budget figures, published on 19 June 2018, represent the year on year comparator. The 2019-20 plans published in the 2018-19 final Budget, on 19 December 2017, have also been included as the baseline figure for the draft Budget 2019-20.

TABLE 1: OVERVIEW OF THE REVENUE BUDGET				
Action	2018-19 Supp. Budget June 2018 £000s	2019-20 Plans as per 2018-19 Final Budget £000	2019-20 Changes £000	2019-20 Draft Budget £000
Work Based Learning	115,709	111,113	(29,000)	82,113
Delivery Support – Skills	648	648	-	648
Skills Policy	1,061	1,061	-	1,061
Employment and Skills	28,498	28,498	27,698	56,196
Educational and Careers Choice	18,800	18,800	-	18,800
TOTAL REVENUE - Skills budgets (Education MEG)	164,716	160,120	(1,302)	158,818

Revenue Changes

4. The Revenue budget for Skills has decreased by £1.302m (0.81%) compared to the indicative plans for 2019-20, published in the 2018-19 final Budget (December 2018).
5. The decrease of £1.302m is made up of a number of Budget Expenditure Line (BEL) to BEL transfers from within the Education Main Expenditure Group (MEG) and additional allocations from Reserves which are summarised in table 2 below.

TABLE 2: SKILLS BEL TO BEL TRANSFERS/ FUNDING FROM RESERVES		
Work Based Learning (WBL) BEL	Description of movement	2019-20 £000
Traineeships	Transfer to Employability and Skills BEL for the replacement of the Traineeship programme	(24,000)
Apprenticeships	Transfer to Higher Education BEL – to support degree level apprenticeships and enabling HEFCW to draw down funding as part of their grant in aid	(5,000)
Revenue – net decrease for WBL BEL		(29,000)
Employability and Skills BEL	Description of movement	2019-20 £000
Traineeships	Transfer in from WBL BEL to fund the replacement of the Traineeship programme	24,000
EU Transition Fund – Airbus, Ford and other Automotive manufacturers	Allocation from reserves to Employability and Skills BEL to support the EU Transition Fund tranche 1 & 2	3,150
Application Maintenance & Support	Transfer in from Supporting Digital Learning in Education BEL to the Employability and Skills BEL for the management of the post 16 ICT systems	548
Revenue – net increase for Employability and Skills BEL		27,698
Total revenue decrease		(1,302)

Capital

6. There are no capital allocations for the financial year 2019-20 that are relevant to this Committee.

Annually Managed Expenditure (AME)

7. The Annually Managed Expenditure (AME) budget is for the Careers Wales pension provision and therefore difficult to forecast. This budget is agreed with the Treasury

each year and is fully funded. The budget has remained at the same level as in 2018-19 and is summarised in table 3 below:

TABLE 3: OVERVIEW OF THE AME BUDGET				
Action	2018-19 Supp. Budget June 2018 £000s	2019-20 Plans as per 2018-19 Final Budget £000	2019-20 Changes £000	2019-20 Draft Budget £000
Educational & Careers Choice	12,000	12,000	-	12,000
TOTAL	12,000	12,000	-	12,000

8. As requested by the Committee, a commentary which explains in further detail the changes to each Action for the Minister's portfolio relevant to this Committee is provided at **Annex A**. A transparent narrative explanation has been provided to explain increases and decreases, where not covered in the evidence paper, and confirmation of where the any transfers have been allocated to and from.
9. The detailed budget plans for the Education MEG were published on 23 October. To aid transparency a breakdown of changes to the Minister's portfolio by Budget Expenditure Line (BEL) for 2019-20 is provided at **Annex B**.

Welsh Government Priorities

10. The Committee has requested information on the areas below:

Apprenticeships and skills

11. To date, there have been over 50,000 starts on the Apprenticeship programme since the commencement of the current term of office. With just less than three years remaining of the term, we are confident that the commitment to support a minimum of 100,000 all-age apprenticeships will be achieved. We will invest £115m in 2019-20 to continue delivery of this commitment.

Funding the discrete skills and employability commitments made by Welsh Government within the Employability Plan including:

Funding for the Employment Advice Gateway

12. The Employment Advice Gateway (EAG) specification sets out requirements and appropriate KPIs (developed with input from Knowledge and Analytical Services (KAS) to ensure that they relate to the Employability Plan KPIs), as agreed by the EAG Board on 21 August. They reflect the high level objectives for the EAG as set out in the Employability Plan. Significant progress has been made. Careers Wales (CW) now have a dedicated project team in place, and recruitment of advisors is progressing at pace. CW are also undertaking a comprehensive mapping exercise to: a) take stock of existing resources and identify gaps; and b) visualise those resources, including co-location, for the use of advisors, other services, and clients (with appropriately tailored datasets), providing a working tool for advisors and a

communications tool for the EAG. We will commit £9.18m in 19-20 to the development and delivery of the Employment Advice Gateway.

Funding for Working Wales

13. Working Wales is currently out to procurement. Working Wales providers will be announced in November 2018. Planning forecasts for 2019-20 have a maximum contract value of circa £38.62m for all three strands of Working Wales, increasing in future years based on the maximum programme durations and maximum programme outcomes being achieved. Of this, up to £6.28m will support the adult training strand, £13.51m will support the Youth Training strand and £18.51m will support the Youth Engagement strand. Year on year spend needs to be forecast on previous year starts, due to the 'bow wave' the programmes design creates with fees and outcomes, with increases being underpinned by ESF receipts.

Supplemental funding for Communities for Work

14. The new Communities for Work Plus (CfW+) programme, which provides intensive mentoring and support to engage participants and address the complex barriers to employment experienced by those furthest from the labour market, was launched in April 2018. The programme is delivered across all 22 local authorities and, in its first five months of operation, CfW+ has engaged with 2,800 participants with some 575 progressing into employment. CfW+ will form part of the Children and Communities Grant in 2019-20 and its funding of £11.967m will come from BEL 1087, Children and Communities Grant in the Local Government & Public Services MEG.
15. The Communities for Work programme (CfW), which is part-funded by the European Social Fund, is currently approved to December 2020. To the end of August 2018 CfW has engaged with over 17,000 participants with some 5,700 progressing into employment. The Welsh Government's match funding to the programme in 2019-20 of £3.972m will come from BEL 1086, Supporting Communities in the Local Government & Public Services MEG.

Funding for PaCE

16. The Parents, Childcare and Employment programme (PaCE) is also part-funded by the European Social Fund and approved to December 2020. To the end of May 2018 PaCE has engaged with over 3,000 participants with almost 1,000 progressing into employment. The European income for the programme is drawn down on a needs based approach and as such no Welsh Government match funding for the programme is included in budgets for 2019-20.

Funding for the co-location of Careers Wales, Business Wales and Job Centre Plus offices

17. No specific funding has been provided for the co-location as the synergies created should enable the organisations to make savings. Co-location is under consideration when a leased building reaches a break point in the lease agreement.

Funding for the Regional Skills Partnerships and the sharing of intelligence between careers services, business support and entrepreneurship support

18. While grant funding of £0.495m for the Regional Skills Partnerships (RSPs) is provided from the Further Education Provision BEL, the Employability and Skills Division takes the lead on coordinating RSP activity.
19. We are continuing to work with the three RSPs who have a key role in producing regional intelligence informed by employers. The intelligence is agreed and shared with key stakeholders in the region including FE and Work Based Learning Providers, HEIs, Careers Wales, Jobcentre +, employers and other stakeholders.
20. This intelligence will underpin Working Wales, apprenticeships and work-based learning as well as key delivery programmes. RSPs have been asked to give consideration to digital innovation in this year's annual reports, expanding upon the work they undertook this year. This includes highlighting regionally important sectors where the issues of automation and Artificial Intelligence are most prevalent and assessing any future impact in terms of the workforce.
21. An independent review of RSP governance arrangements by Dr John Graystone in March 2018 made a number of recommendations. In line with these recommendations we commissioned shorter sharper evidence-based Annual Reports for 2018 which were received by Welsh Government in August 2018. They have been reviewed and assessed by policy leads with feedback due to be given by the end of October. The content of the reports will inform prioritisation of skills funding deployment for FE and Apprenticeships for 2019/20 as well as other key policy and programme areas.
22. Key labour market intelligence is shared with officials across Welsh Government, including officials working directly with Careers Wales, and is also published on the Skills Gateway section of the Business Wales website.

Funding for scaling up code clubs

23. As part of the £100m commitment to raising standards in schools, we have allocated £1.3 million to support coding and digital skills. This is being met from the Raising School Standards BEL and the financial year profile is outlined in the table below.

2016-17	£0.1m
2017-18	£0.3m
2018-19	£0.3m
2019-20	£0.3m
2020-21	£0.3m
Total	£1.3m

24. The funding is provided to consortia to support the development of coding skills for young people in Wales and the teaching of coding skills both in and outside of the classroom, as part of the Welsh Government's Cracking the Code plan, through expanding coding and code clubs across the consortium. It also provides support for

engagement of schools, colleges, universities, businesses and the third sector as appropriate to secure the relevant expertise to deliver this priority.

22. Technocamps, established by ITWales, the industrial liaison unit of the Department of Computer Science in Swansea University, has received over £1.2m of Welsh Government education funding since September 2014 to deliver computer coding workshops to pupils and teachers in schools in Wales. These provide opportunities for both teachers and learners to develop hands on experience of a range of coding activities and tools, ensuring that every secondary school has one or more teachers with direct experience of working with code. An indicative allocation of £0.3m from the Curriculum and Assessment BEL has been agreed for 2019-20.
23. £1.2m was provided to HEFCW in 2017-18 for the Institute of Coding in Wales. The funding, provided through HEFCW in 2018, will allow Cardiff and Swansea Universities to become active members of the consortium of organisations, including 25 universities, that are working together to establish the Institute of Coding. The Institute will train the next generation of digital specialists at Levels 6 and 7. Partners will work together to develop and deliver innovative, industry-focused education across the UK. The funding includes £0.2m to enable civic mission activity supporting coding initiatives in schools, colleges, work-based learning providers and universities.

Budget monitoring and Evaluation

24. Building on work carried out for previous budgets, we have undertaken a continual line by line review of budgets to ensure that funding is prioritised to reflect our priorities.
25. All budgets have been, and continue to be, monitored and challenged on a monthly basis, to consider the latest forecasts and budget movements as necessary. I receive regular updates on the forecasts for my policy areas to ensure that they remain on track to deliver the priorities for Wales.
26. All major programmes are subject to independent evaluations which will consider value for money as a matter of course. In addition, quality assurance processes are in place to ensure that value for money is considered during contracting processes, and through existing monitoring and administration systems.
27. When establishing new funding models and mechanisms, recommendations from previous evaluations will be considered along with the experience and lessons learnt from existing programmes.

Preventative Spending

28. Within the Skills portfolio we continue to focus on prevention in the delivery of public services – in terms of meeting current demand for services and to support interventions, which can help prevent problems occurring in the future. As part of the budget process, we have continued to work with the third sector and other partners to develop, and agree, a common definition of prevention.

29. The Work Based Learning programmes are aimed at providing opportunities for people to upskill, thereby reducing the number of learners who are Not in Employment, Education or Training (NEET).
30. Careers Wales delivers a national, all age, impartial and bilingual careers information, advice and guidance (CIAG) service in Wales. It enables young people to make better career decisions and supports schools and colleges to deliver experiences and opportunities to young people that help prepare them for the world of work; and supports stronger, more effective partnership working with key partners such as schools and employers and developing effective education-business links across Wales.
31. All programmes within the Employability and Skills BEL aim to enhance the skills and employability of individuals both in and out of the workforce in Wales and thereby improve individuals' position within the labour market. A number of programmes/activities are specifically focused on raising essential skill levels of those in and out of employment and on engaging individuals with low or no skills who may not have participated in learning for some time.
32. It is widely recognised that moving people into work has a dramatic impact on their health and ability to function in everyday society. Upskilling, particularly improving essential skills, supports in-work progression and new employment opportunities making a significant contribution to the Promoting Economic Opportunity for All Agenda.

Impact of the UK leaving the EU

33. The impact of Brexit on our budgets and programmes will be considerable but we have made clear our determination to hold to account the campaign promises that Wales outside the EU would be not a penny worse off than it would otherwise have been within the EU.
34. We have said from day one, that it is our role as a government to do all we can to help sectors prepare and adapt to the challenges ahead. This is why the First Minister established the EU Transition fund earlier this year. The £50m fund has been designed in collaboration with the organisations and businesses it is intended to help. It will provide tailored financial support and advice for businesses to thrive outside the EU.
35. On 24 September we announced that a further £6m has been awarded through our new EU Transition Fund to support workers at Ford, Airbus & other automotive component manufacturers in Wales over financial years 2018-19 and 2019-20. The support in 2019-20 for Airbus (£1.5m), Ford (£1m) and other automotive manufacturers (£0.650m) is to ensure that their workforce are upskilled and prepared post-Brexit. Airbus, Ford and other automotive component manufacturers are part of global groups and our support will help significantly improve the chances of developing the Welsh-based sites as the preferred locations for any future and post-Brexit European investment projects. Our support will also in turn help secure business for the aerospace and automotive supply chains in Wales. Any opportunity to upskill a workforce with transferable skills is imperative in order to continue

showcasing Wales on the global stage as a desirable place for business, especially in a post-Brexit world.

36. Within the Skills portfolio we are leading on nine European Social Fund (ESF) projects under the 2014-2020 European programmes. These projects underpin a number of Prosperity for All commitments, including the commitment to deliver 100,000 apprenticeships in this Government term, and to reshape employability support. These projects are approved for £340m from the ESF following extensions and revised approvals, which secure a continuation of funding post-Brexit to enable key Ministerial priorities, including the delivery of the new employability programme, Working Wales, to be delivered from 2019 to 2023.
37. A 'No Deal' Brexit would present a significant risk within this portfolio, noting a large proportion of the £340m ESF approved will be unclaimed as at 1 April 2019. Failure to access this money will place unprecedented pressure on SHELL programme budgets. If the funding does not continue beyond 2019, then volumes on both Working Wales and Apprenticeships would need to be reduced accordingly and funding will need to be focussed on priority areas within these programmes.
38. In a statement to Parliament on 24 July 2018, businesses, universities and local organisations were assured by HM Treasury that any funding they secure through EU programmes from now until the end of 2020 will be guaranteed by the UK government, even in a no deal scenario. Draft guidance from HMT on the functioning of that guarantee has raised a number of concerns about whether full costs will be met. Welsh Treasury and WEFO officials are liaising with counterparts in the UK Government to seek further clarity and reassurances.
39. In the event a transition deal is agreed between the UK and EU, officials are seeking opportunities to utilise any remaining ESF funding made available from exchange rate fluctuations or ESF underspends across the programmes. It is also likely that existing flexibility within the programmes is maintained, allowing officials to continue to realign existing approvals with emerging priorities through to December 2023.
40. In meeting our target of 100,000 quality all-age apprenticeships in the Assembly term, we will maintain our commitment to SMEs through prioritising training in those areas of the economy that will support growth and are prone to the impact of leaving the EU.
41. We are alive to the issue that SMEs may change recruitment patterns after Brexit. The impact may well be fewer apprenticeship opportunities. We would of course closely monitor the impact to understand how we can best respond.
42. More widely, the FE sector currently acts as lead beneficiary on ESF projects worth between £4m and £10m ESF per annum. In the event of a no deal Brexit, and the Treasury guarantee not supporting these existing projects, volumes of learners would need to reduce to align with the reduced funding.

Costs of Legislation

43. The budget continues to take account of our current legislative programme.
44. Steps are being taken to improve the clarity and consistency of Regulatory Impact Assessment's (RIA) but changes to Bills during scrutiny, and other unforeseen factors, will inevitably result in some variances between estimated costs at the published RIA stage and actual costs during implementation. In accordance with the commitment given by the Cabinet Secretary for Finance to the Finance Committee, a year on year table showing the cost of legislation falling to the Welsh Government was provided at Annex C of the departmental budget proposals published on 23 October.
45. The impact of any relevant UK Parliament legislation is given full consideration as soon as the relevant detail is available.

Cross-cutting considerations

Equality

46. A Strategic Integrated Impact Assessment was published alongside the outline draft Budget 2019-20 (Annex D) and will be published alongside the detailed draft budget. This provides an assessment of the impact of the budget on skills under the theme prosperous and secure, as published in Taking Wales Forward 2016-2021.
47. A number of Employability and Skills programmes involve working with employers. When working with employers offering work experience placements we ensure that they are offering equality in their workplace and contributing to gender mainstreaming by reviewing and monitoring the work experience placement offer and challenging traditional employment roles where gender stereotypes may exist and assisting people to take up and retain employment in non-traditional areas or industries where specific genders are underrepresented. Attention will also be placed on the type of training being requested by the employer for individuals undertaking work experience placements to ensure that occupational segregation is eliminated and opportunity is provided for training in non-traditional areas, focusing on areas where there are skills shortages.
48. Chwarae Teg is a pan-Wales organisation created to expand the role of women in the Welsh economy. It offers expert comment and advice on government strategy and policy, and provides gender sensitive advice and analysis. The Chwarae Teg Programme aims to ensure that there is gender equality in the workplace and equal opportunity for women in business. It works with women and girls to broaden horizons and build confidence and skills; works with employers to create modern workplaces that are successful in harnessing everyone's contribution; and with influencers, educators and decision makers to build a society that values, supports and benefits both women and men equally.
49. We also recognise the importance of our Apprenticeship programme and have maintained the funding for this activity in order to deliver the manifesto commitment of 100,000 Apprenticeships over the Assembly term. Any reduction in level 2 non-

priority Apprenticeships is likely to disproportionately impact on females accessing the programme. Any reduction in available apprenticeship places will reduce the opportunities for Welsh employees to improve their skill levels and their ability to command a higher income and an improved quality of life as a direct consequence.

50. It has been identified that there is an issue of employers over-looking their older employees when it comes to skills development, and older people being unaware of the consequences of not keeping their skills up-to-date. This, coupled with increases to the pension age and a reduction in young people entering the labour market, has led to the identification of older workers as a key focus for skills policy. The Enterprise and Business Committee investigated this issue during the previous Assembly term. This has been considered in budget decisions, with £0.1m dedicated to a communications campaign to raise awareness of older workers amongst both employers and individuals. Labour Market Intelligence funding from the Employability and Skills BEL has also been used to assist with this campaign, providing further evidence to inform policy decisions and to monitor progress in this area.

Well being of Future Generation (Wales) Act 2015

51. Prosperity for All sets the aims of this Government and provides clarity about how we want Government and delivery partners to be part of a new approach to delivering priorities. The Well-being of Future Generations (Wales) Act 2015 supports the Welsh Government and delivery partners in making these important changes to the way we work.
52. The strategy sets out 12 well-being objectives and the steps we propose to take to meet them. Together with the well-being statement published alongside the strategy, these objectives set out the areas where the Welsh Government can make the greatest contribution to the seven well-being goals for Wales and provide the basis for strong partnerships with others.
53. We are committed to using the Well-being of Future Generations (Wales) Act 2015 to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales. Our goal is to ensure we reflect the sustainable development principle and our spending plans aim to achieve a balance between short and long-term priorities. We recognise the need to collaborate with our partners and to use our collective resources effectively to plan for the tough choices ahead.
54. Employability and Skills is one of the six priority areas within Prosperity for All and is also a key driver in meeting the *seven national goals*. We are supporting investment in pursuit of jobs, growth and tackling poverty in order to create a more prosperous Wales and increasing private investment in skills in line with a resilient Wales. Other key goals include: realising the health benefits brought about through jobs and growth, and delivering a responsive and flexible employability offer. We have adopted a strong collaborative approach, working closely with employers, stakeholders and our three Regional Skills Partnerships in order to raise performance and deliver better economic outcomes, in line with the vision of a more globally responsible Wales. Finally, we have a focus on provision of bilingual skills and learning across our employability and skills agenda.

Welsh Language

55. We recognise the importance of the Welsh language in developing our plans and we ensure compliance with the Welsh Language standards. It is embedded in our delivery, for example Careers Wales services are delivered bilingually. A thriving economy will support our target of one million Welsh speakers by 2050. Good quality jobs and sustainable growth will provide people with a reason to remain or return to work and live in local communities where the language thrives.

Reducing the impact of deprivation and poverty

56. It is widely recognised that moving people into work has a dramatic impact on their health and ability to function in every day society. Upskilling, particularly improving essential skills, and supporting in-work progression and new employment opportunities makes a significant contribution to the Promoting Opportunity for All agenda.
57. As a Government, we are ensuring that every aspect of Government policy – education, health, housing and communities – work together to support people into sustainable jobs.
58. Our Employability Plan will provide the opportunity to ensure that our new Working Wales employability programme can benefit from, and align with, programmes led by other departments. We are working closely with colleagues from across Welsh Government in line with the agenda set out by the National Strategy, Prosperity for All. The Employability Plan is taking a systems-based approach, taking into consideration all the levers that government has to affect change in area of employability. This will be an outline of our vision for the future; it will highlight areas we know need to be changed, and where we'd like to get to.
59. We are considering our current suite of programmes and have developed the Working Wales programme to ensure that there is no inefficiency, but also to ensure that people can access support in an appropriate manner, that they are tracked through the system to demonstrate progression and that other structural barriers to employment are tackled, such as transport or childcare availability.
60. Officials leading on the Employability Plan continue to work closely with those leading on delivering the Economic Action Plan, and the relevant Health and Education plans, so that all of these are joined up and include complementary objectives and aligned governance. The Employability Plan will meet the Skills and Employability commitment outlined in the National Strategy.
61. Working with employers, including social businesses, is critical to the success of our Employability Plan. It is only by linking the requirements of businesses to the skills of the workforce that we can move more people into employment, and help them to thrive in work.
62. We are trialling a package of support for individuals via a new Access programme within the Valleys Task Force Area. We are addressing existing gaps in our support provision for adults who are short-term unemployed, under employed and those who

churn in and out of temporary employment. The outcomes of this work are informing the new Working Wales Employability programme from April 2019. We are focusing on the individual's barriers to employment and on incentivising their entry to the labour market via appropriate careers advice, pre-employment training support, on the job training and an employment incentive for recruiting employers.

Specific areas

63. This section provides an update on specific areas requested by the Committee.

Any legacy funding for the current schemes intended to be replaced by Working Wales including Jobs Growth Wales, Traineeships, ReAct;

64. From April 2019 we will replace our current suite of employability skills programmes (ReAct, Jobs Growth Wales (JGW), the Employability Skills Programme (ESP), Access and Traineeships) with a new, single employability programme - Working Wales. We have reconfigured our Welsh Government offer of employability support so that it is easier for individuals to navigate and access. Based on the initial planning work and updated in December 2017, the following run down allocations are forecast for these current schemes:

- **ReAct** – £1.2m expenditure, partially funded by ESF receipts.
- **Jobs Growth Wales** – £2.7m expenditure, partially funded by ESF receipts, subject to WEFO approval.
- **Employability Skills Programme** – £1.7m expenditure based on contract allocations.
- **Access vocational training programme** – £0.25m expenditure based on current delivery.

65. **Traineeships** – There is no budget requirement for rundown activity in 2019-20. Contracts for £20.9m have been issued for the period August 2018 to March 2019, and a forecast of these payments indicates that circa £3.5m of this will be paid in financial year 2019-20 for activity in the contract year.

Support specifically aimed at young people who are not in education, employment or training (NEET):

66. The existing Traineeships contract will end on the 31 March 2019, with participants being assessed by the Employment Advice Gateway (EAG) from February onwards to transfer to the Working Wales youth strands from 1 April 2019 where necessary.

67. The Working Wales Youth Training strand will support young people motivated to work, but who need improved employability skills, providing a clearer career focus and better job-related skills.

68. The Working Wales Youth Engagement strand will support young people who are 16 to 18 on entry, and who have been assessed as having significant or multiple barriers preventing them from engaging sustainably in further education or employment,

including on apprenticeship or training. Individuals on the Youth Engagement strand will require more intensive, individualised and specialist support to allow them to progress and to become work-ready.

Careers Wales

69. In addition to their routine recurrent funding, an indicative budget of circa £9m has been allocated for Careers Wales (CW) to operate the EAG in 2019-20. There are no residual costs for legacy programmes as advice/guidance/referrals onto these will cease by March 2019. Costs for assessing the Traineeships in learning during the February and March prior to the start of Working Wales will be met from the existing 2018-19 budget.

Skills policy and engagement including: Regional Skills Partnerships; sector skills policies and the Wales Employment and Skills Board.

70. The Skills Policy Engagement BEL (4759) provides funding for a range of activities including employer engagement, wider regional skills engagement, Regional Skills Partnership activity and labour market information.
71. £0.354m is allocated to Employer and regional engagement salary costs, to lead the Skills Higher Education and Lifelong Learning engagement with Regional Skills Partnerships, strategic employers, Enterprise Zones and key Infrastructure projects in each region. The team also leads on the development and deployment of the Flexible Skills Programme (FSP) which is the Welsh Government's key skills support programme, aligning skills supply and demand, and providing the specialist skills and education interface with employers.
72. £0.395m is allocated to Skills Implementation and Policy, including £0.1m to the Age of Investment campaign, which aims to tackle the challenge of an ageing workforce, £0.02m to the Wales Employment & Skills Board, which reports directly to the Council for Economic Development (CED) on employment and skills matters, £0.237m to labour market intelligence which provides funding to provide an evidence base for informed decision on skills matters and £0.038m for Regional Skills Partnership (RSP) engagement.
73. £0.312m is allocated to National Occupational Standards (NOS) to support skills and employability priorities by ensuring that they effectively underpin Apprenticeship frameworks and other vocational qualifications in Wales and that skills provision reflects current employer needs and the economy of the future.
74. £0.495m is allocated from the Further Education Provision BEL (4763) to support Regional Skills Partnerships (RSP) activity. This budget does not fall under the Employability and Skills budget and is not counted in the total budget presented in this paper, but has been included here due to the importance of the regional skills delivery agenda to Skills Higher Education and Lifelong Learning. The three RSPs have a key role to play in producing regional intelligence informed by employers. This intelligence will underpin Working Wales, apprenticeships and work-based learning as well as other key programmes of delivery. RSPs 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.

Work Based Learning

75. The gross value of the 2018-19 Work Based Learning BEL (4762) (including anticipated ESF receipts) is £151.309m. This BEL funds provision for the Traineeship programme and the all-age Apprenticeship programme. The BEL is not split into separate budget allocations for Traineeships and Apprenticeships. The approach of a combined budget for these programmes enables demand for the Traineeship programme to be met with compensating adjustments to the available budget for Apprenticeships.
76. For 2019-20, the Work Based Learning BEL will not support the Traineeship programme. From 1 April 2019, employability support for young people will be under the new All Age Employability Programme (Working Wales) within the Employability and Skills BEL 4464. The Work Based Learning BEL will therefore fund provision for the delivery of the Apprenticeship programme only.
77. The proposed budget of Work Based Learning BEL for financial year 2019-20 is £82.113m.
78. What this means is that the 2019-20 quantum available to support apprenticeship delivery (including degree apprenticeships) and related activities can be maintained when compared to 2018-19.

The Traineeship programme

79. There has been a reduction in demand for this programme as a result of the combination of changing demographics, increased numbers of learners staying on at school or college and the increased availability of other ESF-funded programmes that attract the same cohort of learners as the Traineeship programme. The Traineeship contract value for 2018-19 was adjusted to reflect this reduction in demand (with a compensating increase to the budget available for the Apprenticeship programme). It is currently anticipated that there will be full spend.

The Apprenticeship Programme

80. We are currently seeing a sharp increase in demand for the apprenticeship programme fuelled by the introduction of the UK apprenticeship levy. During 2018-19, we anticipate a full spend against the domestic budget and expect to bring in increased amounts of ESF funding (when compared with previous years) in order to fully support demand within Welsh Government priority areas.
81. We expect that demand for apprenticeships will increase in future years and this could lead to us having to make difficult decisions in relation to the support offered within certain occupational sectors/levels. However, that pressure would be alleviated if Westminster honours its promise to replace ESF income with a domestic alternative.

Junior Apprenticeships

82. Junior Apprenticeships are supported from the Further Education Provision BEL (4763) within the Education MEG. With a budget of £0.522m in 2018-19. Ordinarily, learners aged under 16 are funded from the recurrent funding made available to local authorities. Therefore, this funding is in addition to any transfer of funding agreed between a college and Local Authority/School.

Summary

83. The written evidence for Draft Budget 2019-20 is presented to the Economy, Infrastructure and Skills Committee for consideration.

Eluned Morgan AM
Minister for Welsh Language and Lifelong Learning