

Evidence from Learning and Work Institute Cymru

Learning and Work Institute Cymru is an independent policy, research and development organisation dedicated to promoting lifelong learning, full employment and inclusion.

1. Introduction

Given the current constraints on public finances and the high level of economic change and uncertainty facing our country, it is more important than ever that Wales has an effective skills infrastructure. Over recent years there has been a breaking up of parts of the common UK skills infrastructure and a greater divergence in approaches between England and Wales.

While the creation of a new post-compulsory body to regulate and co-ordinate funding and activity in Wales will be a significant part of addressing challenges in the system, arguably the success of the reform will hinge on effective intermediaries to engage with employers, to develop understanding of local labour markets and to ensure appropriate skills provision is in place to meet demand.

RSPs can and should be the essential, co-ordinating link between 'demand' and 'supply' within the system. It is right that they should operate regionally so that the distinct economic needs of the Wales can be adequately addressed but they should also be focused on supporting providers to meet the distinct needs of local labour markets and in preparing Wales for global drivers of economic change.

However, it is clear RSPs are not sufficiently funded, there is a lack of clarity about their future role within the system and there is a need to improve engagement with a broader range of employers and with other social partners. For these reasons the review by the Committee is a timely and important opportunity to consider their future role and purpose.

2. Summary

- a) L&W Cymru believes that RSPs can provide a vital link between post-compulsory providers in Wales and employer demand. However, we do not believe that they are currently resourced sufficiently to undertake this role.
- b) While there is value in the annual employment and skills plans produced by RSPs, we believe the focus for these should be moved to a two to three-year cycle. This would better support providers with planning and reshaping

provision in response to identified demand and ensure investment is focused on meeting future skills needs.

- c) There is a lack of clarity about the future status and role of RSPs. In particular it will be important to clarify the role of RSPs as part of the process to establish the new post-compulsory Commission.
- d) Employers, in particular SMEs, are not sufficiently engaged with and by RSPs. We believe this reflects the lack of resource available to them as well as the broader challenge of engaging and meeting the needs of a diverse business community. It remains a significant challenge and weakness of the current system.

3. Resourcing RSPs

We believe there is a broad consensus across much of the sector that RSPs are not adequately resourced to carry out the role expected of them as the intermediary between supply and demand within the skills system. In practical terms, our experience is that the number of people undertaking the work is relatively small, their ability to engage can be limited by this lack of capacity and there are now greater demands on them to help service and support the work of the different City and Growth Deals.

While limited funding is clearly an issue for the whole public sector, the impact of insufficient funding for RSPs is significant in that it could mean wider investment in the post-compulsory sector is not being effectively targeted at meeting the future skills needs of the economy. Unless addressed the resource constraints they face will continue to impact on the breadth of the work they are able to undertake, including their ability to engage with employers and to develop detailed and timely labour market intelligence.

4. Labour market intelligence and taking a longer-term perspective

From our engagement with different stakeholders it is also clear that the production of an annual skills and employment plan is not the most appropriate way to develop a picture of need across regions.

Our view, and one we believe is shared by partners across the sector, is that RSPs should prioritise investing in labour market intelligence to offer a medium to long-term perspective and on working with providers to make the system more responsive to identified need.

We do not believe that the current annual cycle gives providers the longer-term perspective they need to shape and to plan provision to meet demand. There will

different views about the appropriate time span of any plan, but we believe a two or three year cycle would be most appropriate. This would balance the need for timely, robust data collection and analysis and give providers time to change and adapt to emerging priorities. Most importantly the plan should be a living document that is flexible enough to respond to emerging demand and changing circumstance.

The analysis and planning processes must also take account of wider strategic priorities. Two specific areas for consideration should be the position of women in the labour market and ensuring a sufficient focus is placed on the needs of disabled people (either in entering or staying in the labour market). RSPs should be resourced and supported to apply both a gender and a wider inclusion perspective to this work.

Also, given the resource constraints on RSPs it is likely many providers will have a more sophisticated and in-depth understanding of their local labour markets. If the intention is for Welsh Government to direct more funding to meet the strategic needs identified by RSPs then they must be adequately resourced to undertake in-depth engagement with employers to develop sophisticated labour market intelligence and to taking a longer-term perspective to help reshape provision.

Finally, there should be a clearer focus from both RSPs and Welsh Government on the potential for progression for adults with low levels of skills and for those already in work to help meet future skills need. It is essential that there remains a focus across all three regions to adults being able to access literacy, numeracy and digital skills and that these are seen as part of a wider progression journey for individuals. There is a risk that the attractiveness of a focus on higher level skills could come at the expense of entry level and lower level participation.

5. Engagement by Regional Skills Partnerships

We have a particular concern about the capacity of RSPs to engage with stakeholders in their regions, and in particular with SMEs. This is not to criticise the current engagement activities of RSPs but rather that they should be resourced to undertake more engagement work and to ensure that their perspective is not only informed by the views of those employers with the ability to engage in committee's and processes.

Understanding the perspectives and needs of those not currently engaged with the work of RSPs will be an important part of future proofing our communities, including in the foundational economy. The Learning and Work Institute Participation Survey demonstrates that people are more likely to engage in some form of learning or skills acquisition that is in some way connected to their

employer (either in the workplace or organised in or by work)¹ while evidence from the Federation of Small Businesses shows that many SMEs are making decisions about the skill needs of their staff without engaging with the public sector. Without more direct engagement with employers RSPs will have only a limited picture on which to base their decisions about future priorities and need. We believe a focus for the committee should be to consider whether RSPs are engaging with SMEs effectively and more broadly with the private sector as a whole.

Likewise, more consideration should be given to the formal role of trade unions in engaging with RSPs. Through the Wales TUC there is considerable expertise around the training and skills needs of the workforce across a range of sectors and there should be clear mechanisms for this to feed into the work of individual RSPs.

6. Future role and status of RSPs

Across parts of the sector there is a lack of clarity about the future role and status of RSPs. In particular, clarity will be needed from Welsh Government about the role and formal status of RSPs under the new post-compulsory Commission. Specifically, consideration should be given as to whether RSPs should be put on a statutory footing.

Our view is that if funding for providers is to be more closely aligned to the needs identified by RSPs then there should be a mechanism to properly scrutinise the work they do. It may therefore be appropriate to put them on a statutory footing or to make them part of the new Commission.

7. Recommendations

- a) The future role and purpose of RSPs should be clarified and they should be resourced appropriately to provide this work. This should be considered in the context of a less coherent UK skills infrastructure and plans to create a new post-compulsory sector Commission in Wales.
- b) The annual skills and employment plan should be replaced with a two or three year, flexible planning cycle. This would better equip providers to shape and plan provision to respond to economic need and help to build greater flexibility and responsiveness into the system.

¹ <https://www.learningandwork.org.uk/our-work/promoting-learning-and-skills/participation-survey/>

- c) RSPs should engage in a more detailed and systematic way with employers (in particular SMEs) and draw as well on the expertise of the trade union movement to inform their work.
- d) RSPs should be required and supported to analyse labour market intelligence from both a gender perspective to help support women in work and to support disabled people to enter, stay and progress in employment.
- e) In considering the future skills needs of the workforce, greater emphasis should be given to supporting progression for people already in work, better links with the adult learning sector, and to ensuring that there is adequate investment in entry level qualifications and on the basic skills of literacy, numeracy and digital. These remain the foundations for progression and for addressing inequality and should be a priority for the future.