

About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

Introduction

We are at a critical juncture in the development of the skills landscape in Wales. Through a process of devolution by default, whereby unilateral changes in policy in England have essentially removed a UK-wide skills infrastructure, we now face a significant lack of institutional capacity and evidence upon which to base our post-compulsory education and skills priorities as a nation.

This is a process that began with the abandonment of UKCES, the various sector skills councils and a shift towards 'trailblazers' and 'standards' in apprenticeships in England. As a result, the UK-wide infrastructure that helped underpin our labour market intelligence and the content of our qualifications no longer exists.

In response to this, Welsh Government has set out a number of bodies that are designed to remedy this situation and to help deliver a made in Wales skills system. We therefore have the Wales Employment and Skills Board (WESB), the Wales Apprenticeship Advisory Board (WAAB), regional learning and skills partnerships (RSPs) and a Tertiary Education Commission in development.

It is our general opinion that while this infrastructure is to be welcomed, it is not fit for purpose in its current form and is significantly under-resourced to deliver the task in hand. Indeed this is an opinion shared in a recent report by the

National Training Federation Wales and City and Guilds¹. We would therefore recommend a thorough review of the apparatus underpinning the skills system in Wales through the PCET process and an honest assessment of the funding required to deliver meaningful labour market intelligence and SME responsive qualifications.

A Skilful Wales

FSB Wales recently published its report *A Skilful Wales*. The report included a significant regional analysis focusing on each of the three regions represented by RSPs. We undertook this research as a means of informing the RSPs on the SME perspective on skills and employment in each area. A full copy of that report is attached to this document for the Committee's reference and should provide some broader context for the skills challenges facing SMEs.

The report made a number of recommendations, including some directed at the RSPs themselves. In summary, there were:

- Welsh Government and regional policy on skills needs to start from where current training takes place, which is often through companies providing on and offline courses to existing employees and not in formal further or higher education settings.
- In producing their regional employment and skills plans, Wales' three regional learning and skills partnerships should conduct an audit of current provision to establish whether it meets the need of SMEs and the self-employed, particular in the context of local provision, quality and relevance.
- Welsh Government and learning and skills partnerships should look at how the cost of training can be reduced across all elements of the post-16 sector. This may require direct funding from Welsh Government in particular areas of concern.
- Welsh Government and learning and skills partnerships should consider increasing the number of places available through apprenticeships and other work-based learning, particularly in relation to skilled trade occupations.

¹NTFW/City and Guilds 2019. *Maximising the Value of Apprenticeships to Wales* [Online]. Available at: https://www.ntfw.org/wp-content/uploads/2019/01/CG_NTFW_Apprenticeships-in-Wales_ENG_Web.pdf (accessed 25th February 2019)

Regional Skills Partnerships

FSB Wales has welcomed the creation of RSPs as a means to increase employer engagement in the supply of training and skills. However, we have significant concerns around the capacity of the RSPs to deliver on this remit. The RSPs were designed to fill a vacuum left by the removal of funding for sector skills councils. It is clear that RSPs are not, as presently constituted, able to fill that gap.

If they are to become a meaningful part of the landscape they need to be better resourced and able to engage far better externally with SMEs across Wales. Our understanding is that RSPs currently have a combined budget between all three of £450,000, which suggests limited capacity from both a staffing and a resource standpoint to influence provision.²

Welsh Government, or the Tertiary Education Commission once set up, should ensure that RSPs have sufficient capacity to embark on meaningful engagement with employers. For instance, at present the main route of engagement for RSPs is via participation in a committee structure. Most SMEs will not have the time or capacity to engage in this way. Therefore RSPs should have broader research and labour market intelligence budgets to enable them to inform their analysis of regional needs.

Furthermore, clarity is needed around the role of RSPs. Our view is that they should be there to inform key regional strategic needs, including labour market intelligence. As they are not sector-specific, they are not best-placed to inform qualification design. It is not yet clear from their role what their direct influence is on Welsh Government's thinking in relation to skills and they have limited budgetary control of skills provision, as far as we're aware.

Labour Market Intelligence and Evidence Base

Our understanding is that the RSPs use several sources of publicly available data including the Wales and regional breakdowns of the Employer Skills Survey. Whilst this is beneficial, it does not replicate the sectoral examination of qualifications and skills that existed previously under the sector skills councils. Fundamentally, RSPs need to have the evidence base that allows them to make recommendations based on their role and function. We do not believe RSPs are sufficiently robust to influence qualification design as presently constituted – this

² NTFW/City and Guilds 2019. *Maximising the Value of Apprenticeships to Wales*. [Online]. Available at: https://www.ntfw.org/wp-content/uploads/2019/01/CG_NTFW_Apprenticeships-in-Wales_ENG_Web.pdf (accessed 25th February 2019)

is an area in which Wales currently lacks sufficient employer input and responsiveness.

Effectiveness of Engagement

FSB Wales is currently represented on all three RSPs, however we would like to see much greater engagement with the SME sector than is currently undertaken. At present, we provide our own member insight from surveys and regularly attend meetings. However, we do not feel that the RSPs are adequately resourced at present to engage SMEs directly by properly undertaking bespoke survey work or by holding consultation events to ascertain priorities for SME employers within their regions. Indeed, this is also true of the 'cluster group' approach taken by some RSPs.

Whilst this is not a criticism of the good work undertaken by all three RSPs, it does suggest they need more resource to undertake their role. Indeed, we understand the North Wales RSP is currently considering a more proactive approach that would include meeting SMEs directly.

Our concern is that the committees that make up the RSPs are not particularly representative at present and have a significant public sector/provider bias. This is perhaps due to the nature of them being government sponsored bodies and to the limited ability to engage individual SMEs to participate. This runs contrary to our own evidence that shows most SMEs secure their training from organisations outside the public sector and we have argued in our report *A Skilful Wales* that this needs to be remedied if we are to properly understand the nature of training and skills in Wales.

City and Growth Deals

The regional economic agenda is currently muddled with several players operating on different agendas. For instance, Welsh Government has a regional agenda set out in the Economic Action Plan and delivered through Chief Regional Officers that is not wholly aligned with the city deals. Indeed, the city deals themselves emerged in counterpoint to the previous 'city regions'.

Our experience with the South East Wales RSP (which is most developed in terms of City Deals) suggests that when the resource becomes available from the City Deal it commands a larger amount of focus from the RSP's time. This is to be expected, as RSPs have a limited direct budgetary impact in areas of Welsh Government's spend and are only advisory, whereas the city deals provide a pot of money that can be mobilised towards regional objectives. It is still unclear how

all three RSPs will fit in to the wider regional approaches to economic development and at present all three areas have variable relationships with their proposed regional economic development footprints.

Going forward, a decision needs to be taken as to the level of regional working that is desirable. For instance, the Welsh Government could provide more discretion to the RSPs to directly influence budget priorities and to provide a much clearer alignment between the various regional ways of working.

Impact and Regional Voice

Our assessment is that the impact of RSPs to date is limited. It is clear that Welsh Government views RSPs as a key focus of the developing skills landscape in Wales, however it is not prepared to give them direct influence on budgetary proposals and is not minded to resource them adequately to deliver a genuine programme of engagement within each region.

As we have mentioned previously, our skills architecture is at a critical juncture and is under resourced. This means the content of our qualifications is going out of date quickly and in the absence of genuine SME engagement, is not being reviewed regularly enough to provide qualifications that are fit for purposes for Wales' SME sector.

RSPs are only a small part of this architecture, but are under expectations to deliver in terms of employer engagement, labour market intelligence and recommendations for spending priorities and provision. This is unrealistic and unsuitable when the RSPs are under-resourced and not able to provide the deeper analysis needed for all of these roles.

We would therefore suggest their roles be clarified in relation to the quantity and areas of provision and that Qualifications Wales be given a more prominent role (and an expedited timeframe) for the review of qualification content such as apprenticeship frameworks and other vocational qualifications, based on input from a range of SME employers in each sector.

Suggested Actions

1. **Clarify the role of RSPs** – RSPs should be there to provide a regional analysis of skills from both a supply and demand perspective. They should use labour market intelligence and they should actively engage SMEs in

their region. They should not be used to inform qualification content or reviewing apprenticeship frameworks.

2. **Clarify the direct influence RSPs can have** – the influence of RSPs should be clearly noted in Welsh Government’s post-compulsory funding provision. More radically, Welsh Government could consider giving RSPs direct control over some elements of funding to allow them to materially influence provision in their area, moving them beyond advisory bodies. This could help alignment with the city and growth deals.
3. **Properly resource RSPs for their purpose** – for much of their existence RSPs have been poorly resourced, with only a handful of staff members in each. If we want valuable regional engagement and a responsive skills system then RSPs need more resources to carry out more meaningful regional engagement and analysis.
4. **Task RSPs with direct SME engagement** – at present, engagement with RSPs is through a committee structure. RSPs need to move beyond this and hold more consultation events with SMEs in their regions to help them understand how they can directly influence skills provision.
5. **Review the broader skills advisory architecture** – Changes in England have left Wales’ skills architecture poorly resourced and unresponsive. While PCET presents a potential solution to the funding and regulatory aspects of post compulsory education, we need a way to review qualifications and apprenticeship frameworks that is responsive to employer needs. Expediting Qualifications Wales’ sector review process is one potential solution, perhaps with Sector Qualification Advisory Panels (as happened during the construction review) as a means of gaining employer engagement.