

## **ECONOMY, INFRASTRUCTURE & SKILLS COMMITTEE WRITTEN EVIDENCE – REGIONAL SKILLS PARTNERSHIPS**

The purpose of this paper is to provide written evidence to the Economy, Infrastructure & Skills Committee on their inquiry into *Regional Skills Partnerships*.

### **Context**

The Policy Statement on Skills was announced in 2014 and this signalled a move to regional working, with a policy shift away from a sector-based approach. Regional Skills Partnerships (RSPs) were announced on 31<sup>st</sup> October 2014. Three voluntary partnerships were tasked by Welsh Government to prioritise their regional skills needs based upon regional and local employer led intelligence, in order to help align skills provision with identified demand in each region.

The move to a regional model was further strengthened by Our National Strategy “Prosperity for All” announced on 19 September 2017, where employability and skills was identified as a cross-cutting theme, and the Economic Action Plan which was published in December 2018 which further strengthened the regional approach. This described a model for regional working that placed the role of RSPs as being an integral part of the delivery model.

The ambition was clear. RSPs were given a key role to help break the cycle of low-skill, low wage and low productivity by identifying skills gaps and skills shortages in each region by better understanding the opportunities and investment pipelines, drawing upon the intelligence of employers and stakeholders.

The three RSPs are:

- 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).

Both the NWEAB- RSP and RLSP were operating to regional economic development structures prior to Welsh Government announcing RSPs. Officials worked closely with stakeholders in the South East region to help establish an RSP for the Cardiff area. Each RSP is funded via a contract with the Welsh Local Government Association (WLGA) to deliver a set of agreed outputs. This remains the process for funding RSPs as they are voluntary partnerships without legal status. Any assessment of impact must be balanced against the resources of RSPs. This year, RSPs have received £495,000 from Welsh Government, with no measurable increase in funding since the inception of the demand-led model. However, expectations surrounding the role of RSPs have significantly increased. Each RSP has a Programme Manager, a researcher and administrative support who have the role of undertaking employer engagement, managing all stakeholder relationships and producing the research evidence base for the employment and skills plans.

Each RSP is contracted to deliver a regional employment and skills plan to Welsh Government as well as a planning and funding template which recommends increases or decreases in skills provision. The contract schedule from Welsh Government also contains requirements for each RSP to maintain regional skills observatories, develop employer networks, work closely with Enterprise Zones and hold regional skills summits to disseminate their regional recommendations and outcomes. RSPs were given a key role in

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the Employability Plan published in March 2018 in terms of their assessment of skills needs in each region, and also have a key role to play in the delivery of the Apprenticeship Policy Plan and in meeting Welsh Language targets. RSPs also have a key role to play in influencing developments in key sectors, for example informing the skills implications of Decarbonisation policy direction and the Food and Drink Action Plan.

Welsh Government has moved to establish a strong governance structure within which the RSPs sit. Each RSP Chair is a key member of the Wales Employment and Skills Board which in turn reports on employability and skills issues to the Council for Economic Development chaired by the First Minister. RSP Employer Chairs have the responsibility for chairing WESB on a rotational basis to ensure a focus on key issues for employers in each of the three regions.

### **City Deals and Growth Deals**

The delivery of City Deals and a planned Growth Deal for North Wales has caused the issue of governance to be revisited. Each RSP has a different structure, both with respect to its own operations and subgroups and, more importantly, to City Deals and Growth Deals. The Cardiff City Deal and Swansea Bay City Deal were announced in March 2017 and November 2018 respectively. A North Wales Growth Deal was secured from UK Government and, in January 2019, a commitment in principle to match the UK financial commitment was made by the Minister for Economy and Transport. Discussions have been held with Growing Mid Wales, an economic forum for the mid Wales region, regarding a Growing Mid Wales Deal which has encouraged consideration among stakeholders of a need to establish their own RSP rather than form part of the South West and Mid Wales RSP.

An Independent Report on the Governance of Regional Skills Partnerships in Wales was commissioned by Welsh Government and produced by Dr John Graystone in March 2018. Specifically, it recommended that RSPs should remain voluntary partnerships and not adopt legal structures and that Welsh Government should review the resources of RSPs given their increased role. Other recommendations included the need for more transparency, with minutes and terms of reference published in the public domain, and for greater consistency between RSPs.

### **Independent review of RSPs**

In November 2018, the previous Minister for Welsh Language and Lifelong Learning made a commitment to undertake an independent review of RSPs. SQW were commissioned to undertake the review in February 2019 by the Minister for Economy and Transport. SQW have looked at the impact of RSPs and governance arrangements with a particular focus on relationships across the regions to City Deal and Growth Deal structures and will complete their work by the end of April 2019. Their interim consultation findings indicate that, on the whole, the RSPs have been successful in building up an employer-led approach in each region, recognising that partnerships take time to develop and that each RSP had a different starting point. SQW also recognised the operational consistency between the three RSPs.

The key challenge to Welsh Government is to respond to the broad consensus thus far (from providers, employers and the RSPs themselves) that a more strategic remit is now required to enable RSPs to consider potential skills demand over the longer term. SQW found consultees welcomed the move in 2019 to a three-year planning process and further identified a real opportunity for RSPs to provide a strategic lens on skills demand over the

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longer term extending their influence from the current operationally focused planning and funding model. This would go beyond FE and Apprenticeships to include the broader skills system including schools, universities and the future skills of people already in the labour market and the longer-term needs of the Welsh economy. Welsh Government will consider and respond to the full findings of the SQW review by June 2019.

### **Labour Market Intelligence and regional data**

The employment and skills plans have been broadly welcomed by employers and stakeholders in the regions. In terms of style and content these plans have been of a comparable standard to skills plans produced by employment and skills boards of City Regions in England. In 2018, in light of the Graystone recommendations, RSPs were asked to submit Annual Reports which were shorter and focused on the evidence base for changes to funding across Apprenticeship and Further Education (FE) budgets captured in the Planning and Funding Template. In April 2019, RSPs received their new contract and are now required to complete a three-year strategic plan with Annual Reports to update on key developments in each region.

Underpinning the RSP regional reports is the need for robust labour market intelligence (LMI). RSPs undertake an analysis of secondary research, using data from FE colleges and drawing upon soft intelligence from their employer networks. RSPs receive Regional LMI Reports from Welsh Government in January each year and these are subsequently published on the Skills Gateway. These reports provide core LMI for each region and provide RSPs with a common source for that LMI. Figures are primarily taken from StatsWales, with further LMI from the Employer Skills Survey and Working Futures. All data taken from StatsWales include links which allow RSPs to access the latest version of that data from StatsWales. This approach has enabled Welsh Government to establish a “Common LMI Framework for RSPs”, ensuring common datasets are used by each RSP. Each RSP operates an LMI observatory and these platforms are used as sources of data to inform prioritisation of growth and foundation economy sectors.

### **RSP employer engagement strategies**

RSPs have employer chairs and a membership configuration that consists of around fifty percent employers. Each RSP has developed different strategies to engage with employers from using established partner forums such as the North Wales Business Council (used by NWEAB – RSP), to creating their own RSP employer cluster subgroups as in the case of RLSP and CCRSP. Sector representative organisations such as CBI and FSB also are RSP members. Employers who directly sit on RSP Boards provide an employer perspective that often is the view of their organisation rather than the wider sector although not in all cases. Achieving the mix of employers also is important as there should ideally be representation of skills needs from micro-businesses to multi-nationals. RSPs have developed links with Enterprise Zones (EZs) although the degree of engagement varies across each region and EZ.

### **Planning Cycle – Alignment to RSP recommendations**

The Post 16 Planning and Funding Framework was introduced in 2014/15 whereby planning and funding learning activity moved to a programme-based approach. This has secured closer scrutiny of curriculum planning and funding for general education and full-time vocational curriculum plans in sixth forms and FE colleges ahead of each academic year. In

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March 2018, the Minister for Welsh Language and Lifelong Learning and Cabinet Secretary for Education agreed to a proposed pilot planning methodology to strengthen monitoring and accountability for delivery within FEIs in 2018/19. This does not currently apply to school 6th forms (A Levels) and higher education (particularly at Levels 4 and 5/Foundation degree).

Regional employment and skills plans provide a strategic direction for post-16 education and training providers through their indication of changes to the skills needs of employers in the region and their influence on the economic relevance of post-16 provision. A planning and funding template<sup>1</sup> is issued to RSPs where they outline their recommendations to Welsh Government for changes in provision. Following approval, Welsh Government distributes the templates to FE Institutions (FEIs) via the post-16 planning methodology to inform and influence curriculum plans for the coming academic year<sup>2</sup>. FEIs then submit final delivery/curriculum plans to Welsh Government for assessment, with the aim being to:

- Ensure consistent and measured progress is made against RSP recommendations for full-time provision in FEIs;
- Monitor the impact of regional priorities on remaining full-time provision to ensure provision supports progression to higher levels and encourage transparency and collaborative planning at a regional level between FEIs;
- Monitor and strengthen FEI responsiveness to increasing Welsh-medium and bilingual learners numbers against specified full-time learning programmes; and
- Continue to seek advice on improvements to the planning and funding methodology for further education.

Officials are currently developing a revised Regional Model at Sector Subject Area (SSA) and Level for the 2020/21 planning cycle resulting in move to a broader set of regional FE recommendations for colleges rather than at micro planning level. The 2018/19 recommendations cover a three-year period from 2018/19 to 2020/21 following feedback from the FE sector and this will now be further strengthened, backed by the SQW review interim findings. Giving the RSPs a wider remit to influence vocational skills across all industry sectors including both economic and foundational economy priorities rather than priority sectors is also a key development which will enhance their role and influence across the region.

Apprenticeship providers are required to align their delivery to meet the demand identified by the RSPs. As part of the Welsh Government's contract management process, providers are required to provide information to support how their delivery strategies incorporate and reflect RSP LMI. In addition, for 2018/19, 3.5% of the Apprenticeship budget (£5m) was earmarked to support those areas identified by the RSPs. The £5m was split across each of the three regions in accordance with historical delivery patterns i.e. £1m for North Wales. £1.5m for South West and Mid Wales and £2.5m for South East Wales. This funding was allocated to 10 providers on a call-off basis. In order to be able to claim this funding,

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<sup>1</sup> *Planning and funding templates are operational documents and are NOT published.*

<sup>2</sup> *RSP Recommendations are only made for Full Time Vocational and Apprenticeship provision. RSPs have not been required to date to make recommendations for A Level or HE provision.*

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providers must ensure that the apprenticeship delivery meets the priorities identified by the RSPs and is additional to the delivery they would have normally undertaken.

Another key development for RSPs was the announcement by the Minister for Welsh Language and Lifelong Learning in March 2018 of a £10M Skills Development Fund to place RSPs in a central role to influence where skills provision was needed in each region. RSPs were tasked to identify regional priorities which would inform three regional applications to the Fund by the FE sector. The SDF has and continues to be focused on delivering new regional provision aligned to strategic needs identified by RSPs in each region.

### **Employability**

The Welsh Government published its Employability Plan in March 2018 and an update on progress on year on in March 2019. The Plan sets out a series of actions where RSPs can play a key role relating to employability support for individuals, and the responsibilities of employers regarding employability and skills gaps in each region. A key area of joint working is on the Working Wales advice service delivered by Careers Wales and launched on 1<sup>st</sup> May.

Working Wales provides impartial and independent advice to individuals on the support they need to enter and progress in the labour market. This process will determine a person's eligibility, identify their individual barriers to employment, including disability issues if appropriate, and the level of intervention required to support the individual into sustained employment. For example, Welsh Government has worked closely with the North Wales RSP on its bespoke regional information and advice referral portal as part of the wider Working Wales model. The RSPs are also working with Welsh Government on the pilots of Personal Learning Accounts from September 2019, providing support for those in work to up skill.

### **Schools and Curriculum**

RSPs are continuing to strengthen links between schools and employers in their regions and are linking with regional consortia to maximise their engagement with the new Curriculum for Wales. This includes considering the curriculum in the light of regional priorities/ infrastructure developments in each region.

Each RSP has highlighted STEM as a key area of importance in their Annual Report to Welsh Government and RSPs are already developing solutions to improve STEM-related activities in their regions. An example of work already underway is the "Act on STEM" project which has been developed by the North Wales RSP. The RSP has undertaken an audit to examine activities to date and to inform the addressing of gaps in STEM provision. In tandem, they have been working with employers and providers to develop on-line resources for Year 5 and 6 pupils, parents and practitioners. This has been launched across all schools in North Wales.

In the South East, excellent schools/industry collaboration driven forward by the RSP includes the development of "The Cardiff Commitment". As a result of a collaboration between Admiral and Whitchurch High School, Year 12 students were given the opportunity to visit Admiral in Cardiff and Admiral staff delivered advice on interview skills and job applications to over 340 Year 10 students. In South West and Mid Wales, a project led jointly by Valero and ECITB is encouraging Year 8 girls from schools in Carmarthenshire and

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Pembrokeshire to take up STEM. Pupils spend a day at Coleg Sir Gar followed by a day at Valero, taking part in STEM challenges and undertaking a site visit, facilitated by the RSP for South West and Mid Wales.

### **Conclusion**

RSPs have made significant progress to communicate and market their role to employers and stakeholders since their establishment. Annual Skills Summits as well as regular events in each region have been used to disseminate the findings of their employment and skills plans and to engage with stakeholders to shape their regional priorities and insights directly. Their role in providing a clear set of employability and skills priorities to Welsh Government is now well understood with a clear process for doing this.

The decision to appoint employer Chairs for each RSP has been positive as has the increased employer membership of Boards in order to enable a strong employer voice informing skills provision in each region. The content of the regional employment and skills plans has been strengthened as a direct result of more robust engagement strategies. The process of producing plans has matured and the evidence base underpinning the plans has become increasingly robust. The plans are the equivalent in terms of quality and standard to similar plans produced across the UK.

We are reviewing the whole demand-led skills system in Wales and the core mandate of RSPs within this to strengthen their role as strategic bodies looking at skills demand over the longer term in each region. We welcome the findings of the Committee's inquiry to inform this. This will include clarifying the relationship between RSPs, Welsh Government including the Chief Regional Officers, Public Service Boards, Education Consortia and other regional structures including City/ Growth Deals. The relationship between RSPs and the new Commission for Tertiary Education and Research (CTER) will be mapped out in forthcoming legislation, regulation and guidance, with primary legislation being delivered by March 2021 and secondary legislation by March 2023. As SQW have recommended, the consideration of the need to move RSPs away from operational funding detail to providing a perspective that includes the broader skills system in addition to the future skills needs of those in employment is timely. To enable this direction of travel the formal constitution of RSPs following the Graystone review needs to be embedded and we will continue to work closely with RSPs to implement this approach. The issue of governance structure, particularly in relation to City Deal and Growth Deal structures, and needs to be agreed across all levels of Government in order to ensure RSPs can properly fulfil their role in each region. Work has commenced on this matter and this will be a priority focus over the coming months.

Finally, we will review the resources of RSPs and in light of their role as strategic bodies and take a holistic view of the Welsh employability and skills system now and for the future. This will require a focus on getting the right research and labour market information (LMI) capacity and expertise in each region, on effectively sharing best practice, including cross-border and beyond, and on exploring opportunities for a combined approach to LMI across regions wherever possible.