

Ken Skates AC/AM
Gweinidog yr Economi a Thrafnidiaeth
Minister for Economy and Transport



Llywodraeth Cymru
Welsh Government

Russell George AM,
Chair, Economy, Infrastructure &
Skills Committee

SeneddEIS@assembly.wales

25 January 2019

Dear Russell,

You wrote to the former Minister for Welsh and Lifelong Learning on 28 November asking for more information following the Economy, Infrastructure and Skills Committee's scrutiny session on 7 November. I am responding on the Minister's behalf as my revised portfolio includes responsibility for this area.

Operation of Apprenticeships

The initial 2018/19¹ apprenticeship allocation was £117m. Of this, £5m was set aside to respond to the sectoral priorities that were evidenced by each of the relevant Regional Skills Partnerships (RSPs). The remaining £112m was not broken down into specific financial values according to level and/or occupational sector as to do so would limit the flexibility of the network to respond to market demand. However, the allocation process is overlaid by contractual controls which both restrict and stretch providers to deliver within priority sectors and higher level skills.

For example, providers are set a limit on the proportion of level 2 apprenticeships they can support within the non-priority sectors of: Business Administration, Retail and Customer Service and Hair and Beauty for learners aged 20+. For 2018/19, we have applied a restriction of 10% for starts aged 20-24 and increased the restriction to 2% for starts aged 25+. In order to encourage higher level delivery, we do not apply a limit where it is the learner's intention (at the outset) to progress to a higher level apprenticeship. The latest 2017/18 data indicates that all providers have operated within this contractual limit, thereby reducing the proportion of learners in these sectors who stop learning at level 2. The determiner for the percentage restriction was the need to provide adequate budget to support priorities set by Welsh Ministers.

Furthermore, to ensure transparency, providers are given targets for the proportion of new apprenticeships (for learners aged 20+) delivered at level 3 and above. Future allocations will reflect a provider's ability to operate within these contractual controls, thereby incentivising increased delivery at higher levels.

The 2018/19 contract offer required providers to prioritise their apprenticeship delivery in the following order:

- Learners who are continuing their learning into the 2018/19 contract year;
- New apprenticeships for Young People (those under 20), in particular:
 - creating viable apprenticeship opportunities for 16-19 year old school leavers; and
 - progressing people from Jobs Growth Wales and other Welsh Government employability programmes;

¹ WBL contract years run from 1 August to 31 July

- New starts aged 20+ at level 3 or level 2 (in priority sectors only) for those progressing from Jobs Growth Wales and other Welsh Government employability programmes;
- New apprenticeships within Regional Skills Partnerships (RSP) identified priorities;
- New Higher Apprenticeship starts for learners of all ages;
- New starts aged 20+ at level 3; and
- New starts aged 20+ at level 2 in priority sectors (Business Administration, Retail and Customer Service and Hair & Beauty are deemed to be non-priority sectors).

Providers are asked to keep Welsh Government officials informed of any apprenticeship demand that cannot be met from existing contract values (the so-called 'pressure point' returns). Should additional budget become available in-year e.g. where providers appear to be under-delivering, my officials will take a decision on whether to support some of this demand. During 2017/18, approximately £4.4m was allocated to providers to support pressure points within priority areas. The process for applying for this additional contract value has been shared with the Apprenticeship provider network.

EU Transition Fund

The EU Transition Fund is part of Welsh Government's Brexit plans and has been designed to help private, public and third sector organisations prepare for Brexit and the significant changes associated with leaving the European Union. The Fund is helping both businesses and sectors respond to Brexit and future proof their operations and the Welsh economy.

The Fund is primarily intended to support external partners improve their resilience and sustainability during the uncertainty that Brexit presents, for the benefit of the economy and communities of Wales. A range of bids have been submitted and additional bids are under consideration including further skills focussed bids.

Requesting and receiving support via the EU Transition Fund for these economically important companies does not divert budget from other areas of skills provision or programmes, it is not an either or situation. This budget will significantly benefit the employees of these companies in terms of their upskilling and adaptability in the face of significant challenges.

As part of the Fund's conditions, the companies will help deliver on wider Government priorities including:

- Enhancing their engagement with local training providers to increase the pool of STEM related apprenticeships;
- Committing to achieving level 3 accreditation against the Disability Confident Employer scheme;
- Providing job/ placement opportunities for those individuals on the Working Wales programme to be launched in 2019; and
- Working with and developing further opportunities for their Welsh-based supply chain

The Welsh Government works with a wide range of companies across Wales to support their skills development needs to help build business resilience and future proof the Welsh economy.

Companies like Airbus and Ford operate in highly competitive environments and are part of global corporations that have options across Europe when it comes to making investment decisions. Support for these companies will:

- improve the chances of developing the Welsh-based sites as the preferred locations for any future and post Brexit European investment projects;
- ensure the high value and site critical business development plans are not constrained or jeopardised by skills shortages;
- provide skills development that is urgently required to support the transformation of production line techniques;
- underpin the further development and expansion of apprenticeship provision within the companies and across the advanced manufacturing sector more widely; and

- ensure the companies, who are significant “levy” players, are placed on a “level playing field” with sister plants in England and prevent transfer of delivery from Wales to England together with the associated career opportunities for young people in Wales.

With the significant uncertainties surrounding Brexit it has never been more important that Wales generates a persuasive image of a country that is open for business and is supportive of companies that have a high regard for the health, wellbeing and prosperity of their employees. If Wales is to continue to attract inward Investment projects, it is essential that the Government provides a business friendly environment and is responsive to and supportive of significant business development and investment plans.

Regional Skills Partnerships

Regional Skills Partnerships (RSPs) have made significant progress since their establishment in 2014 in identifying regional priorities based on employer-led intelligence. The Welsh Government is committed to their role which is set out in the Economic Action Plan and Employability Plan. This is having direct impact, particularly in influencing the deployment of funding for Further Education and Apprenticeships in the regions.

The Graystone Review of Regional Skills Partnerships (RSPs), which reported in March 2018, made a series of recommendations for both Welsh Government and RSPs which are now being implemented, including greater transparency around membership and role of the RSPs, and continuing to strengthen their employer and stakeholder engagement in each region.

Careers Wales

Careers Wales support young people and adults to become more effective at planning and managing their careers over time, recognising that career management no longer consists of a one-off occupational choice, but more a series of lifelong career transitions.

Careers Wales delivers a blend of digital and face to face careers information and guidance. They now have in place a digital team of Careers Advisers to drive forward innovative and creative ways of delivering services and engaging with clients through digital channels

A new service, delivered by Careers Wales, is due to commence April 2019. Welsh Government has committed circa £9m pa to the service, which will increase the capacity of Careers Wales to work with those aged 16+ and will offer individuals greater access to advice and guidance including bespoke support, particularly recognising future changes in the labour market. The services will be available face to face through Careers Wales centres, over the telephone and through online webchat and self-help web services.

Careers advisor capacity will increase and systematic assessment of individuals’ needs will improve the consistency of professional careers advice and guidance and improve the journey for the individual. Individuals will be referred to the right place at the right time to meet their needs. Improvements have also been made to ensure improved compliant information sharing with other government departments, partners and organisations.

I trust that these responses address the Committee’s specific areas of interest and I look forward to working with you in the future.

Yours sincerely,



Ken Skates AC/AM

Gweinidog yr Economi a Thrafnidiaeth
Minister for Economy and Transport

Eluned Morgan AM,
Minister for Welsh Language and Lifelong Learning

28 November 2018

Dear Minister,

Following the Economy, Infrastructure and Skills Committee's scrutiny session, which you attended on 7 November, the Committee would like to draw the following points to your attention.

Operation of Apprenticeships

The Committee is disappointed with the lack of transparency surrounding the funding and operation of the £115 million apprenticeship programme and is concerned that this poses a challenge to the effective scrutiny of a flagship Welsh Government initiative.

The Committee therefore requests the Minister provides further details on the administration of the apprenticeship programme and to outline the funding allocations made within it. This general information should be supplemented by information that addresses the following specific matters:

- The criteria used by Welsh Government to make decisions regarding how the funding within the programme is allocated between levels, frameworks / sectors and providers.
- The amount of funding intended to be available in 2018/19 for each level of non-degree apprenticeship (L1-5) and for high-priority and non-priority sectors and any reserve.
- Details on each of the 'pressure points' reported by providers and the amount of additional funding made available to meet them.



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- Further details on the 10% fund seemingly reserved for lower level apprenticeships (L2) including the rationale for this sum and an evaluation of its sufficiency.

EU Transition Fund

The Committee also seeks further clarification regarding the rationale for the allocation of EU Transition Fund monies to Airbus, Ford and other companies rather than to the providers of work-based learning. While this funding represents only a very small percentage of income for these companies, £3 million is a significant sum in the context of the Welsh Government's skills agenda and funding for work-based learning and further education. The Committee remains unconvinced, based on the explanation provided on 07 November, that this investment represents the best value for tax-payers money and is therefore keen to establish further facts.

The Committee requests that it is provided with a more detailed case for investing this funding in these big companies, rather than other methods of supporting individuals to upskill.

Regional Skills Partnerships

Finally, the Committee notes that the Independent "Greystone" Report on the Governance of Regional Skills Partnerships (RSPs), provided to CYPE Committee on 12 November 2018 called RSP resources 'very tight' and stated that 'if increased responsibilities are delegated to RSPs, careful consideration needs to be given to the resources available to [them]'. The report goes on to make a recommendation on this matter.

Noting the already increasing influence of RSPs, for example the impact their work is having on the distribution of the £10 million Skill Development Fund, their resourcing was a matter raised with you on 07 November.

Your proposal to keep funding at a static level is at odds with the recommendation made in the Greystone report. Whilst the Committee notes and acknowledges the enthusiasm and hard-work of the RSPs, it is not reassured that they are resourced to a level commensurate with the demands placed on them and the influence their work has on the post-16 education and skills system in Wales.

The Committee has agreed to look in depth at the role of RSPs during 2019 and we will take a more detailed look at this – including their levels of financial support – in the Spring term.



Careers Wales

The Committee was concerned that while the current level of funding should be sufficient to provide a service for all young people and some adults, bespoke support will not be available to all. In the Committee's work on automation, it was clear that in some sectors many of the jobs done by workers in Wales could be eradicated in the coming years. Workers will need support to identify and pursue alternative careers. It is not currently clear that Careers Wales is sufficiently well funded to support this vital preparation for the fourth industrial revolution. Is this something that is likely to be addressed following publication of the review of Digital innovation, AI and automation in Wales?

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Russell George', with a stylized flourish at the end.

Russell George
Chair

