

## **Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled Report on Regional Skills Partnerships.**

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I would like to thank the members of the Economy, Infrastructure and Skills Committee for their report on Regional Skills Partnerships. I have set out my response to the Report's individual recommendations below.

### **Detailed Responses to the report's recommendations are set out below:**

#### **Recommendation 1:**

The Committee recommends that

Welsh Government should instigate a thorough reform of Regional Skills Partnerships by adopting the package of actions set out below, and revisit their resourcing where required. This package includes rebranding the partnerships as Regional Skills Advisory Boards to make their role in the wider skills system clear, and a new focus on demand-side interventions. The package also puts in place a clear strategic outlook and remit for the Boards, whilst improving employer engagement and data gathering and analysis.

#### **Response: Accept**

Welsh Government accepts that a reform of Regional Skills Partnerships (RSPs) is required, together with a refreshed strategic direction and remit for the Partnerships and this will include a review of funding levels.

We expect the level of funding for RSPs to remain unchanged for 2020-21. However, we agree with the need to review the level of funding for RSPs and this will be undertaken during 2020, subject to the outcome of wider budget discussions. Any proposed increase in budget in future years will be considered alongside any increase to the scope of their overall work.

It is agreed that RSPs should be provided with a clear strategic outlook and remit. Welsh Government has already implemented a number of changes that will address this including a move to requesting three year strategic Regional Employment and Skills Plans. This replaced the requirement for annual plans and was in direct response to the "Independent Review of the Governance of Regional Skills Partnerships Report by Dr John Graystone (March 2018) and SQW's "Independent Review of Regional Skills Partnerships Evidence Based Planning" (2019) report recommendations.

It is also agreed that the employer engagement and data analysis functions could be further strengthened. Welsh Government will discuss these issues with RSPs to agree a joint way forward over the next twelve months.

Welsh Government rejects the recommendation to re-brand RSPs as Regional Skills Advisory Boards. The term “Board” implies decision making powers. RSPs should continue to provide recommendations to Welsh Government on where there are regional skills gaps, shortages or over-supply of provision.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets. However, we will commit to review future financial resources, made available to RSPs, during 2020.

#### **Action 1:**

Rebrand Regional Skills Partnerships as Regional Skills Advisory Boards (RSABs) to make their role and remit clear to stakeholders. Following from this, the RSABs should have the clear role of advising Welsh Government and stakeholders on at least;(a) current and future regional skills demand and shortages / mismatching; (b) how to tackle skills shortages / mismatches, (c) evaluating their own advices and plans and (d) on any responses to shocks to the regional economy and skills system such as a large employer laying off significant numbers of staff.

#### **Response: Reject**

Whilst the role of identifying skills demand and shortages is within the remit of RSPs, the remainder of this action falls to Welsh Ministers or good practice evaluation or is dealt with as described in the response to point d, where Welsh Government has mechanisms in place such as React Programme and Regional Employment Response Groups.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

#### **Action 2:**

In addition to the above, the RSABs should have the role of identifying, understanding and clearly presenting to stakeholders the sectors, regions and places that are experiencing low-skill traps. They should advise on addressing the traps, including stimulating future employer demand for higher level skills.

#### **Response: Accept**

It is agreed that RSPs have a key role in identifying, understanding and clearly presenting to stakeholders, regions and places that are experiencing low-skills traps.

Welsh Government rejects the point that they should advise on addressing the traps nor should it be their role to stimulate future employer demand for higher level skills.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

### **Action 3:**

Welsh Government should agree and publish a timetable for the full implementation of the recommendations made within the Graystone review to ensure governance of the RSABs is strengthened, particularly the recommendation for a National Assurance Framework. Welsh Government should also go further and work with the RSABs to diversify their Boards and achieve a gender balance, doing so through then National Assurance Frameworks.

### **Response: Accept in Principle**

Welsh Government will review the recommendations of the Graystone Report, in particular the future governance and legal status of RSPs. Many of the recommendations have already been implemented either by Welsh Government or the RSPs themselves. Welsh Government rejects the point concerning establishing a National Assurance Framework as RSPs are advisory rather than decision making partnerships.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

### **Action 4:**

In line with both the Graystone and SQW review recommendations, the RSABs should become more strategically focussed, publishing improved 3 year regional skills and employment reports. These reports should present intelligence and in-depth analysis at a genuinely strategic level that considers industry skills pipelines, pinch points etc. to guide and assist the entire range of education providers and other stakeholders, who can then set out their proposals for responding. The plans should include the matters in Actions 1 & 2 above.

### **Response: Accept**

Welsh Government recognised that the SQW report signalled a move to a more strategic role for RSPs. In response, we have already implemented a change to commissioning three year regional employment and skills plans to avoid resources being prioritised to produce annual plans. Each RSP submitted a three year plan to Welsh Government in August 2019 covering the period 2019-22. This change has been welcomed by RSPs and their regional partners.

However, RSPs are still required to produce Regional Outline Plans which provide the mechanism for employer informed recommendations for change across the areas of apprenticeships and further education.

More broadly, RSPs have a clear strategic role that is already outlined in Welsh Government key policy documents such as the Economic Action Plan, Apprenticeship Policy Plan and Employability Delivery Plan.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

**Action 5:**

Through the National Assurance Frameworks, Welsh Government should work with RSABs to set out quantitative and qualitative measures by which the impact of the Boards can be measured and communicated to stakeholders. If RSABs are to enjoy the confidence of industry the RSABs must be able to unequivocally evidence that the time and effort of employers to engage with them has been worthwhile and impactful.

**Response: Accept**

Welsh Government agrees that setting out quantitative and qualitative measures by which the impact of RSPs can be measured is key to maintaining the engagement of employers. It is important to have the right metrics in place to enable the performance of RSPs to be reviewed and assessed. However, this will be implemented outside of a National Assurance Framework. The creation of a National Assurance Framework would only be effective if RSPs had decision making powers. Welsh Government would like to see RSPs remain independent, advisory bodies.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

**Action 6:**

One RSAB should be designated to represent and act as a single-point-of-contact for large national bodies with national skills needs such as the construction industry and Transport for Wales. This RSAB should be appropriately resourced and their regional skills and employment reports should specifically address the aggregated national skills needs of such bodies.

**Response: Reject**

Welsh Government agrees that there is a need for a national view on skills matters but it is a matter for RSPs to agree the best approach to collate labour market intelligence and share best practice. We do not accept that one RSP should act as a single-point-of-contact for large national bodies. All three RSPs should be engaging with larger national bodies as part of their employer engagement strategies. The issue of future resourcing of RSPs is covered under Recommendation 1.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

**Action 7:**

As a priority, the data gathering and analysis capability in each RSAB must be substantially strengthened. To achieve maximum value for money, and in line with Welsh Government's focus on their civic mission, this should be done by drawing on the publically funded world-leading research expertise present in Welsh

universities. Welsh Government should therefore work with HEFCW and Welsh Universities to establish formal partnerships between universities and each RSAB to undertake research and data analysis on their behalf and offer research methodology consultancy.

**Response: Reject**

Whilst we agree that the research capacity and capability of RSPs should be strengthened, Welsh Government does not agree that formal partnerships should be formed with HEFCW or Welsh Universities. The higher education sector is fully represented at RSP Board meetings. Consideration should be given to creating a central research capacity which could be shared by all three RSPs. This requires further discussion with RSPs over the coming months as part of the wider reform of their remit.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

**Action 8:**

As a priority, the Welsh language data gathering and analysis capability in each RSAB must be substantially improved. Welsh Government should consider how it can facilitate a model that allows the Welsh Language Commissioner and the Coleg Cenedlaethol Cymraeg to use their existing expertise and research to help the partnership's mainstream Welsh Language considerations and inform their 3 yearly reports.

**Response: Accept in principle**

We agree that the Welsh language data gathering and analysis capability in each RSP must be substantially improved. The principal aim of the Welsh Language Commissioner is to promote and facilitate the use of the Welsh language. The Coleg Cymraeg Cenedlaethol's role is to support and develop Welsh-medium higher education provision in Welsh universities and FE/Apprenticeships sectors, and to support research and publication through the medium of Welsh. Welsh Government will provide strategic direction to explore and develop models that will embed Welsh language data in future research and analysis. In doing this it will utilise expertise available in universities and other relevant bodies which may include the Coleg Cymraeg Cenedlaethol and the Welsh Language Commissioner, to enable the RSPs to make informed decisions in relation to Welsh language skills needs. This will also include ensuring that the central research capacity noted in Action 7 above includes Welsh language data and analysis as an integral component of its remit.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

### **Action 9:**

As a priority, employer engagement, particularly with SMEs, must be better resourced and substantially improved. Again, in doing so Welsh Government should aspire to utilise an existing and valuable asset in the form of our extensive network of publically funded apprenticeship providers and sub-contractors. These providers, by default, have far closer links with SMEs that RSABs can aspire to have – such relationships are a valuable asset. Welsh Government should explore using its funding agreements to place reasonable terms on the private providers (and their 90+ sub-contractors) to engage with both their employer networks and the RSABs to harness their considerable knowledge of market demand.

### **Response: Accept**

It is accepted that the training provider network engages with a broad range of SMEs. However, evidence suggests most SMEs are not engaged in Welsh Government supported skills and Apprenticeship delivery. Therefore, RSPs need to ensure the SME voice, not currently engaged, is represented.

To elicit information from employers currently engaged, RSPs should specify to providers the information they would find useful; we understand providers would welcome the opportunity to engage with RSPs. Therefore, placing a contractual requirement on providers is unlikely to be necessary but Welsh Government will consider this step if necessary. RSPs should note when evaluating the information received from providers it reflects a limited view of SME requirements.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

### **Action 10:**

In line with a more strategic outlook, Welsh Government should no longer request RSABs to make operational recommendations on learner numbers at further education institutions (FEIs), even at the current sector-subject level. Instead, Welsh Government should require FEIs to “have demonstrable regard to” the more strategic and intelligence based 3 year RSAB reports when negotiating their final delivery plans, empowering and incentivising them to respond to the issues identified in those reports.

### **Response: Reject**

Moving away from RSPs making operational recommendations to Welsh Government would weaken the new strategic planning and funding process. RSPs should therefore continue to make recommendations to Welsh Government on learner numbers for FE as this is the most effective way of influencing delivery.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

**Recommendation 2:**

The Committee recommends that

Welsh Government should work closely with industry representative bodies and Qualifications Wales and publish an action plan to ensure the wider skills infrastructure is rebuilt and based on organisations and structures which are suitable for the timely level of scrutiny and deep expertise required. Regional Skills Advisory Boards, the Wales Apprenticeship Advisory Board and the Wales Employment and Skills Board are not a substitute for close and timely sector level scrutiny and approval of qualifications and content.

**Response: Accept**

Welsh Government keeps its arrangements for skills delivery under review and has set up the Wales Employment and Skills Board and under that, the Welsh Apprenticeship Advisory Board to approve apprenticeship frameworks. We also work with providers and colleges to modernise the way skills are delivered. RSPs are growing in importance as part of skills infrastructure in Wales.

**Financial Implications – None.** Any additional costs will be drawn from existing programme budgets.

**Ken Skates AM**

**Minister for Economy and Transport**