



Skills That Work for Wales

A Skills and Employment Strategy and Action Plan



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- Audience** All bodies concerned with education and training in Wales, including the Higher Education Funding Council for Wales, Heads of Secondary Schools, Further Education Colleges, private training providers, employer organisations and forums, Trades Unions, Sector Skills Councils, Jobcentre Plus, Careers Wales, Voluntary and Community organisations, Prison and Probation Services and Youth Offending Teams.
- Overview** This document is a new skills and employment strategy and action plan. It builds upon and replaces the Skills and Employment Action Plan 2005. The strategy provides a response to the Leitch Review of Skills in the UK and the independent review of the mission and purpose of Further Education (Promise and Performance). The strategy and action plan include: new approaches to funding; a more demand-responsive skills and business support service; integrated skills and employment services delivered through partnership between the Assembly Government and Department of Work and Pensions; and the transformation of the learning network.
- Action required** Action points for individual organisations to take forward.
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www.wales.gov.uk
- Related documents** One Wales
Wales: A Vibrant Economy
The Learning Country: Vision into Action
National Basic Skills Strategy for Wales
Young People Aged 16-18 NEETs Strategy
Offender Learning Strategy – Learning to Change
Skills Employment Action Plan 2005



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Contents

Ministerial Foreword	2
Executive Summary	3
Section 1: Rising to the challenge	8
Section 2: Preparing young people for the future	24
Section 3: Investing in skills - a shared responsibility	30
Section 4: Getting the basics right	34
Section 5: Getting into work, getting on at work	39
Section 6: Investing in apprenticeships	50
Section 7: Investing in business and workforce development	53
Section 8: Investing in high-level skills	60
Section 9: Shaping the system, responding to demand	66
Section 10: Transforming the provider network	72
Section 11: Action Plan	75
Annex A: Glossary	87
References	95

Ministerial Foreword

Skills and employment are the foundation of a successful life, and they are essential for a more prosperous and more equal Wales.

We have made excellent progress on jobs and skills over recent years, but the rest of the world is not standing still. The Leitch Review advised that the UK must urgently raise achievements at all levels of skill. Unfortunately we start from a lower base in Wales, so we must work even harder to keep up with the world's leading countries.

Further education institutions must be key drivers of skills. Improving the performance of our network of learning providers is at the heart of this strategy. Estyn has shown that the performance of many of our providers is excellent but, as Sir Adrian Webb pointed out in his review, there are shortcomings in parts of our education and training system. We need to ensure that everyone has access to high-quality learning: from the early years, through the revised school curriculum, 14-19 Pathways and on into higher education, training in the workplace and lifelong learning.

This strategy and action plan sets out a distinctive Welsh agenda: raising our game on skills, working with the Department for Work and Pensions to get more people into work, and improving the quality and relevance of education and training. If we succeed, we will unlock people's talents, regenerate some of our most deprived communities, help families and children to escape from poverty, encourage businesses to grow and the Welsh economy to prosper.

While our focus here is on economically-valuable skills, we recognise that learning has a broader role. It enriches our culture, helps preserve our heritage, and transmits our values to the next generation. Young people need a broad foundation of general and vocational learning to become well-rounded citizens.

We would like to thank the many people and organisations who responded to our consultation on the draft strategy. One clear message shone through from the responses: be radical. The One Wales Government is committed to addressing the skills and employment agenda with determination and urgency, making the most of European Structural Funds to create a competitive and sustainable economy.

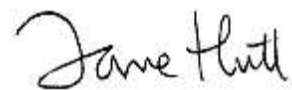
But the Assembly Government cannot succeed alone. Employers and individuals must also engage and invest more in skills. Learning providers must collaborate and change. Working together we can help create a more highly skilled, socially just, prosperous Wales.



John Griffiths AM
Deputy Minister for Skills



Ieuan Wyn Jones AM
Deputy First Minister



Jane Hutt AM
Minister for Children, Education
Lifelong Learning and Skills

Executive Summary

Rising to the challenge

1. Skills at all levels are becoming increasingly important for the success of individuals, businesses, and communities. The Leitch Review showed that the prize for improving skills will be a more prosperous society, with higher rates of employment, lower levels of poverty and reduced inequality.
2. We have been making strong progress in improving skills and helping people into jobs in Wales. Qualification levels overall have increased in recent years. Unemployment has fallen dramatically since the early 1990s: by 2007, it was lower in Wales than in 21 of the 27 EU countries.
3. However, much remains to be done. The skills of the Welsh workforce lag behind more prosperous regions of the UK and compare poorly to the world's leading advanced countries. Economic inactivity - strongly related to a lack of skills - remains stubbornly higher than the UK average. We must do more for those who face the biggest challenges in finding work and escaping from poverty.
4. The Welsh approach to skills and employment is distinctive - an integrated approach, linking skills initiatives with employment services and business support. However, the quality of the education and training system will be critical. We rely on our network of learning providers to equip people of all ages with the skills to succeed.
5. Most learning providers in Wales are good and a number are excellent. However, the Webb Review concluded that we need to reform the system to encourage more collaborative working, to promote more choice and personalisation for learners, and to drive efficiencies in the learning network.

Preparing young people for the future

6. The long-term skills challenge will only be met if we offer young people better opportunities than previous generations. Early educational advantages or disadvantages can be compounded over time, so we need to make sure that children get a good start in life.
7. We will:
 - ensure the best possible start for young people through the introduction of the Foundation Phase;
 - help young learners acquire the skills they will need through a revised school curriculum and the Skills Framework for 3-19 year olds;
 - offer a good range of applied learning routes for all 14-19 year olds within the Welsh Baccalaureate;

- create options that match the learning styles and interests of students; and
- ensure that students who make a vocational choice - apprenticeship, employment or a further education course - do so on a well-informed basis.

Investing in skills - a shared responsibility

8. The Assembly Government will spend over £2 billion per year on education and skills by 2010-11. Across the UK, employers invest over £30 billion per year in training. Achieving a radical change in our national skills base will require even more investment shared between the Assembly Government, business and individual learners.

9. We believe that Government investment in skills should ensure that everyone is equipped with a basic platform of skills necessary to find a sustainable job. At higher skills levels, where there are clear wage and productivity returns, we will expect employers and learners to contribute more to the costs of learning.

10. We will:

- create a transparent mechanism to target our funding on priorities by introducing a fees policy covering all post-16 learning; and
- improve the local ownership of Adult Community Learning.

Getting the basics right

11. Basic skills are essential for social inclusion and the platform for further learning. People who lack these skills are at serious risk of being marginalised in a changing economy. Around 440,000 working-age adults in Wales struggle with basic literacy and nearly a million have problems with basic numeracy.

12. Although we have developed a range of successful basic skills initiatives, moving to the next phase of our strategy will require a substantial increase in the amount of basic skills provision, delivered in ways that are accessible to the hardest-to-reach learners.

13. We will:

- reform GCSEs so they place a greater emphasis on securing the basics in English, Welsh, mathematics and ICT;
- deliver an entitlement for all learners to free basic skills learning, once accepted on a course;
- raise our capacity to respond to demand by investing in teachers, lecturers and trainers; and
- promote the Basic Skills Employer Pledge and create incentives for businesses to address basic skills, by linking the Pledge to our other workforce development programmes.

Getting into work, getting on at work

14. People with a job are better off financially, enjoy better health and have higher self-esteem. We want everyone who can work to have the opportunity to do so - our long-term aim, shared with the Department for Work and Pensions (DWP), is full employment in Wales.

15. Although employment policy is not devolved, many of the policies that will contribute to achieving full employment - skills, health, childcare, local government, transport and regeneration - are the Assembly Government's responsibility. We are also working closely with the UK Government to ensure that the next stage of welfare reform meets Wales' particular needs and circumstances.

16. We will:

- deliver an integrated skills for employment service (Careers Ladders Wales) linked with welfare-to-work programmes led by the DWP;
- prioritise investment in the most disadvantaged areas; and
- make sure our skills programmes can develop employability and help people into jobs.

Investing in apprenticeships

17. Wales needs a strong apprenticeship system. Apprenticeships offer choice for learners and are well suited to people who learn best in a practical setting. Successful apprentices earn substantial wage returns, showing that they improve productivity in the workplace.

18. We will:

- safeguard the apprenticeship brand by contracting separately for apprenticeship delivery;
- integrate apprenticeships within the Welsh Baccalaureate, ending the separation between academic and vocational learning routes for young people; and
- use accreditation of prior learning to ensure that apprenticeships add real value for employers and individuals.

Investing in business and workforce development

19. In many firms, skills are only one part of the management agenda alongside other issues such as capital investment, innovation and workforce planning. We will align skills initiatives with broader support for employers to develop their businesses, as part of an integrated approach to economic development in Wales.

20. The business community has told us that the wide range of business support schemes is confusing, so they are not always sure what help is available or where to go to access it. We will simplify and streamline our programmes - we understand that if businesses and the Assembly Government are to work in partnership to invest in skills, then we must be flexible and responsive to needs.

21. We will:

- deliver an integrated business support package, focusing resources on priority sectors and strategically-important businesses;
- expand the Workforce Development Programme and discretionary funding, especially for leadership and management development; and
- introduce a new Sector Priorities Fund to ensure that funding for skills meets the needs of key sectors.

Investing in high-level skills

22. A highly-skilled workforce is essential for an innovative knowledge economy, and we need a competitive, sustainable higher education (HE) sector to produce high-level skills. The policy landscape has changed since Reaching Higher, our strategy for HE in Wales, was published in 2002. Now is the time to refresh our agenda, to ensure that the sector can respond to the challenge of delivering our ambitious goals for skills and employment.

23. We will:

- review HE in Wales and publish a new strategy to reflect the evolving mission and role of the sector;
- develop employment-related foundation degrees, particularly in sectors of strategic importance to Wales; and
- establish national research centres, such as the national science academy, to expand HE research capacity and support the commercialisation of research.

Shaping the system, responding to demand

24. Employers and learners need to have confidence in skills and employment services. The Wales Employment and Skills Board and the UK Commission for Employment and Skills will strengthen the employer voice on skills in Wales, providing a robust external challenge to the system, helping to shape strategy and delivery.

25. Flexibility and relevance will be at the core of the system. The planning of learning delivery will ensure the flexibility to respond to demand, with Sector Skills Councils a key influence. A new generation of credit-based vocational qualifications will be better-matched to employer and learner needs. High-quality information, advice and guidance will help learners to develop their skills and realise their ambitions.

26. We will:

- look to the Wales Employment and Skills Board to advise us on the implementation of this strategy and on new targets and performance measures from 2010 onwards;
- look to Sector Skills Councils to represent employers, identifying priority skills needs and advising which qualifications should be prioritised for public funding; and

- review the priorities for, and structure of, careers service delivery in the light of new challenges and opportunities.

Transforming the provider network

27. Although the performance of our learning network is improving, and there are numerous examples of excellence, we need to spread best practice from the best-performing providers to those that are still catching up. Only a network of high-quality providers, working in collaboration, can deliver our goals of improved choice and opportunity for learners.

28. We will:

- introduce a revised Quality and Effectiveness Framework; and
- transform the way the post-11 provider network operates and collaborates to improve its effectiveness and efficiency.

SECTION 1: Rising to the challenge

1.01 This strategy describes our 'One Wales' ambition for a highly-educated, highly-skilled and high-employment Wales. It builds on the consultation document we published in January, and previous strategies and action plans including The Learning Country: Vision into Action, Wales: A Vibrant Economy, the Skills and Employment Action Plan of 2005, and Words Talk - Numbers Count, our Basic Skills Strategy (2005). It also draws on the recent analyses and conclusions of two major independent reviews - Lord Leitch's review of skills in the UK,¹ and Sir Adrian Webb's review of the mission and purpose of further education in Wales.²

1.02 Lord Leitch's review of skills argued that the UK must urgently improve its skills base at all levels in order to deliver economic growth and social justice. The global economy is changing rapidly, putting a premium on skills. New technologies allow an increasing range of work to be automated or relocated to low-cost countries. Emerging economies like India and China are growing dramatically, bringing new challenges and opportunities.

1.03 If we fail to improve workforce, leadership and management skills, and to apply those skills in the workplace, Welsh businesses will gradually find it more difficult to compete. Wales' economic growth will diminish. The low skilled will be progressively marginalised in the labour market and our communities will become increasingly unequal. Wales, and the UK as a whole, cannot afford to be satisfied with the status quo.

1.04 The challenge to the Welsh Assembly Government to act decisively to improve post-14 provision was highlighted by Promise and Performance, the Review of the Mission and Purpose of Further Education led by Sir Adrian Webb. The seven fundamental messages of Promise and Performance have been accepted and are reflected across the actions that will be taken forward through this strategy, and the implementation of the Learning and Skills (Wales) Measure 2008.

A vision for the future

1.05 Our vision, outlined in One Wales, is for a strong economy based on full employment and high-quality jobs. We can only achieve this vision if more people are equipped with the skills needed to get into work and to make the most of opportunities to progress.³ We want to create a successful post-compulsory education and training system that:

- provides individuals with the knowledge and skills they need to obtain employment and to achieve personal and career fulfilment and to contribute to community life;
- provides businesses in Wales with a skilled workforce, enabling them to be enterprising and profitable;

- drives economic and social development through the creation and exploitation of new knowledge and research;
- helps to create a confident, competitive Wales with healthier and more prosperous communities;
- has high-quality, flexible, responsive, entrepreneurial and innovative providers; and
- makes full and strategic use of the opportunities presented by EU funding, notably the European Social Fund and where relevant, the European Regional Development Fund.

Principles

1.06 We have a set of guiding principles that underpins our strategy and will inform the development of our policies: integration; responsiveness; shared responsibilities; quality; equality of opportunity and Welsh language skills.

1.07 **Integration:** we see skills, employment and business development as inextricably linked. We will work with our partners to deliver flexible, joined-up skills, business support and employment programmes, providing integrated services focused on the customer.⁴

1.08 **Responsiveness:** we will be responsive to the unique needs of our customers. Being responsive means giving our customers real influence over our programmes, funding and delivery. Our customers are employers, learners and communities across Wales.

1.09 **Shared responsibilities:** if we are to deliver a radical improvement in Wales' skills, the Assembly Government, individuals and employers must all increase their investment in learning. We believe that public funding should support priority skills needs, especially ensuring that everybody is equipped with the basic platform of skills necessary for employment and participation in community life. Individuals and employers should contribute to the costs of learning where they derive the biggest benefits.

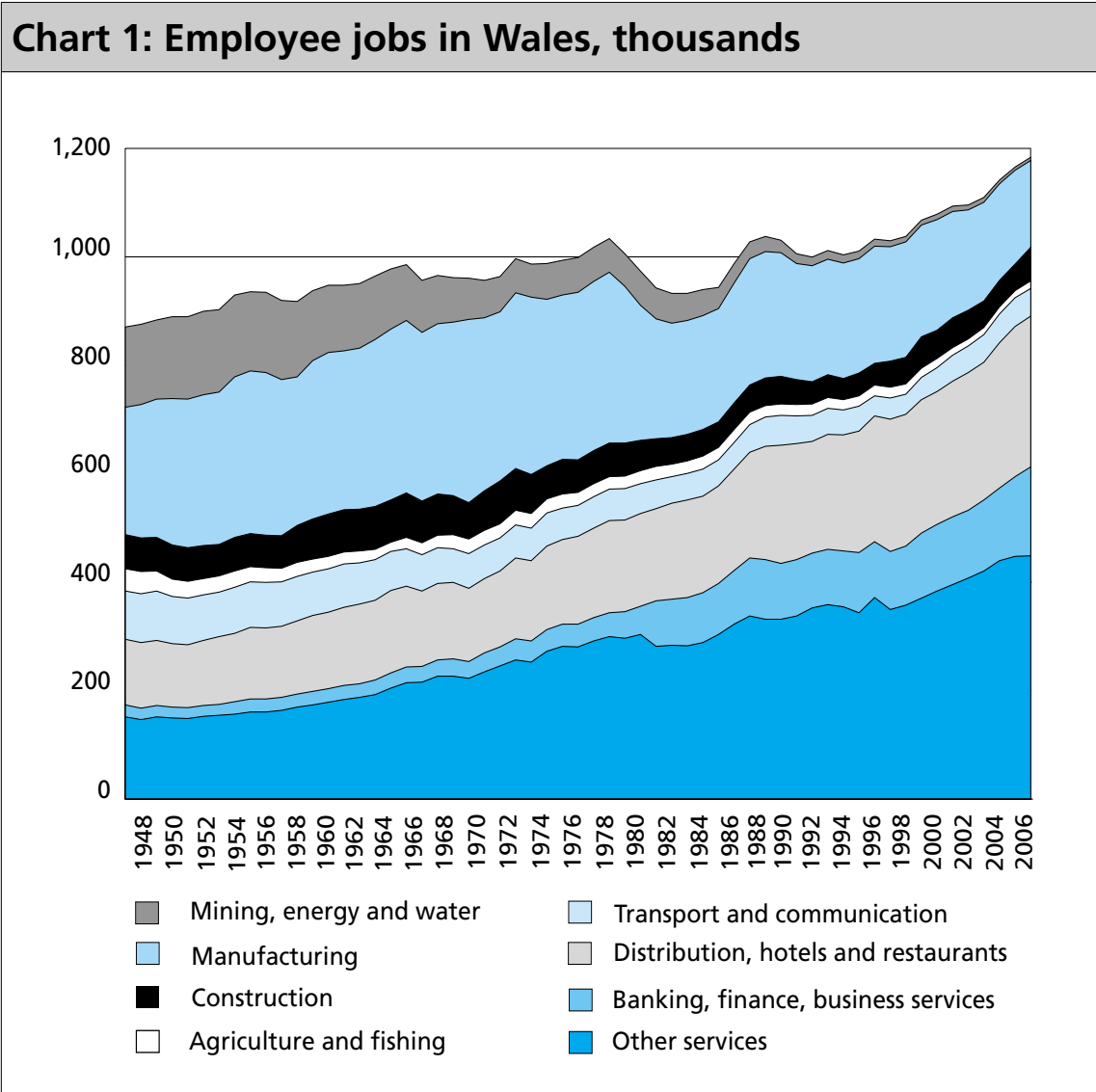
1.10 **Quality:** we will only fund post-16 providers who deliver high-quality education and training that meets the needs of employers, learners and communities.

1.11 **Equality of opportunity:** equality and diversity are integral to the skills and employment agenda. We conducted a full equality impact assessment for this strategy, and believe that no one should be denied opportunities because of their race, ethnicity, disability, gender, sexual orientation, age or religion. We will expect our partners, providers and stakeholders to recognise this principle in practice, contributing to the Assembly Government's Mainstreaming Equality Strategy.

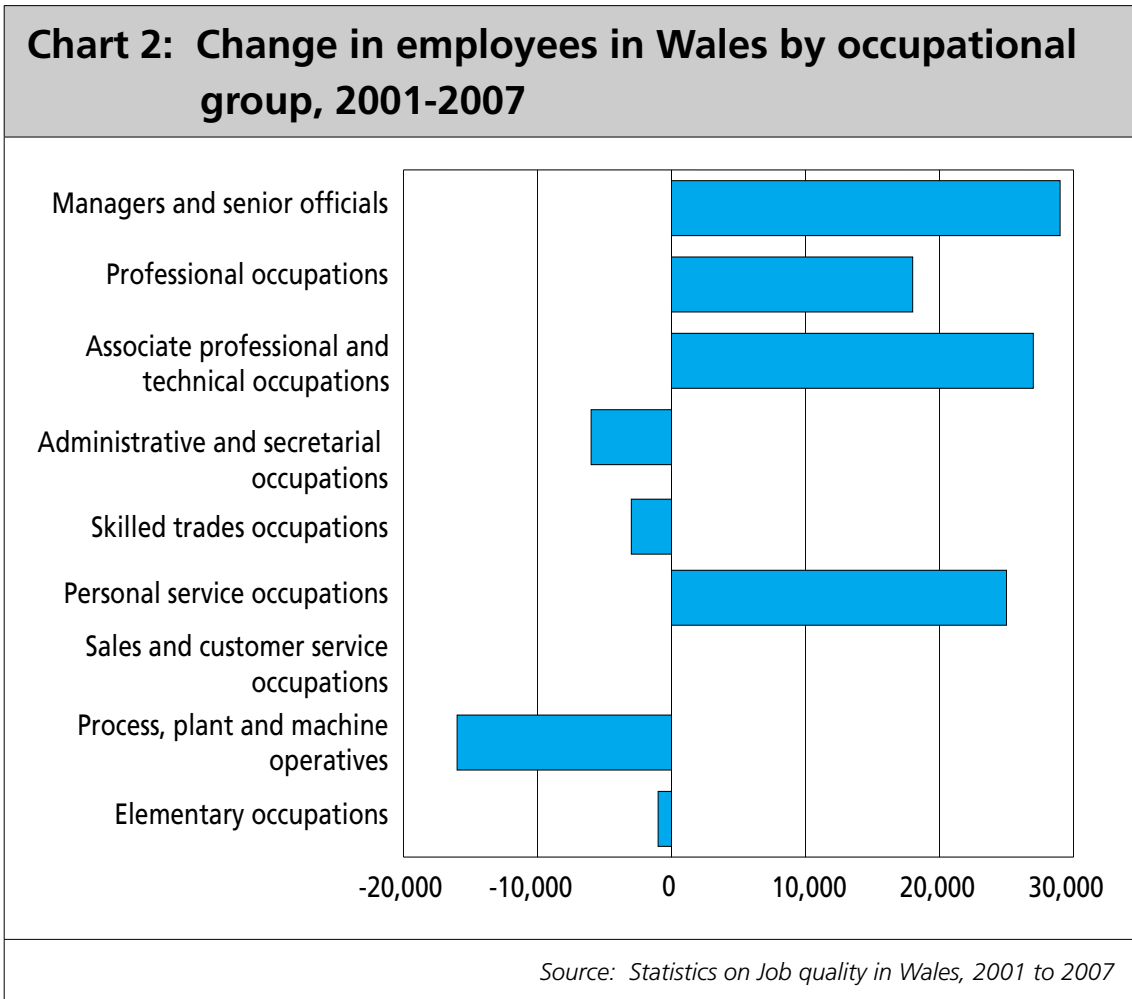
1.12 **Welsh language skills:** language is part of a nation's identity. The Assembly Government wants Wales to be a truly bilingual nation, where people can choose to live their lives through the medium of Welsh or English and the presence of two languages is a source of strength.⁵ Our Welsh-medium education strategy, currently under development, will describe our agenda for Welsh-medium skills provision in more detail. We will work with learning providers to increase the availability and choice of courses delivered through the medium of Welsh.

A changing world

1.13 As chart 1 demonstrates, the structure of the Welsh economy has changed considerably over time. The share of total jobs in the service sectors is rising while the share in manufacturing is falling. Nevertheless, manufacturing clearly remains a vital part of the economy, for certain regions in particular.



1.14 Over recent years, there has also been an overall shift towards more highly-skilled, well-paid jobs in Wales - not just in the public sector, but in the private sector as well. We have witnessed a 'hollowing out' or polarisation between the highest and lowest-paid occupations, and a switch from machine-based jobs to people-based jobs at the lower end of the labour market (chart 2).⁶



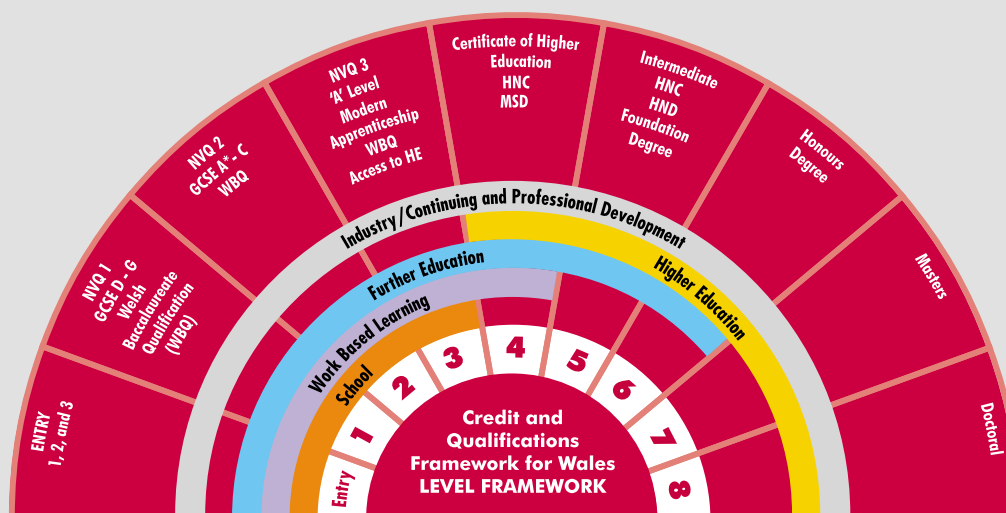
1.15 Similar changes are affecting many developed countries. They are the result of technological change and globalisation: firms can automate many routine jobs or re-locate them to low-cost locations overseas. We expect these trends to continue, and skills at all levels to become increasingly important - both in influencing where firms choose to locate, and in shaping the life chances of individuals.⁷

1.16 In his independent review of the UK's long-term skills needs, Lord Leitch predicted that the employment prospects of people with few skills will continue to decline.¹ Unless people are equipped with flexible skills and are willing to train, they will not be able to move into future growth industries and take up new job opportunities.

Box 1: Skills and Qualifications

Skills and qualifications are not the same thing, but we often talk about them interchangeably

Credit and Qualifications Framework for Wales Learning and Progress Routes



The Credit and Qualifications Framework for Wales (CQFW) was introduced in 2003 as a fully inclusive learning framework. The Levels capture all learning from the very initial stages (Entry) to the most advanced (Level 8). The fan diagram illustrates, with examples, the levels of qualifications and the relevant learning provision.

The OECD uses its own classification of education levels:

- Low attainment refers to primary, lower secondary and 'short' upper-secondary education (i.e. achieving less than the requirement of the Level 2 threshold)
- Medium attainment refers to 'long' upper secondary education (i.e. at or above the Level 2 threshold)
- High attainment refers to tertiary education

Where we are now

1.17 We have been making good progress in improving the skills of the Welsh workforce. Since 2001, the proportion of working-age adults in Wales with no qualifications has fallen by six percentage points, and there has been a seven percentage point increase in the proportion with qualifications at National Qualifications Framework level 2 and above.⁸

1.18 Despite these improvements, the skills of the Welsh workforce still compare poorly with many other parts of the UK (chart 3). Wales has a higher proportion of low-qualified adults than Scotland and most of the English regions, though we rank above Northern Ireland.

1.19 Arguably, the greatest challenge is to address the basic skills deficit: basic skills in Wales are poorer than in any English region (chart 4). We estimate that around 440,000 adults in Wales have 'entry level' literacy, and 990,000 have 'entry level' numeracy, suggesting that they lack the basic skills necessary for good quality employment.⁹

Chart 3: Qualifications profiles across the UK, 2006

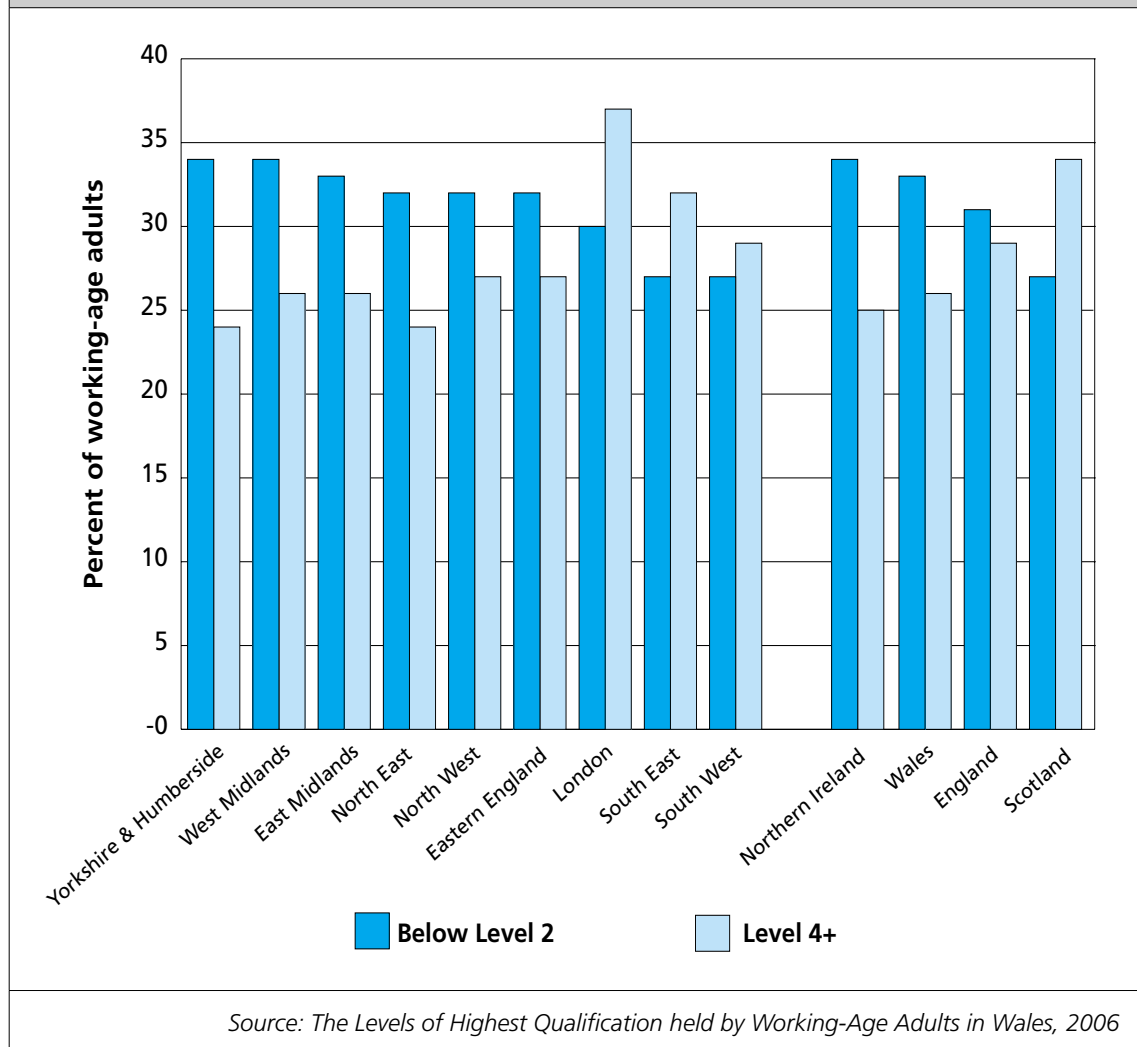
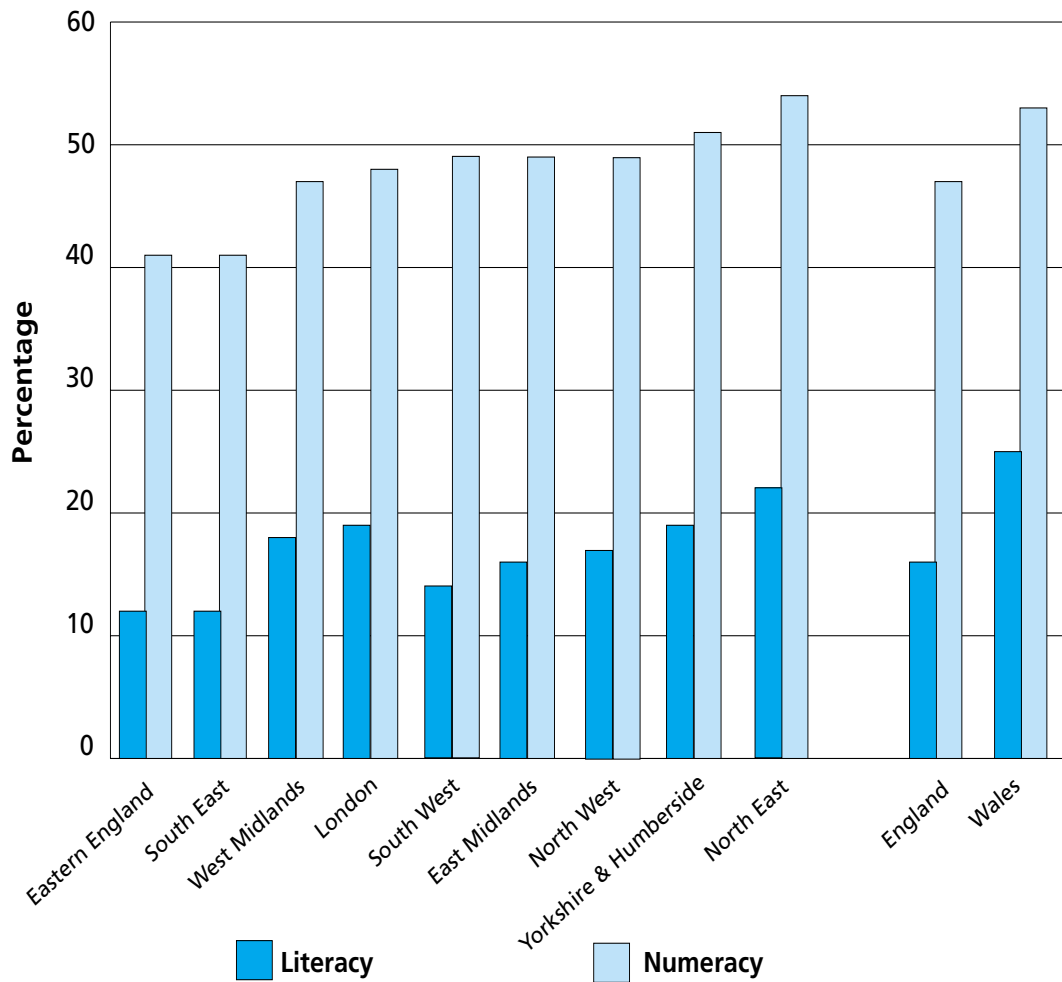


Chart 4: Proportions classed as Entry level in literacy and numeracy assessments - Wales and the English regions



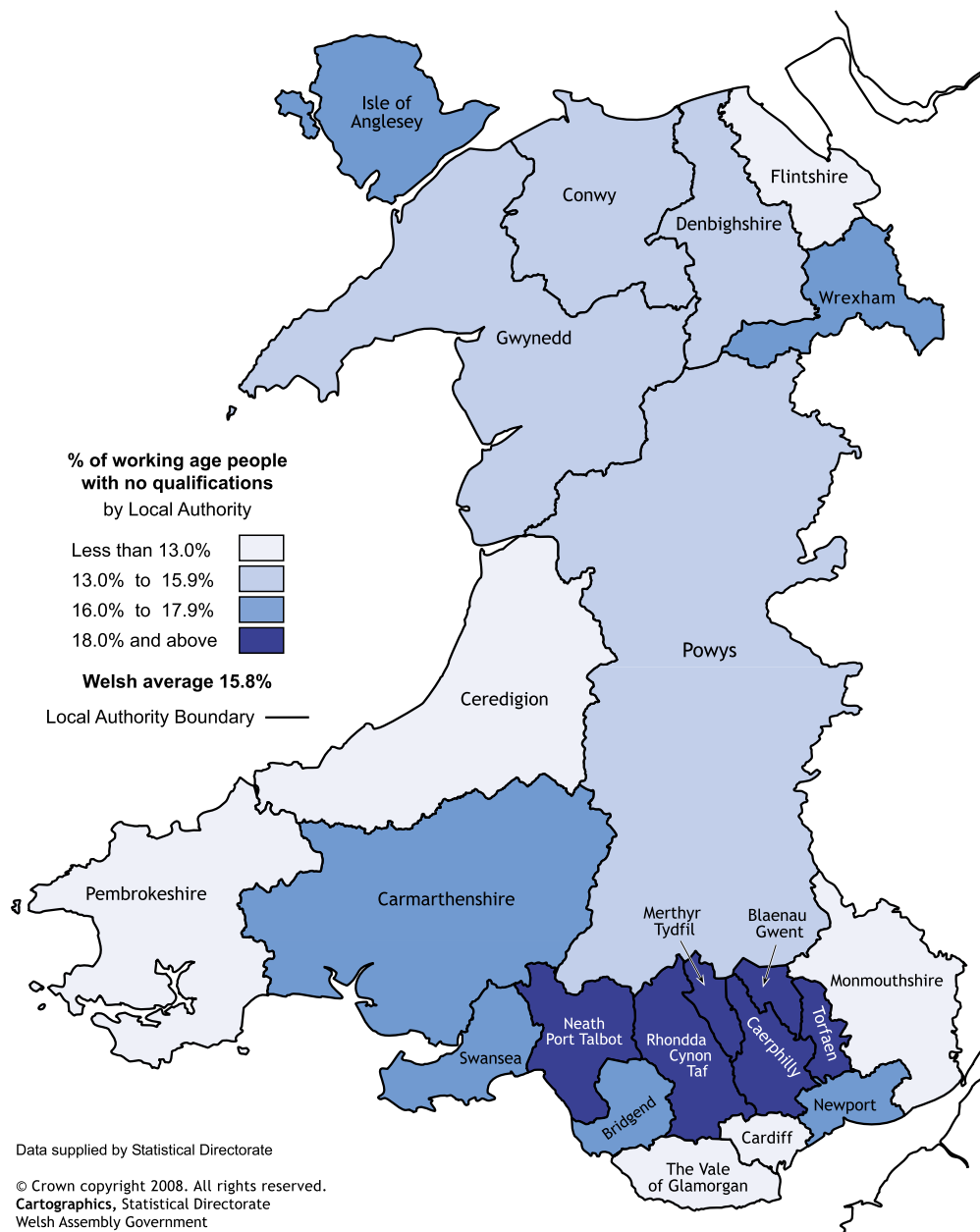
Source: National Survey of Adult Basic Skills in Wales (2004), Skills for Life Survey (2003)

1.20 Workforce skills vary across Wales. Working-age adults in the South Wales Valleys are generally more likely not to have any qualifications than people in other parts of the country (map 1). More than a quarter of people in Blaenau Gwent, and more than a fifth in Caerphilly and Merthyr Tydfil, have no qualifications; in comparison, only 9% of people in Ceredigion, The Vale of Glamorgan and Monmouthshire are unqualified.⁸

Map 1

NO QUALIFICATION RATES

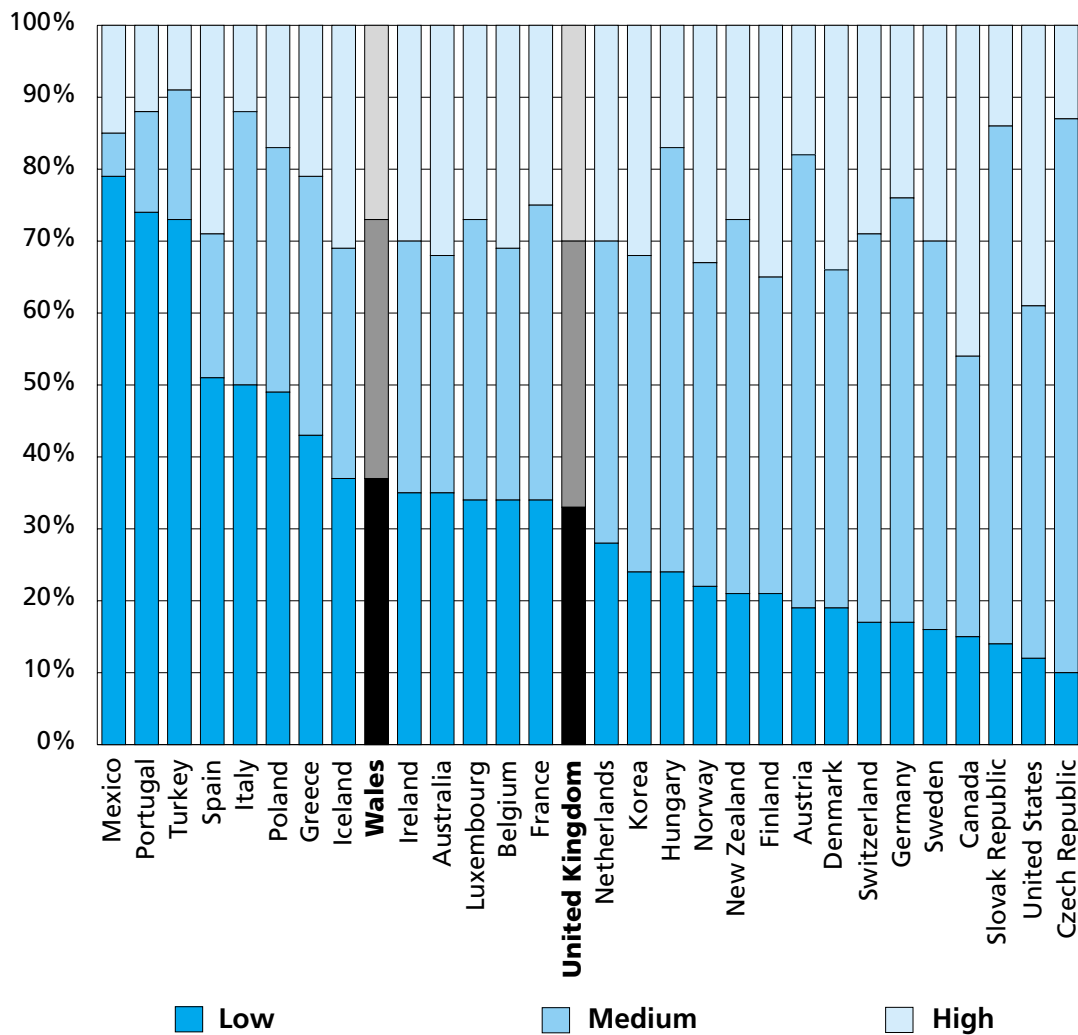
Percentage of working age adults with no qualifications
Year to September 2007



1.21 In the wider international context, Wales has one of the best rates of adult participation in lifelong learning, but a relatively high proportion of young people are classed as 'NEET' (not in employment, education or training). Just over a third of the Welsh population have obtained at most 'low' qualifications (chart 5).¹⁰

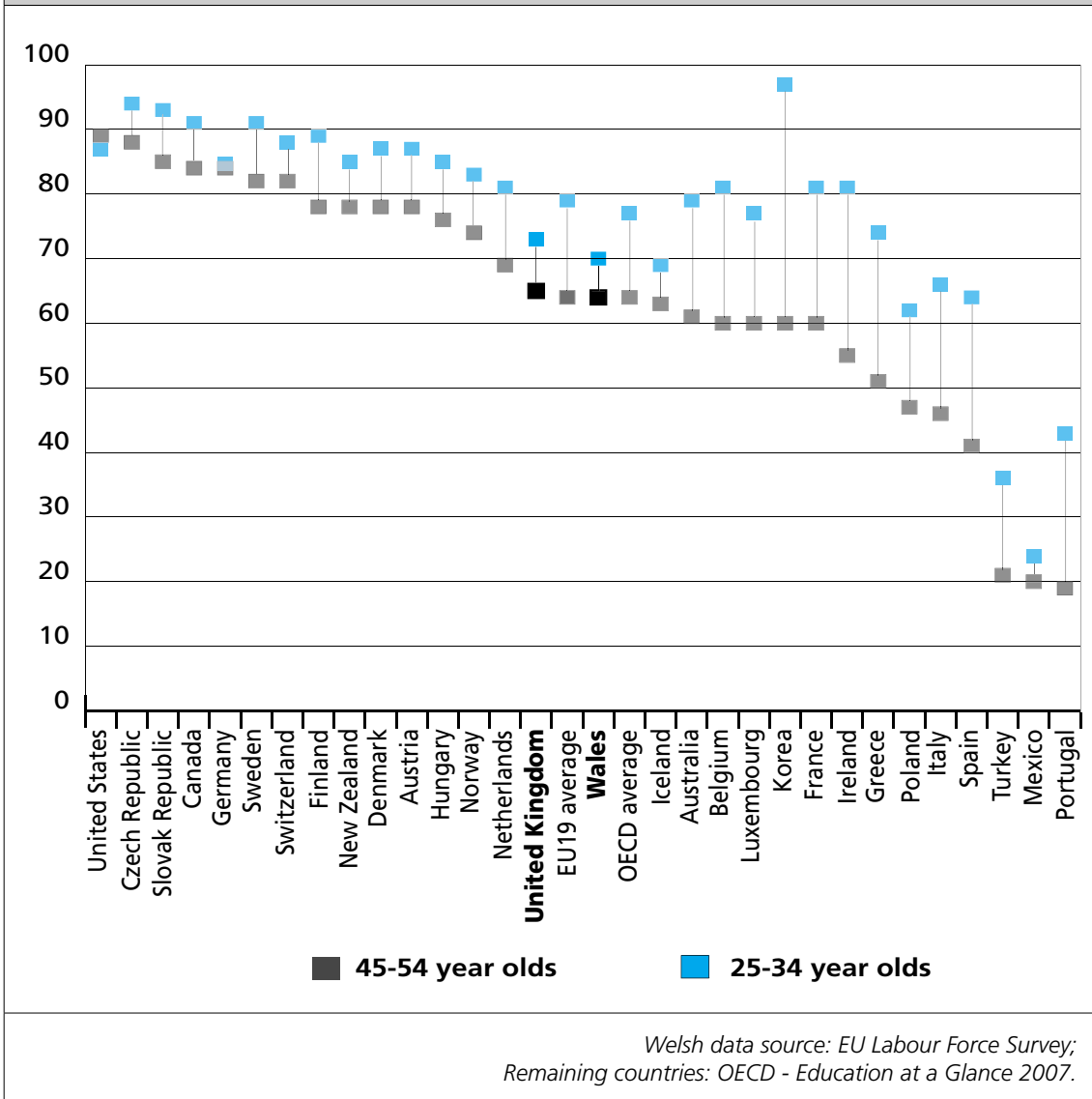
1.22 Although a higher proportion of 25-34 year olds in Wales have completed upper secondary education compared to 45-54 year olds, the gap in achievement between these two cohorts in Wales is one of the smallest in the OECD. Young people in countries such as Poland, Italy and Spain are far more likely to be completing upper secondary than older cohorts which may lead, in the long-term, to convergence with the Welsh figure (chart 6).¹¹

Chart 5: Educational attainment of 25-64 year olds, ordered by low attainments



Welsh Data Source: EU Labour Force Survey (Spring 2005);
Remaining Countries: OECD - Education at a Glance 2007

Chart 6: Percentage of 25-34 and 45-54 year olds having completed at least upper secondary education, 2006

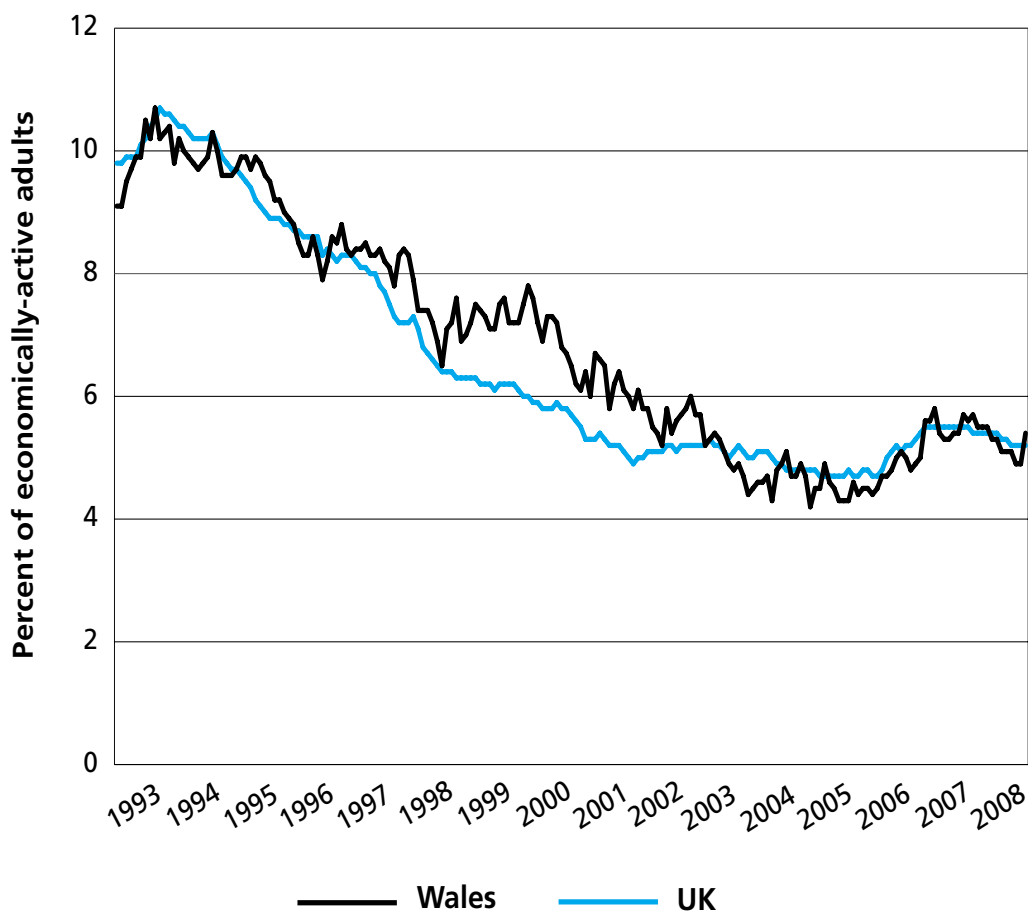


1.23 Although we have some way to go to match skill levels in the world's most prosperous countries, we have been making good progress in addressing many of the challenges facing the Welsh economy. Since the late 1990s, there has been a major fall in unemployment in Wales (chart 7).

1.24 In the 3 months to April 2008, the unemployment rate in Wales was 5.3% of the economically active population, down from 5.7% in the same period a year earlier. For the UK as a whole, the unemployment rate was also 5.3%.¹¹ In 2007, unemployment in Wales was lower than in 21 of the 27 EU countries including France, Germany, and Italy.¹²

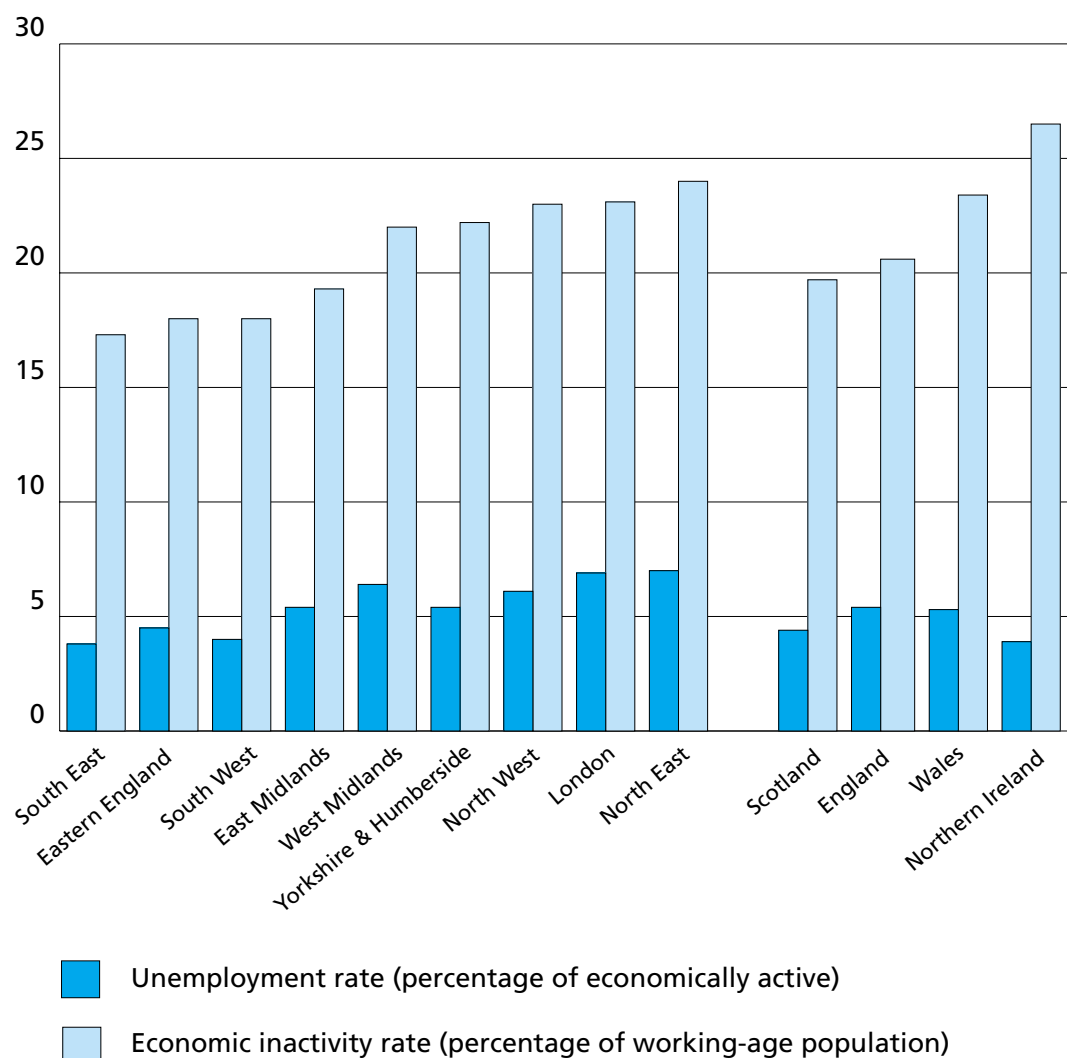
1.25 However, 23.4% of people of working age in Wales are classed as economically inactive (that is, neither in work nor seeking employment), a rate higher than the UK average (20.8%) and higher than all other parts of the UK except Northern Ireland and the North East of England (chart 8).¹¹ Economic inactivity is strongly related to a lack of skills: while 82.5% of people with a level 2 qualification or higher are in employment, less than half of people with no qualifications have a job.¹³

Chart 7: Unemployment rates in Wales and the UK



Source: Labour Force Survey, Labour Market Statistics Release

Chart 8: Unemployment and economic inactivity across the UK, February - April 2008

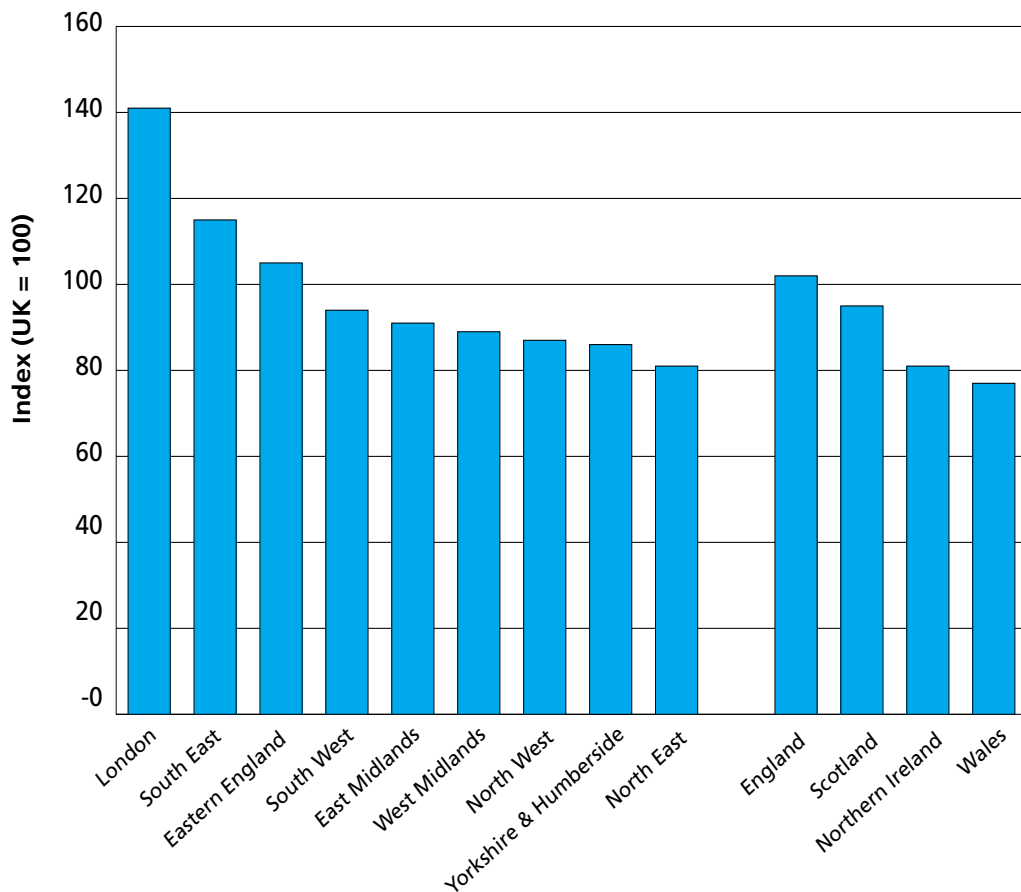


Source: Stats Wales, June 2008 (Quarterly Labour Force Survey)

1.26 Gross Value Added (GVA) and Gross Domestic Product (GDP) measure the total income generated by the production of goods and services within a country or region. GVA per head in Wales in 2006 was 77.3% of the UK average, the lowest amongst the devolved countries and English regions (chart 9).¹⁴

1.27 Lower GVA per head does not necessarily imply lower living standards, because it does not take into account income received by residents who commute outside an area, or 'transfer payments' such as pensions and social security.¹⁵ Gross Disposable Household Income per head in Wales, which more closely reflects living standards, was 89.4% of the UK average in 2006, higher than the equivalent levels in Northern Ireland and the North East of England, and its highest relative level since 1995.¹¹

Chart 9: Regional GVA per head, by UK region (2006)



Source: Stats Wales, April 2008

1.28 Welsh GVA per head is a result of lower economic activity rates and lower productivity. Lower productivity is a reflection of our occupational profile, economic history and probably the lack of a very large city in Wales - large urban areas can act as powerful engines of economic growth.¹⁵

1.29 However, the skills mix of the workforce also plays an important role. If Wales is to secure more well-paid jobs, we will need to make it an attractive location for firms to invest, and a good place for highly-skilled people to live and work.⁷

1.30 Another dimension of the skills agenda is in-migration. Increasingly, we are seeing the emergence of a global market for talent, with the highest-skilled people being the most likely to migrate.¹⁶ Successful countries and regions need to both develop the skills of their indigenous workforces and lure highly-skilled workers from elsewhere.

1.31 The Experian report *Attracting Talent* showed that the pattern of in-migration to Wales is more varied than that for other parts of the UK, with a number of different groups being over-represented in the inflow, including well-paid managers and professionals, older suburban families, but also people with uncertain employment prospects.¹⁷ Our wider agenda for improving the quality of life in Wales - delivering excellent public services, creating strong communities and protecting our rich environment - will help us to continue attracting talented people to live, study and work in Wales.

Where we are now - the provider network

1.32 Our economic future depends on the quality of the education and training system in Wales. We rely on our learning providers to equip people of all ages with the knowledge and skills they need to succeed in a rapidly-changing economy.

1.33 Many learning providers in Wales are effective and there are examples of excellence. Estyn's latest annual report (see box 2) notes that standards have improved in schools, more outstanding work is being achieved in further education, and work-based learning has shown a marked improvement.¹⁸

Box 2: Estyn Annual Report 2006-07

"Partners are getting better at working together and at making links between education, health and crime agencies. Local authorities and their partners are starting to make joined-up arrangements for children and young people. However, leaders across education and training do not always plan together well at the most senior levels to make the best use of the total available resources for education and training in an area."

"Overall, many learners in Wales get what they need from their education, but there is a significant number who do not. These learners struggle to catch up in later life and may never get a second chance. Everyone involved in education must work together to overcome the inconsistency in provision that we describe in this report so that they can provide a world-class education system that gives all learners a fair chance to succeed, no matter where they live."

1.34 Serious challenges remain. The Webb Review concluded that we have yet to make substantial progress in tackling the underlying causes of the basic skills deficit; ensuring a full range of vocational and academic learning for all 14-19 year olds; or delivering a joined-up response for the most socially disadvantaged learners.²

Box 3: Fundamental Messages of the Webb Review

- Learner Entitlement: diverse and personalised learning for all 14-19 year olds.
- Employer Influence: employer engagement must increase greatly in the 14-19 phase, be paramount post-19 and must drive strategy and the performance of providers.
- Skills: the Basic Skills gap must be closed.
- Quality: all publicly funded provision must be good or excellent and must be embedded in excellent provider networks.
- Funding: new approaches to funding are essential to implement existing policies but need to be justified by much greater efficiency.
- Reconfiguration: diverse and personalised learning can be delivered efficiently only through a reconfigured system.
- Governance: critical outcomes can be delivered only by enhanced governance, national and local, that drives priorities, overcomes barriers and spans boundaries.

1.35 The Webb Review proposed reforms to make collaborative working a reality, promote choice and personalised learning, and drive efficiencies in the learning network. We have accepted the fundamental messages of the Review (see box 3) and will publish a detailed response to its recommendations.

Where we want to be

1.36 We want to improve dramatically our national skills base in line with Lord Leitch's recommendation that the UK should aspire to "world class" skills by 2020. The Leitch Review showed that improving skills will deliver large benefits to the economy through higher productivity and employment. Our ambition, announced in One Wales, is to increase Wales' employment rate from 71.8% to 80% of the working-age population.

1.37 The Welsh approach is distinctive. We note the Webb Review's conclusion that creating skills to drive employment and economic performance is more important than "arbitrary" qualifications targets.² We recognise the limits of what can be achieved by focusing on skills alone: our new strategy is an integrated approach, joining skills initiatives with employment services and business support.

1.38 In 2006, we announced a series of short-term targets for skills in Wales:

- the percentage of working-age adults with level 1 or above basic skills in literacy to be 80% by 2010 (in 2004, the proportion was 75%);
- the percentage of working-age adults with level 1 or above basic skills in numeracy to be 55% by 2010 (in 2004, the proportion was 47%);
- the percentage of adults of working age with a qualification equivalent to level 2 or above to be 70% by 2010 (in 2006, the proportion was 68%);

- the percentage of adults of working age with a qualification equivalent to level 3 or above to be 50% by 2010 (in 2006, the proportion was 46%); and
- the percentage of adults of working age with a qualification equivalent to level 4 to be 30% by 2010 (in 2006, the proportion was 26%).

1.39 We remain committed to achieving these goals, but we will take advice from the new Wales Employment and Skills Board on a new generation of targets to reflect our longer-term ambitions. We will consider the scope for wider indicators of success such as: employer and learner satisfaction with the services they receive; learners' progression into their desired pathway of further learning or employment; and providers' attainment of quality benchmarks.

1.40 Given the many competing demands that the Assembly Government's budget faces, we will only succeed in realising these aspirations if learners and employers also increase their investment in learning. In turn, where the Assembly Government does invest, the programmes it funds should meet the needs of employers and individuals in line with our principle of responsiveness.

1.41 The priorities we address through this strategy document are:

- improving the levels of basic literacy and numeracy skills in the workforce (i.e. for qualifications to at least Level 1 in these areas);
- ensuring everyone has skills essential to take up employment and maintain their employability within the labour market, delivered as part of a customer centred and integrated skills for employment service;
- increasing the demand for, and supply of, intermediate and high-level skills, including the management, leadership and technical skills critical for success in a fiercely competitive international market;
- addressing skills gaps and shortages in priority sectors for the Welsh economy and supporting economic development through our investment in post-19 skills; and
- establishing effective and efficient learning provision, capable of delivering the policy aspirations of the Welsh Assembly Government for responsiveness, choice, and quality.

1.42 In the following sections we describe our approach and action plan.

SECTION 2: Preparing young people for the future

2.01 Our long-term skills needs will only be met if we ensure that young people have better opportunities than previous generations, and are equipped with the skills, knowledge, and understanding they need to succeed in the modern economy.

2.02 Recent research has shown the critical importance of the early years in shaping a child's future life chances. A study of a group of British children born in 1970 found that children who initially scored highly in tests, but came from a poorer family background, fell behind children from wealthier families by the age of 10.¹⁹

2.03 Stable, caring families with a culture of education generally raise children who learn more easily. Dysfunctional families raise children who struggle, and who may become disruptive. Early educational advantages or disadvantages can be compounded over time, so we need to ensure that children get the best possible start in life and can benefit from a supportive learning environment at school.²⁰

A Flying Start

2.04 International evidence demonstrates the benefits - especially for disadvantaged children - of investing in the early years.²¹ Our Flying Start scheme, delivered in partnership with local authorities, is making a real difference to the prospects of children aged 0-3 in disadvantaged communities across Wales.

2.05 The centre-piece of the scheme is free, high-quality part-time childcare for two-year olds, delivered by trained professionals with a focus on child development and learning through play. Local partnerships can also use Flying Start funding to provide additional services from a range of options that have demonstrated effectiveness, including health visitor support and parenting programmes.

2.06 Flying Start will invest more than £2,000 for each participating child per year, with approximately 16,000 children benefiting from the programme. We anticipate major benefits for children's cognitive, language, social and emotional development, which should equip them well for life at school.

Foundation Phase

2.07 The Foundation Phase is a new approach to learning for children from 3-7 years of age. We are placing more emphasis on learning by doing, exploiting children's natural curiosity to explore and learn through first-hand experiences.

2.08 The Foundation Phase curriculum will focus on learning through play and activity, rather than simply completing exercises in books. Children will be given time to develop their speaking and listening skills and to become confident in their

reading and writing abilities. Mathematics will be more practical so that children can see how problems are solved, and how important mathematics is in their everyday lives.

2.09 The Foundation Phase Framework for Children's Learning for 3 to 7 year-olds in Wales becomes a legal requirement in:

- August 2008 for all 3 to 4 year-olds;
- August 2009 for all 4 to 5 year-olds;
- August 2010 for all 5 to 6 year-olds; and
- August 2011 for all 6 to 7 year-olds.

Revised School Curriculum and Skills Framework for 3-19 year-olds

2.10 Education has to prepare our children and young people for the opportunities, responsibilities and experiences of later life. Revisions to the National Curriculum 7-16 and the introduction of a Skills Framework for 3-19 year-olds place greater emphasis on skills development. These changes will help learners to acquire skills in thinking, communication, information and communication technology (ICT) and numeracy, which are critical for success in school and the workplace.

Learning Pathways 14-19

2.11 We want to encourage more young people to continue in education or training beyond 16, and to offer them a wider range of learning experiences. Learning Pathways 14-19 is transforming learning provision for young people in Wales, with broader, more flexible learning options matched by enhanced support and guidance.

2.12 We want young people to be confident that the choices that they make are right for them and fully reflect their aptitudes and potential, whilst offering a range of broad and balanced educational opportunities.

2.13 The proposed 14-19 Learning and Skills (Wales) Measure 2008 sets out to achieve equality of opportunity and experience for 14-19 year old learners across Wales. The Measure will place a duty on headteachers, governing bodies, local authorities and further education institutions to co-operate in securing a minimum learners' entitlement, so that learners are given a broad range of options to choose from, both vocational and academic.

2.14 The Welsh Baccalaureate Qualification (WBQ) has been strongly endorsed by employers and lies at the heart of Learning Pathways 14-19 (see box 4). We are keen that students in Wales have access to the new employer-led qualifications being developed as part of the 14-19 Diplomas in England, and they will be made available within the WBQ framework from 2009/10.

Box 4: The Welsh Baccalaureate

The Welsh Baccalaureate is currently being introduced into post-16 learning at two levels - Intermediate (level 2) and Advanced (level 3). A Foundation (level 1) version is being piloted both pre- and post-16. The Welsh Baccalaureate consists of a Core, including Key Skills and work-related education, and a wide range of options.

2.15 Academic and vocational learning are both important aspects of skills development. We need to break down the barriers between the different types of learning, recognising that all learning pathways must deliver skills that are relevant to future careers.

2.16 Despite real progress in many areas, some people still believe that vocational learning is not suitable for the most talented youngsters, and that the route to higher education has little to do with skills. We are determined to change this negative perception, which holds back many young people from achieving their full potential and deprives employers of talented individuals.

2.17 Local authorities will need to develop vocational provision within their options menu, and this provision will need to be attractive to learners of all ability levels. Further development of level 2 courses, both English- and Welsh-medium, will be paramount in ensuring appropriate pathways for all learners.

2.18 We already have the foundations of a more coherent approach: 14-19 Learning Pathways; the Welsh Baccalaureate Qualification; Modern Apprenticeships; and the Credit and Qualifications Framework for Wales. We will integrate them as follows.

- continuing to bring together the Welsh Baccalaureate and 14-19 Learning Pathways. They already share the concept of a common core complemented by a wide-ranging options menu of other learning. The Welsh Baccalaureate will increasingly become the qualification of choice for young people in Wales;
- widening vocational and applied learning options. New Pathways and vocational qualifications designed in conjunction with Sector Skills Councils will be introduced, linked directly to the Welsh Baccalaureate; and
- ending the concept of a separate “work-based learning” route for young people. Apprenticeships have a core of Key Skills, technical certificates and National Vocational Qualifications (NVQs) that can be encompassed within the Welsh Baccalaureate. Apprenticeships will retain their branding, design and mode of delivery, but this reform will end the separation between the academic and vocational learning routes, and open up new opportunities for young people.

2.19 Employers want young people to be prepared for the world of work, with its responsibilities and expectations. Likewise, learners benefit from experiencing a workplace at first hand. We will deliver the 14-19 Employer Engagement Task Force's recommendation to establish a national employer engagement system by creating a national work-placement database within the Careers Wales website.

2.20 We want to offer employers a menu of choices for involvement in 14-19 Learning Pathways, with a greater obligation to participate falling on those in receipt of public funding. Employers will engage with networks to develop option menus that match the needs of both the local and national economies.

Worldskills

2.21 We want to showcase young Welsh talent and promote vocationally-related education and training. We will work with partners and stakeholders to develop a competition base enabling learners to participate in the UK team at Worldskills.

2.22 Worldskills can inspire young people and encourage others to pursue vocational learning pathways. The international Worldskills competition tests and recognises the very best skills of young people through a competition on the global stage.

2.23 We will support and enhance a network of skills competitions in a range of sectors within Wales over the next two years, and create a legacy of skills competitions in which people compete and continuously improve. As part of this we plan to host a Skills City event in 2009/10.

Youth Enterprise and Entrepreneurship

2.24 Entrepreneurship skills are about more than simply generating new business start-ups: being entrepreneurial means looking for opportunities and making the most of them, in many different aspects of life. The Youth Enterprise and Entrepreneurship Strategy for Wales (YES), launched in 2004, helps to equip young people with a "can do" attitude and the confidence to make the most of their creativity.

2.25 Our bilingual Dynamo teaching materials for enterprise learning, developed as part of the YES strategy, are among the most advanced in the UK. Dynamo materials are available for learners across the age spectrum from 5-19. Each phase builds on previous learning and helps young people to develop their skills in a fun and stimulating way.

2.26 Around 2000 teachers have now been trained to use the Dynamo materials, and we have created a network of 300 Dynamo role models, entrepreneurs who make inspirational presentations to young people across Wales. This is one of the largest networks of its kind in Europe.

2.27 We are committed to strengthening the links between education and entrepreneurship. A revised YES strategy will shortly be developed in consultation with key partners across the education sector.

Education for Sustainable Development and Global Citizenship (ESDGC)

2.28 Our Sustainable Development Scheme commits us to promote development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Our support of Education for Sustainable Development and Global Citizenship (ESDGC) spans all sectors of learning, enabling people to understand the global forces which shape their lives and to participate in decision-making, both locally and globally, which promotes a more equitable and sustainable world. We will continue to work with learning providers to deliver the ESDGC action plan.²²

Young people not in employment, education or training

2.29 For many vulnerable young people, the transition from childhood to adulthood is complex and fraught with difficulties. Looked-after children, young people who have been truants or excluded from school, and serious or frequent offenders are at particular risk. Many experience a damaging period 'not in employment, education or training' ('NEET'), which can have a persistent effect on their future economic prospects.²³

2.30 We are developing a 'NEET' policy to re-engage young people excluded from learning and the labour market. A consultation paper - *Delivering Skills that Work for Wales: Reducing the proportion of young people not in education, employment or training in Wales* - was launched in May 2008. Our proposals are underpinned by 14-19 Learning Pathways and link to our agenda for reducing adult worklessness. We want to ensure that as many young people as possible choose to stay in learning or to enter good quality employment post-16.

2.31 Helping children and young people from poorer families to achieve is one of the best ways of guarding them from the risk of unemployment or economic inactivity in later life. To do this we need to get three building blocks in place.

2.32 The first building block is making sure that we have efficient processes to identify and re-engage young people who leave education and training early. This means being smarter at using and sharing information both nationally and locally. We propose to introduce a new Statement of Arrangements, setting out requirements for learning providers to notify Careers Wales as soon as a young person disengages from learning.

2.33 The second building block is ensuring that we have a full range of learning options to meet the needs of all young people. We need a system that offers suitable opportunities, no matter what level a young person has reached, where they live or what style of learning appeals to them. We will develop a new Entry level programme to replace Skillbuild, focusing on developing employability skills but also offering clear progression routes.

2.34 Our third building block is learning support, careers advice and guidance. Young people must be equipped with the skills and information they need to access education, training or employment opportunities. We will invest in the development of an enhanced model for Learning Coach support for disengaged young people, and we will work with the Department for Work and Pensions to make changes to benefit entitlements so that young people with a history of being NEET can be fast-tracked straight onto the New Deal.

SECTION 3: Investing in skills - a shared responsibility

Where we will invest

3.01 The Assembly Government's Department for Children, Education, Lifelong Learning and Skills has a budget of £1.95 billion for 2008-09, which will rise to £2.03 billion by 2010-11. Over the last few years, we have increased substantially our investment in education and training.

3.02 However, our finite budget will always be insufficient to fund all the learning necessary for a competitive economy and a fairer society. Employers, individuals and our society as a whole all benefit from skills.²⁴ The responsibility for funding those skills should also be shared.

3.03 Employers spend more than £30 billion per year on training.²⁵ However, 42% of employers do not provide any off-the-job training.²⁶ Achieving a radical change in our national skills base will require investment by the Assembly Government, business and individual learners.

3.04 Higher-level skills offer clear wage and productivity returns, giving individuals and employers an incentive to invest (Table 1). Where these private returns are greater, employers and learners must be expected to contribute to the costs of learning. At lower skills levels, there are often serious market failures that stop people and businesses from investing. Market failure is one of the main reasons why the Assembly Government needs to take action (see box 5).

Table 1: Percentage wage premiums for qualifications in Wales and the UK (Labour Force Survey 2003)

	UK		Wales	
	Men	Women	Men	Women
Higher degree	84	86	85	84
First degree	71	72	66	67
Degree equivalent	54	53	55	53
NVQ 5	55	53	48	71
NVQ 4	38	45	40	52
NVQ 3	29	23	30	22
A Level	27	28	30	23
NVQ 2	12	9	14	7
O Level	23	20	23	14
Other	6	7	11	3*
NVQ 1	4*	-6*	12	-4*

* Not statistically significant

Reproduced from "Futures: some trends, issues and uncertainties"
<http://new.wales.gov.uk/about/strategy/futures>

Box 5: Market Failure in Skills

Market failure is one of the main reasons why Government may need to take action on an issue. It occurs when an economic market fails to work efficiently. In the market for skills, this could be for several reasons:

- risk - individuals and employers may not be certain that investing in certain types of skill will bring a reasonable return;
- credit failures - individuals or employers may not be able to borrow enough money to invest in learning;
- lack of information - individuals and employers may simply not know enough about the benefits of certain types of skill; and
- spillovers - skills have wider benefits for society as whole, but an individual or employer will usually not consider these wider social benefits when deciding whether to invest.

Lord Leitch found that market failure is most serious at the lower end of the market for skills.

3.05 We also want to focus our scarce resources on the most disadvantaged, because social justice is at the heart of all our policies and programmes. It is clearly right that we should prioritise funding and learner support to help people at risk of exclusion get the minimum platform of skills necessary to find a sustainable job. New research shows that a range of lower-level vocational qualifications yield sizeable wage returns for people who left school with no or low qualifications, and also have a strong effect on employment rates.²⁷

3.06 Lord Leitch's interim report modelled a number of alternative scenarios for improving the UK's skills base, focusing on low, intermediate, and high skills. His analysis found that the biggest productivity improvement would come from focusing on high skills, and the largest gain in employment would come from focusing on low skills. However, the balance between benefits and costs was similar for all three scenarios, and focusing on improving the skills of the least qualified had the greatest potential to reduce income inequality.²⁸

3.07 We believe that Wales will benefit most from a balanced strategy to improve skills at all levels. However, the Assembly Government's budget is limited and since the benefits of skills are shared between individuals, employers and society as a whole, the funding requirements need to be shared as well. Where private returns are greater, employers and learners must be expected to contribute more to the costs of learning.

Fees and concessions: the way forward

3.08 In order to realise our principle of a shared responsibility for investing in learning, we need to look at how and when the charging of fees is appropriate for post-16 provision. At present, our funding system sets no fee assumption. This means that the proportion of public subsidy towards the costs of a course is at the discretion of the provider and is often 100%, regardless of the returns a course offers to individuals or employers.

3.09 Although providers can charge fees, in practice the resources they generate are small. In 2005/06, income from tuition fees, including partial and full cost recovery and registration fees, accounted for less than 40% of FE income from all fees and education contracts. In turn, all fees and contracts were less than 10% of the sector's total income.²⁹

3.10 As a result, we risk perpetuating a situation where learners and employers who earn good wage and productivity returns from their learning do not expect to pay realistic contributions towards its cost. We must break out of this position, creating a broader income base that helps providers to invest in high-quality, customer-responsive learning.

3.11 Our priority is to invest public funds in helping those who need help most: young people, the disadvantaged and those at risk of exclusion. No fees should be charged for learners aged 16-19, adults following a basic skills course, or those groups that would otherwise not be able to access learning, such as people on income-related benefits. We will also continue to offer learning support packages to people who need financial assistance to invest in their future.

3.12 We believe that it is essential to start the process of changing the expectations of individuals and employers about fee paying as soon as possible. However, we want to ensure that any policy changes deliver a genuine increase in income for providers, helping them broaden their sources of income, and maintain the effective functioning of the learning network.

3.13 We are committed to working closely with providers and their representative bodies in securing the successful introduction of this key part of the skills agenda. In 2009, we will launch a detailed consultation on the fees policy, with a view to introducing new arrangements from September 2010 onwards. In preparing for this consultation we will consider what, if any, additional incentives or support are required to help FE providers in particular to strengthen their services to business.

Developing Adult Community Learning

3.14 Adult Community Learning (ACL) is defined by Estyn as "learning that is provided in local community venues and is particularly designed to reach out to places and people which other forms of learning do not reach".³⁰

3.15 ACL includes a broad range of provision, but it is usually non-vocational and tends not to lead to a qualification. Some learners are taking ACL courses as a leisure activity. Others see it as a first step on the road to further study, an opportunity to gain confidence.

3.16 We recognise that participating in adult learning has a wide range of benefits for people's health and engagement in society.³¹ We also value ACL's role in engaging the 'hardest to reach' people who do not normally participate in learning.

3.17 However, Estyn concluded that a lack of clear policy for ACL has resulted in fragmented delivery, duplication of courses and variable quality. There is a lack of Welsh-medium opportunities and a lack of information on achievement, learning outcomes and progression from ACL courses.

3.18 As the Webb Review noted, we must make best use of public funds and secure good value for money for our investment in ACL.³² In September 2008 we will publish for consultation a draft policy on ACL, to improve the way we plan, fund and deliver this type of learning, so that it better reflects local priorities.

SECTION 4: Getting the basics right

4.01 Literacy and numeracy underpin virtually all the other skills needed in daily life, but around 440,000 working-age adults in Wales (25% of the total) do not have Level 1 literacy skills and 990,000 (53%) do not have Level 1 numeracy skills.³³ These people are at serious risk of exclusion in a changing economy.

4.02 The Assembly Government's all-age Basic Skills Strategy, Words Talk, Numbers Count, aims to get the maximum number of people to Level 1 literacy and numeracy (see box 6). Since its publication, we have delivered many successful initiatives to improve basic skills in Wales.

Box 6: Words Talk, Numbers Count

This document sets out the Assembly Government's revised strategy for raising standards of literacy and numeracy in Wales. The fundamental aims of the strategy are that:

- all young children should be prepared for learning when they begin school;
- the number of children leaving primary school struggling over reading, writing and the use of numbers should be further reduced;
- fewer young people should leave compulsory education still struggling with basic skills; and
- the number of adults with poor basic skills should be diminished significantly.

4.03 We recognise that addressing the basic skills problem will take time. Moving to the next phase of our strategy will require a substantial increase in the amount of basic skills provision, using a wider range of courses and venues, delivered in ways that are accessible to the hardest-to-reach learners.

4.04 Alongside basic skills, people need a range of personal learning and thinking skills (Key Skills) for success in education, training, work and life in general. There are six Key Skills: Communication; Application of Number; Information and Communication Technology (ICT); Working with Others; Improving own Learning and Performance; and Problem-solving.

4.05 Key Skill qualifications are available at levels 1-4 of the National Qualifications Framework and can be taken in all learning routes in Wales. They are normally offered as part of a wider programme, for example A/AS levels or an apprenticeship. Over 124,000 Key Skills qualifications were awarded in Wales between October 2005 and September 2006, an increase of 45% from 2004/05.³⁴

4.06 Our strategy for tackling basic skills focuses on:

- equipping young people with basic skills;
- overcoming barriers for adults;

- working with employers;
- making provision relevant; and
- raising the quality of basic skills provision.

Equipping young people with basic skills

4.07 We have to avoid a new generation of young people leaving school without basic skills. Evidence suggests that people who “learn how to learn” early have much better life chances as adults, and get more benefit from training and skills during their working lives.³⁵

4.08 In the past, too many young people have dropped out of learning before they have a chance to develop a strong foundation of literacy and numeracy. Some end up ‘NEET’, because they lack the skills to find and keep a job: employers have frequently expressed concern about the literacy and numeracy of young entrants to the labour market.³⁶

4.09 Our response has several dimensions including: early interventions for pre-school children focused on the most deprived areas; engaging more 14-19 year-olds in learning by offering them more attractive Learning Pathways; enabling more young people to study the Welsh Baccalaureate; and developing a new generation of GCSEs that place a greater emphasis on securing the basics in English, Welsh, mathematics and ICT.

4.10 We want to offer young people a wider choice of what and how they study. Every young person in Wales will benefit from an individually-tailored Learning Pathway leading to approved qualifications and awards of credit. Every learner’s pathway will include a ‘Learning Core’ featuring Key Skills.

4.11 Many pupils who enter post-14 education still have poor basic skills and need additional support. Learning Pathways will include opportunities for pupils to improve their literacy and numeracy through short intensive courses, and programmes where literacy and numeracy are reinforced in other contexts, such as personal and vocational learning. We are determined to help young people who are at risk of falling behind, or even becoming ‘NEET’, to develop the skills they need to succeed.

4.12 The Welsh Baccalaureate Qualification (WBQ) is adding a new dimension to the courses already available for 14-19 year-old learners. The qualification offers learners a broader range of learning experiences, including the opportunity to develop Key Skills. The WBQ is now being studied by post-16 students across Wales at two levels - Advanced (level 3) and Intermediate (level 2). The Intermediate level is currently being piloted with 14-16 year olds and the Foundation (level 1) version with 14-19 year olds.

4.13 We will ensure that young people leave school with the literacy, numeracy and broader skills they need for further study or a job with training.

Overcoming barriers for adults

4.14 We want to ensure that adults also have the opportunity to build a basic platform of skills. We will deliver an entitlement to free provision for learners on basic skills courses up to and including Level 1; free provision will include basic skills undertaken as part of other qualifications. Providers will need to ensure that no hidden costs are passed on to learners, including registration and examination fees, the cost of course materials or administrative charges. Our funding allocations will ensure that there is sufficient quantity, quality and variety of provision available to meet the likely increase in demand.

4.15 Delivering more basic skills courses will require more practitioners with the right skills and expertise. We will introduce a Continuous Professional Development programme for teachers and trainers at levels 3 and 4. Pilots are currently being delivered and additional courses and places will be available from 2009.

Working with employers

4.16 Most employers recognise that having literate and numerate staff is critical for doing business. The Basic Skills Employers Pledge allows them to demonstrate their commitment to 'help employees with poor basic skills to improve these basic skills'.

4.17 All an employer has to do to enter the Pledge scheme is to make this public commitment. However, to get a Pledge Award they need to implement a practical action plan for tackling basic skills. We think that this is a worthwhile commitment that is good for business - employees with good basic skills are not a luxury, they are essential for working safely and efficiently.

4.18 Grants of up to £10,000 are available to help employers with the costs of tackling basic skills in the workplace, and training for employees will usually be free if it is delivered through Assembly Government-funded providers.

4.19 The Pledge already covers 19% of Welsh employees and we have a target of 50% by 2010. Our aim is that by 2012, a further 10,000 working adults will have received basic skills training as a result of the Employer Pledge. To encourage more employers to sign up to the Pledge, we will take account of an employer's commitment to tackling basic skills in the allocation of any discretionary funding through the Workforce Development Programme. Trades Unions also have a key role to play in supporting the Employer Pledge.

Making provision relevant

4.20 Although more Key Skills qualifications are being awarded, many people find the distinction between Key Skills and Basic Skills confusing. We are converging the existing Key Skills, Adult Literacy and Adult Numeracy standards into a single suite of qualifications from entry level 1 to level 4.

4.21 Research shows that making literacy and numeracy relevant to learners' chosen careers can produce dramatic improvements in basic skills.³⁷ We will work with Sector Skills Councils (SSCs), employers and other partners to develop and deliver short, intensive basic skills courses for specific employment settings. We will support the development of courses in eight sectors by 2010 and will cover the full range of sectors represented by SSCs by 2012.

Raising the quality of basic skills provision

4.22 Our forthcoming Quality and Effectiveness Framework for post-16 learning will strengthen the requirement for providers to evaluate rigorously their delivery of basic skills. By early 2009, we will publish proposals to require providers to evidence basic skills improvements at the end of a learning episode.

4.23 The Webb Review recommended that head teachers and FE college principals should take responsibility for basic skills attainment levels in their institutions. We accept this recommendation and will work with heads, principals, their unions and other stakeholders to consider how such a responsibility can work in practice.

4.24 We will further develop the Basic Skills Quality Mark, which recognises minimum standards in teaching literacy and numeracy, with a new high-level benchmark - the Basic Skills Quality Standard. The new Quality Standard will recognise providers that make clear progress in improving the quality of their basic skills offer.

English for Speakers of Other Languages (ESOL)

4.25 International migration has contributed significantly to the growth of the Welsh workforce in recent years. Over the year to September 2006 an estimated 62,400 employed people in Wales were born outside the UK, around 5% of the workforce.³⁸ Migrants have made a net contribution to the UK economy without harming the ability of British workers to find work.³⁹

4.26 The growth of migration has, however, caused a substantial increase in demand for ESOL courses. For many migrants, improving English language skills is an important way of integrating into the host society. Although it is impossible to predict future migration trends, it is likely that demand for ESOL will increase even further over the next few years. We have commissioned research to understand the scale of need and what gaps exist in current provision.

4.27 Employers who have chosen to employ migrant workers have a responsibility to help those workers get the English language skills they need to work safely and effectively. New ESOL for Work qualifications make this easier. These qualifications are shorter and more work-focused than traditional ESOL qualifications, giving learners practical English skills in areas such as health and safety and customer service.

4.28 ESOL has been identified as a priority in our National Learning and Skills Assessment, and providers have been advised to prioritise ESOL in the deployment of their funding allocations. In future, our framework for fees in post-16 learning will set a new context for ESOL. We believe that vulnerable learners, such as refugees and asylum seekers who most need help with English, should be the priority for funding. We will consult on ESOL funding policy in March 2009, and intend to make changes to funding from August 2010.

Offender and ex-offender learning

4.29 Poor skills and worklessness prevent many offenders and ex-offenders from becoming productive members of society. Over half of prisoners have no qualifications,⁴⁰ and around two-thirds were unemployed before their sentence.⁴¹ There is good evidence that learning programmes can help offenders to secure stable employment,⁴² one of the keys to leading a crime-free life.

4.30 Currently, responsibility for the provision of learning for prisoners in Wales resides with the UK Government - the Ministry of Justice, working through the National Offender Management Service (NOMS), and the Department for Innovation, Universities and Skills.

4.31 Arrangements are in place to transfer this function to the Assembly Government. Meanwhile we are working in partnership with NOMS Wales, the Department for Work and Pensions and Jobcentre Plus to support offenders and ex-offenders in developing their skills and achieving sustainable employment.

4.32 In March 2007 we published a joint policy document with NOMS Wales entitled Learning to Change: Developing Skills to Reduce Re-offending in Wales, which sets out a programme for the delivery of offender learning in Wales to 2010.

SECTION 5: Getting into work, getting on at work

5.01 We believe that people are better off when they are in work.

An independent review commissioned by the Department for Work and Pensions found strong evidence that work is generally good for physical and mental well-being, while being jobless can damage health and decrease life expectancy. Work can be therapeutic, improve self-esteem, and reverse the negative health effects of unemployment - for healthy adults, for many disabled people, and for most people with common health problems.⁴³

5.02 We showed in section 1 that Wales has a relatively strong labour market by international and historical standards. Over 1.3 million people are in work, an employment rate of 72.5%. However, with 418,000 people economically inactive, we need to do much more to help the most disadvantaged individuals and families - lone parents, sick and disabled people, ethnic minorities, the over 50s and people with low or no skills - to share in the benefits of employment.⁴⁴

5.03 Our long-term aim is to increase the employment rate to 80% - full employment. This means providing opportunities for more than 140,000 people in Wales, many of whom are located in the most deprived parts of the country.

The challenge across Wales

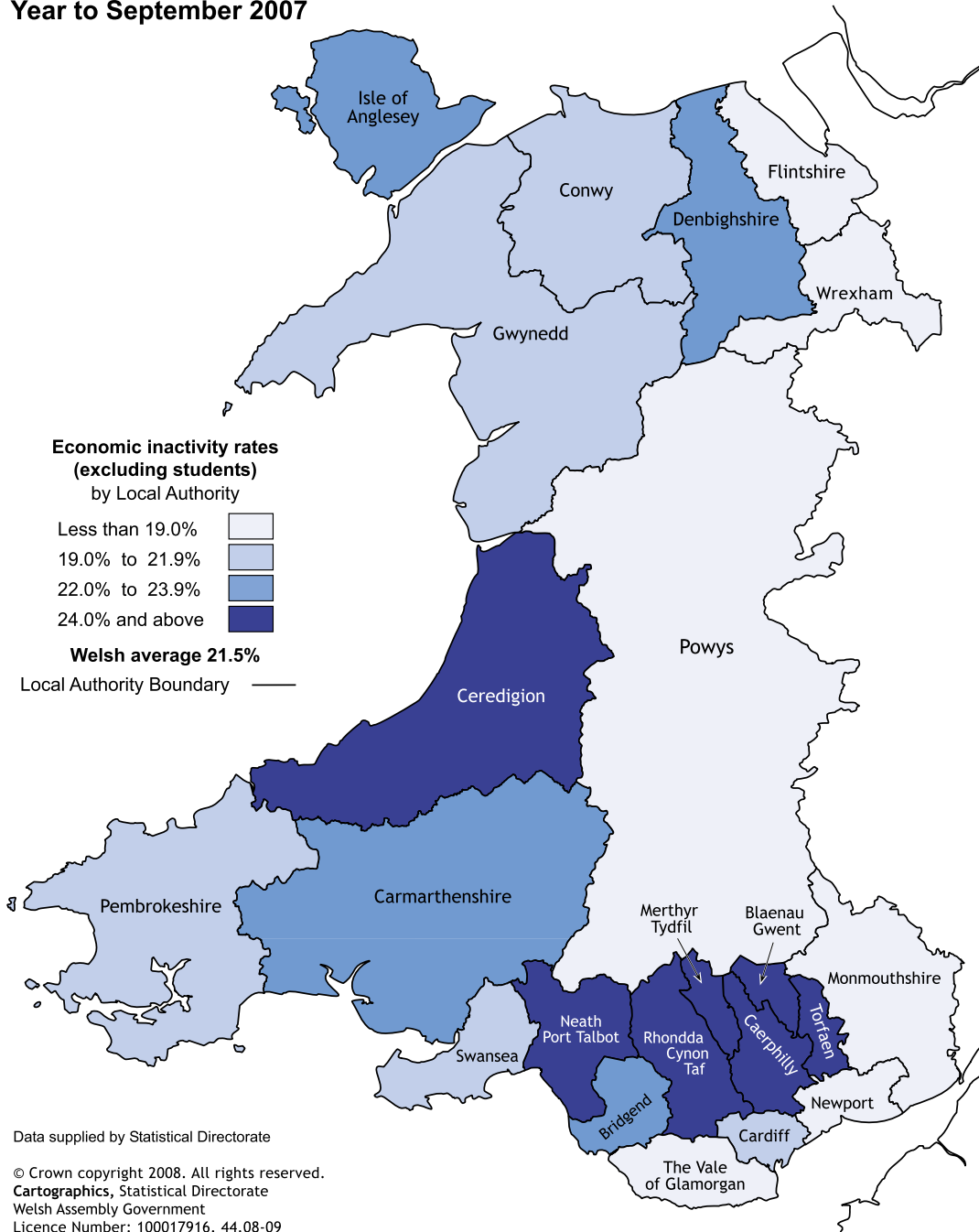
5.04 The main reasons for unemployment and inactivity relate to the characteristics of individuals - notably, a low level of skills. However, the housing market tends to concentrate people with similar characteristics in particular places, so we often see spatial concentrations of worklessness.⁴⁵

5.05 There are areas in Wales where very high levels of inactivity coexist alongside a relatively buoyant local labour market. However, people in some communities also face problems of remoteness and poor transport links, so they often do not have the same access to employment opportunities as people living along the M4 or A55 corridors.

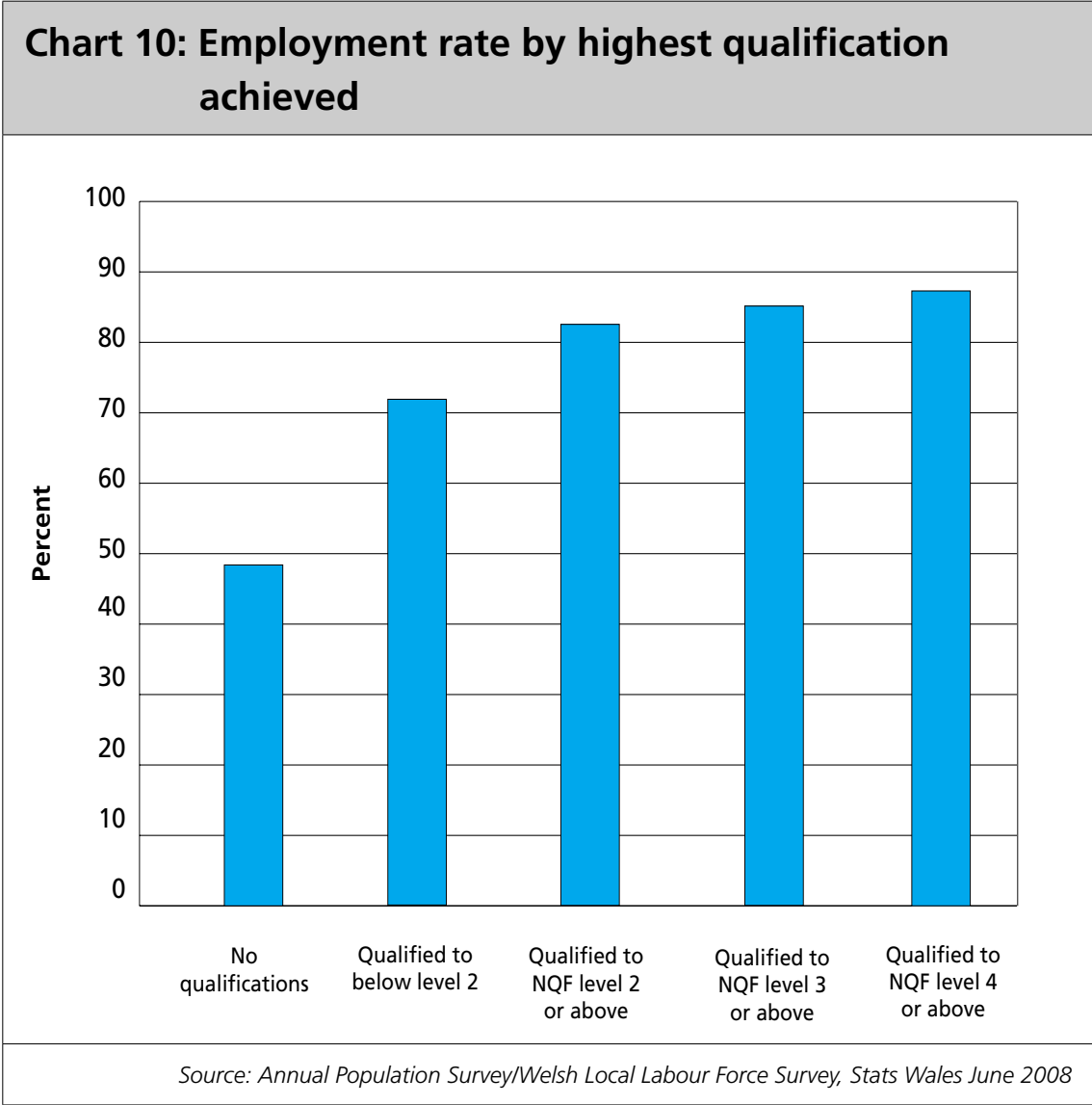
5.06 In many parts of West Wales and the Valleys, employment rates are well below the Welsh average (map 2). In Neath Port Talbot, Merthyr Tydfil, Blaenau Gwent and Caerphilly, more than a quarter of the working-age population is economically inactive.⁴⁶

Map 2

ECONOMIC INACTIVITY RATES Percentage of the working age population (excluding those in full-time education) Year to September 2007



5.07 As we noted in section 1, skills are critical for employment: fewer than half of people with no qualifications are in employment, compared to 82.5% of people with a level 2 qualification or higher (chart 10).⁴⁷ Our priority is therefore to help equip everyone with a basic platform of skills necessary for sustainable employment.



Supporting people into work

5.08 Our long-term aim of full employment is an objective shared between the Assembly Government and the Department for Work and Pensions (DWP). Employment policy is not devolved, but many of the policies that will contribute to the achievement of full employment - skills, health, childcare, local government, transport, and regeneration - are our responsibility.

5.09 We are working closely with the DWP and Jobcentre Plus to ensure that welfare reforms are implemented in ways that meet Wales' particular needs and circumstances. We will publish a joint labour market strategy describing our shared approach to raising skills levels and increasing the economic activity rate in Wales.

5.10 We want to help benefit recipients to be active job and skill seekers. In return for benefit payments and extra support in finding work, claimants are expected to do their best to find and keep a job (see box 7). Across the UK there are moves to integrate employment and skills services, offering clients more comprehensive and personalised support. In Wales we will achieve this through Careers Ladders Wales.

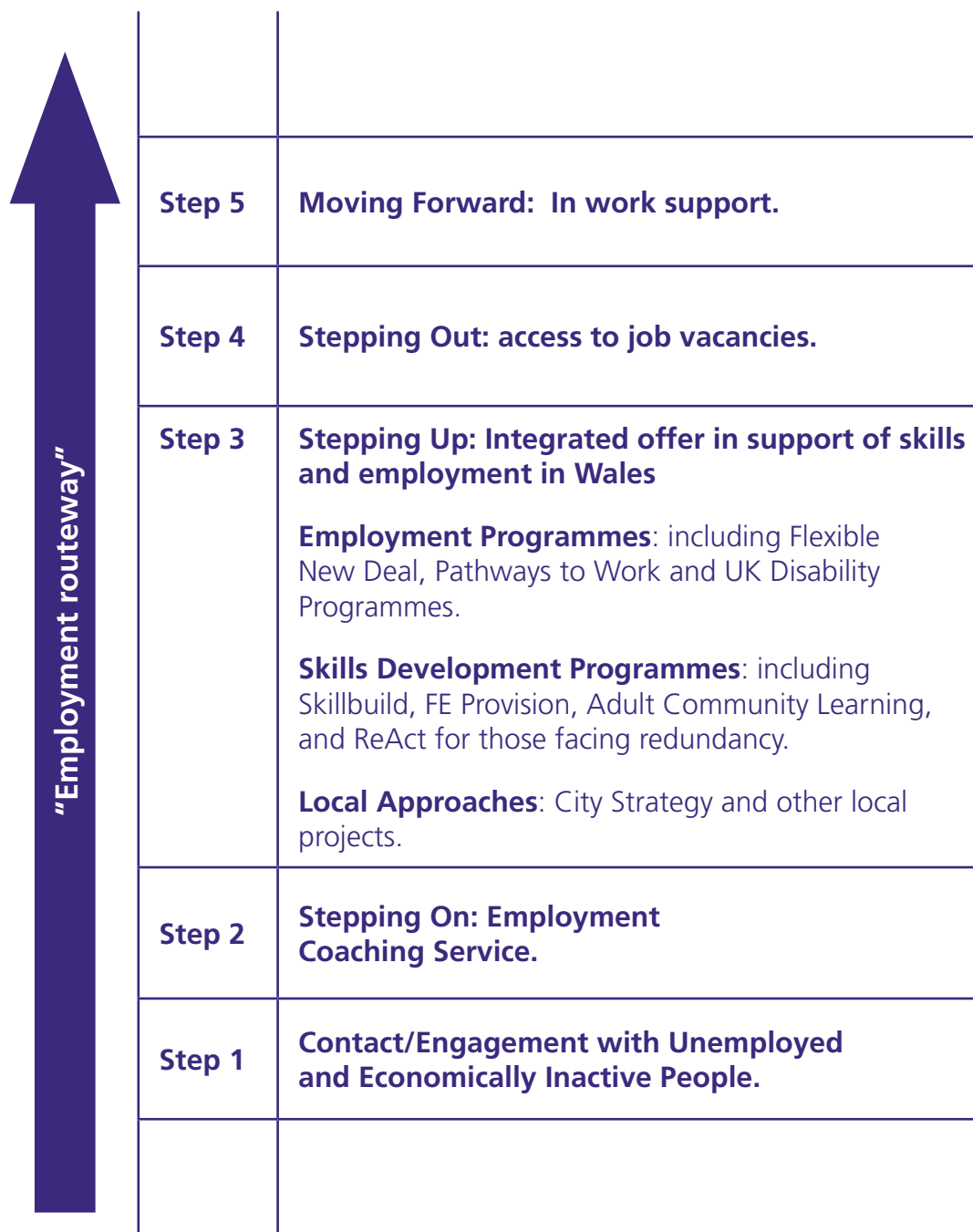
Box 7: Principles of welfare reform

The UK Government has set out the next stage of welfare reform, which is based on five key principles:⁴⁸

- A stronger framework of rights and responsibilities to move benefit claimants from being passive recipients of welfare to active jobseekers.
- A personalised and responsive approach.
- Partnership - the public, private and third sectors working together.
- Targeting areas of high worklessness by devolving and empowering communities.
- Not just jobs, but jobs that pay and offer opportunities for progression.

The Careers Ladders Wales model

5.11 Careers Ladders Wales will offer five phases of information, advice, guidance, and support (see figure below).



Contact/Engagement:

5.12 The welfare system is placing new duties on benefit claimants to acquire the skills they need to look for a job. Government will provide increased help and support, but ultimately individuals must take steps to lift themselves, and their families, out of poverty through work.

5.13 We will stimulate people's ambition for learning and work by:

- reaching out to the most disadvantaged groups, using the skills and expertise of the third sector where appropriate (see box 8);
- working with Jobcentre Plus and Careers Wales to give people clear information, advice and guidance on skills, jobs and careers;
- explaining how help with caring responsibilities, and the statutory right to request flexible working, can support part-time or full-time employment; and
- enabling people to understand the system of tax credits, benefit guarantees and other financial incentives to working.

Box 8: The Third Sector

The third sector includes organisations that are not profit-making and are independent of the state. They are value-driven and principally re-invest surpluses or raise funds to further social, environmental or cultural objectives. The sector includes community groups, voluntary organisations, faith and equalities groups, charities, social enterprises, co-operatives, mutuals and housing associations.

Third sector organisations already help to deliver employment programmes. We are committed to strengthening our partnership with the third sector because we recognise the unique strengths and expertise that it can offer, especially in our most disadvantaged communities.

5.14 We also wish to reduce barriers to employment. Access to childcare is one of the biggest barriers to work for parents with young children, in particular lone parents, seeking to re-engage with work. Evidence suggests that 40% of lone parents who work fewer than 16 hours per week said that problems of finding and paying for childcare were preventing them from working longer.⁴⁹

5.15 Welsh local authorities have a duty to secure sufficient childcare in their areas, and an additional £1m per year is being provided to deliver it. We have allocated more resources to our Flying Start programme to create free, high-quality provision for two - year-olds in areas of greatest need. The Community-Focused Schools initiative is also creating extra childcare for school-age children, helping parents to balance work and caring responsibilities.

Stepping On: Employment Coaching Service

5.16 The next stage of welfare reform, including DWP's new approach to commissioning services, will present challenges for information, advice and guidance services. As part of the forthcoming review of Careers Wales, we will consider how best to effectively deliver a high-quality service in the light of new demands and expectations.

5.17 Our aim is to develop an "Employment Coaching Service" to offer professional advice and guidance to benefit claimants, building on the service that Careers Wales and Jobcentre Plus already provides for people who are unemployed, returning to work or looking for a new career. In time this service will be available to everyone in receipt of benefits, but we will begin with people in receipt of incapacity benefits.

5.18 The Employment Coaching Service will offer information, advice, and guidance on learning opportunities and employment vacancies within their local area, with practical help on job searching, CV preparation, interview skills, and practical issues like childcare. Every client will have an individual learning and career plan describing the services available from key agencies and any entitlements they may have to financial help with tuition fees or access to learning.

5.19 We want to make best use of the latest technologies, enabling clients to access and update their plans online, and employment and skills agencies to share information. Information sharing will be key to providing a responsive, personalised service.

Stepping Up: Integrated offer in support of skills and employment in Wales

5.21 One of the biggest barriers to full employment is skills. People re-entering the labour market must have the skills needed to get a job in the modern economy. Employers increasingly require people to be "employment-ready" - they rightly expect to employ staff who are literate, numerate, turn up on time, can work in a team and communicate effectively.

5.22 We will work with DWP and Jobcentre Plus to ensure that an ever-increasing number of people are able to gain the training and support they need to move from benefits into work.

5.23 In section 4 we described how we intend to deliver an entitlement to free provision for learners on basic skills courses up to and including Level 1. We also have a number of key programmes to equip people with the skills they need for the modern labour market, including the Flexible New Deal and Pathways to Work delivered by the DWP, and our own Skillbuild and ReACT programmes.

Flexible New Deal

5.24 From 2009 onwards, DWP will introduce the Flexible New Deal to replace the existing suite of New Deals for Jobseeker's Allowance claimants.

5.25 Jobcentre Plus will manage the first twelve months of a Jobseeker's Allowance claim, referring claimants onto skills programmes such as Skillbuild. At the twelve-month stage, claimants who remain unemployed will be referred to a prime contractor for further, specialist help.

Pathways to Work

5.26 Pathways to Work is a DWP programme that provides tailored support to Incapacity Benefit claimants who are seeking employment. Pathways to Work is mandatory for new and repeat Incapacity Benefit claimants, and from 2009 it will apply to existing 18-25 year old claimants.

5.27 The package of support includes referral to a Condition Management service which helps participants cope with their health condition or disability in the workplace, and could provide access to financial incentives such as the Return to Work Credit.

5.28 Pathways to Work is proven to help people into sustainable jobs: independent research has shown that new claimants in Pathways areas are over seven percentage points more likely to have a job after 18 months than people in non-Pathways areas.⁵¹

5.29 The Pathways to Work programme has a critical interface with our Skillbuild Programme and we have agreed that the two can operate concurrently: Pathways to Work provides personal advice and Condition Management support, and Skillbuild provides the skills training.

Skillbuild

5.30 Skillbuild supports post-16 unemployed and workless individuals. Highly flexible, Skillbuild can offer 'tasters' of different work environments; help in overcoming motivational barriers to employment; basic skills learning and opportunities to acquire vocational qualifications.

5.31 We are currently piloting improvements to the delivery of Skillbuild and its wider integration with other programmes. We will:

- assess how we can best encourage collaboration between providers and broaden the range of provision available;
- evaluate different methods of informal learning;
- explore the potential for funding job specific licences. The types of licences to be delivered will be informed by sector priorities and local labour market analysis;

- investigate whether further provision is needed through the medium of Welsh; and
- look at developing a learning coach and personal support approach, building on 14-19 Learning Pathways developments.

5.32 The results of the pilots will inform the re-launch of Skillbuild as a programme explicitly focused on employment as a key outcome. Skillbuild will complement our strategy to reduce the number of young people in Wales who are 'NEET', and for participants over 18 years old it will link with Flexible New Deal provision and Local Employment Partnerships.

Targeting areas of greatest need

5.33 In areas where there are high concentrations of workless people, additional projects will provide more support for benefit claimants who want to find a stable job.

5.34 Alongside Pathways to Work, we are working with Jobcentre Plus to deliver a range of European pilot projects, such as Want2Work (see box 9), across Wales. These projects involve a range of professionals including health advisors, job coaches and mentors, working together to help people enter work and supporting them through their critical first 12 months of employment.

Box 9: Want2Work

Want2Work is a European Social Fund project to help people claiming health-related benefits into work. Designed jointly by the Assembly Government and Jobcentre Plus, the project tests a comprehensive return--to-work package including support from a personal adviser, health advice and financial incentives.

Of the 6,677 people who participated in the scheme between September 2004 and June 2008, 2,146 secured and entered full-time work.

5.35 The DWP City Strategy is based on the idea that worklessness in our most disadvantaged communities is best tackled by local partnerships with the freedom to innovate. Across the 15 City Strategy pathfinder areas, including the Heads of the Valleys and Rhyl, local consortia have been testing the effectiveness of local solutions to deliver real improvements in the employment rate and reductions in the benefit claimant count.

5.36 One of the most effective City Strategy programmes has been JobMatch, a scheme pioneered in the Heads of the Valleys. The project provides a structured programme of support, in addition to existing mainstream provision, to help get economically-inactive people into the labour market. We propose to extend the JobMatch approach to other deprived communities in Wales.

5.37 A large proportion of tenants of social housing in Wales are economically inactive. The expectation that social landlords in Wales will adopt the Welsh Housing Quality Standard and bring all their properties up to this standard by the end of 2012 offers significant opportunities for up-skilling and employment to this particular group. We will develop a local approach around the Wales Quality Housing Standard European project.

5.38 Communities Next, scheduled to begin in 2009-10, will be our flagship programme to improve the prospects of people in the most disadvantaged communities across Wales. We will work with Communities Next partnerships to deliver a range of practical community regeneration projects including action on employment and skills.

Stepping Out: Access to job vacancies

5.39 There are many parts of Wales with high economic inactivity rates where Jobcentres are regularly notified of large numbers of vacancies.⁵² We will work with employers and our partners to establish an improved job-matching service, enabling people from disadvantaged groups to access employment vacancies within a reasonable travel-to-work area.

5.40 Relationships with employers are essential to getting people into sustainable jobs. Local Employment Partnerships (LEPs) are strengthening the links between Jobcentre Plus and employers, providing a premium job-brokering service in return for a strong commitment to taking on people from disadvantaged groups. Employers get candidates who are ready for work, with a minimum risk and cost.

5.41 Major employers who have so far signed up to LEPs include ASDA, B&Q, Carillion, Centrica, Debenhams, Diageo, Gala Group, Greggs, Intercontinental Hotel Group, John Lewis, Marks and Spencer, McDonalds, OCS, Primark, Reliance, Sainsbury, Securitas, SERCO, Standard Life, Tesco, Travelodge, Vodaphone, Wetherspoons, Wilkinsons and Whitbread.

5.42 The Welsh public sector will also play a full role in LEPs. North Glamorgan Health Trust has so far helped over 80 incapacity benefit recipients back into work in the Merthyr Tydfil area by offering two weeks of pre-employment training and a guaranteed work interview. It is essential that local authorities, Assembly Government Sponsored Bodies and other public agencies get involved in Welsh LEPs and provide valuable employment opportunities for individuals.

5.43 We will also ensure that Value Wales increases the use of social benefit employment clauses in public sector contracts. The value of these clauses was demonstrated during the construction of the Porth and Lower Rhondda Fach relief road, when 46 unemployed and economically inactive people were employed on the project.

5.44 We want to help benefit recipients to be active job and skill seekers. In return for benefit payments and extra support in finding work, claimants will be expected to do their best to find and keep a job.

Moving Forward: In work support

5.45 Once people are in work, they need help to stay there. A key principle of welfare reform is job retention and progression, not just job entry. Enhancing skills is vital to achieve this. We have targeted our Individual Learning Account (ILA) at the low skilled and benefit recipients, helping to lower the financial barrier to gaining new skills.

5.46 In the light of the funding changes we will be introducing, including the fees policy, we will explore whether the ILA could be better used to support people who have recently moved into work following a period of economic inactivity. We look to employers, including those in the public sector, to provide a supportive environment to help people who have entered work develop their careers and fulfil their potential.

SECTION 6: Investing in apprenticeships

6.01 Apprenticeships are unique, part of both the education system and the world of work. They offer a combination of paid employment (or work experience for Foundation Modern Apprenticeships) with on-the-job and off-the-job learning, delivered in partnership between employers, learning providers and the Assembly Government.

6.02 Apprenticeships are based on frameworks of job-specific and transferable learning, specified by Sector Skills Councils, formally recognised through qualifications and credit. For young people, apprenticeships provide an excellent bridge between full-time learning and employment,⁵³ and for adults, they offer the opportunity to improve skills and gain qualifications while still earning.

6.03 There is a strong economic case for employers to provide apprenticeship places. Strong wage returns - 18% at level 3, and 16% at level 2 - indicate that the programme pays through increased productivity in the workplace, and with benefits well in excess of funding costs, it also offers excellent value for money to the taxpayer.⁵⁴ Successful apprentices become skilled, experienced workers, contributing to the pool of talent in their sectors and in the Welsh workforce as a whole.

6.04 We have made a commitment to increase the number of places for apprenticeship training over the next three years.⁵⁵ Our abolition of the upper age limit for apprenticeships has already enabled a broader range of people to benefit from the programme, in line with the Assembly Government's commitment to social justice. However, disabled people are under-represented and many apprenticeships are heavily segregated by gender.⁵⁶ Our marketing and careers advice will be inclusive, challenging stereotypes and encouraging learners from all backgrounds to see apprenticeships as an attractive, high-quality option.

Integrating apprenticeships and increasing completion rates

6.05 We want to create more opportunities for young people to access apprenticeships. We will ask Sector Skills Councils to define their entry requirements clearly, and we will work with Careers Wales to provide easier access to information on apprenticeship opportunities. We will integrate apprenticeships with the Welsh Baccalaureate, removing the artificial divide between work-based and school-or college-based learning.

6.06 Our immediate priority is to raise the proportion of apprentices who complete their whole framework, building upon the work already under way as part of our 2006 improvement plan for work-based learning.⁵⁷ We will review the apprenticeships blueprint, which provides guidance for Sector Skills Councils on the content of their apprenticeship frameworks. We want apprenticeships to offer increased flexibility in different sectors, while maintaining consistently high standards.

6.07 Very small employers can struggle to provide apprenticeship places, and in some parts of Wales this can have a significant impact on the availability of provision. In 2008-09 we are piloting a range of 'shared apprenticeships' where small and medium-sized enterprises collaborate to share a number of apprenticeship places. We will review the results of the pilot to determine if the model can work on a bigger scale.

6.08 We must ensure that routes to higher-level skills are available to meet the future needs of employers. With the support of ESF programmes we will increase the number of higher-level apprenticeships in West Wales and the Valleys. The £3.5 million level 4 Modern Skills Diploma (MSD) will enable 1,400 people of all ages to develop their vocational and managerial skills. We will target individuals working in SMEs as well as high-growth companies in sectors of economic priority.

Effective delivery

6.09 There is growing demand for apprenticeship places from employers and adult learners in some sectors. Many of these potential apprentices have benefited from prior on-the-job experience and training in the workplace. We will expect providers to accredit this prior learning, shortening individual programmes and tailoring activity to the needs of individual learners.

6.10 We need to make the most efficient use of the Assembly Government's budget, so we will look at whether the charging of fees is reasonable for certain types of apprenticeship place. As part of the funding review we will look again at the real costs of apprenticeship delivery to understand where there is potential for any adjustments to funding.

6.11 We are reviewing the system of financial support for learners on work-based learning programmes. Our goal is to create a coherent system of financial support, which ensures that all young people aged 16-19 have the support and incentives they need to participate. We will publish our initial conclusions, and the next steps we will take to introduce new arrangements, by spring 2009.

6.12 Learners who are not yet ready for an apprenticeship should have access to high-quality learning that enhances their employability skills and provides an opportunity to progress to an apprenticeship, other learning or employment. However, there should be a clear distinction between this kind of preparatory learning and apprenticeships.

6.13 We have concluded that if apprenticeships are to continue to have credibility as a high-quality learning route, we need discrete brands and separate contracts for apprenticeships, employability learning for young people aged 14-19 and employability learning for adults.

6.14 In the long term, we want to contract with a smaller, stronger base of high-quality providers, capable of delivering apprenticeships and employability programmes to a high standard across Wales. We envisage that smaller providers will act mainly as subcontractors, except in cases where we need to contract directly for specialist provision. However, we will ensure that smaller providers have a role in the wider market by taking account of effective partnership working when allocating main contracts. We will publish more information on our future approach to contracting in autumn 2009.

SECTION 7: Investing in business and workforce development

7.01 Skills will make the biggest difference to the prosperity of Wales when they are used effectively in Welsh workplaces. We will align skills with broader support for employers to develop their businesses, addressing skills needs alongside issues such as capital investment, new technology, innovation, and business planning.⁵⁸

7.02 Many employers in Wales already make substantial investments in training. In 2007, 71% of establishments reported arranging on-the-job training for employees over the past 12 months, and 54% had arranged off-the-job training. Encouragingly, there are signs that employers' provision of training may be increasing. However, not all employers embrace a culture of learning. Smaller firms are less likely to provide training opportunities than larger firms, and some sectors do better than others.⁵⁹

7.03 Access to training is also unequal. In 2005, off-the-job training was most commonly provided to employees in managerial occupations, but only infrequently offered to workers in skilled trades or transport and machine operatives.⁶⁰ Older workers were less likely to be trained than younger workers even though the number of young entrants to the labour market is set to fall (around 70% of the Welsh labour force in 2020 has already reached working age).⁶¹ We want to ensure that employees at all levels, of all ages, and in every sector, can benefit from learning opportunities.

7.04 The business community in Wales has told us that the wide range of schemes available is confusing, so that they are not always sure where to go for help or aware of the specific forms of support available. We will simplify and streamline our programmes, making it easier for business to access support and easier for us to ensure that our services are good value for money. We understand that if businesses and the Assembly Government are to work in partnership to invest in skills, then delivery must also be flexible and responsive to needs.

Working with business

7.05 We will support directly skills development in the workforce, as part of an integrated approach to economic development in Wales. We recognise the central importance of engaging with employers to tackle the skills agenda. However, we also urge employers to engage with us. Our policy will:

- strike a balance between providing support to help increase the productivity and competitiveness of firms in Wales, while equipping individuals with skills and qualifications that are portable in the labour market (see box 10);
- reflect more clearly in funding the Assembly Government's sector priorities for economic development;
- recognise the commitment made by businesses to improving skills across their workforce in the allocation of discretionary funding; and

- support the development of leaders and managers in business to drive skills in the wider workforce.

Box 10: Portable learning

Where we are delivering 'portable' recognised qualifications of value to individuals as well as businesses (i.e. those within Sector Qualification Strategies) the Assembly Government might contribute up to 50% of the cost. For non-portable skills the Assembly Government contribution could be limited to a maximum of 25%. We will publish detailed proposals in our consultation on a new fees policy in 2009.

7.06 Support for workforce development will be delivered through:

- an expanded Workforce Development Programme, facilitated by a network of quality-assured Human Resource Development Advisors;
- specific support, through the Workforce Development Programme, for companies committed to the lIP standard to help them implement company learning plans;
- a centre of excellence for leadership and management in Wales to coordinate information and drive up the quality of provision;
- a new Sector Priorities Fund to align our investment in adult skills to strategic sector needs, as identified through Sector Skills Agreements, Sector Qualifications Strategies and their action plans;
- the Basic Skills Employer Pledge to tackle basic skills needs in the workplace;
- an expanded Wales Union Learning Fund, using the Union Learning Representative network to engage individuals in skills development opportunities; and
- an Apprenticeship Programme providing entrants (of any age) to a sector with the suite of skills and competencies they and their employers need.

7.07 The strategic goal of these programmes and funds is to provide support across the learning spectrum, from basic skills to higher-level leadership and management. More detail on the strategic contribution of Higher Education to business development and the development of a knowledge economy in Wales is provided in section 8.

Workforce Development Programme

7.08 The Workforce Development Programme encourages employers to develop their workforce through the provision of advice, guidance and support. It offers a gateway for businesses to access mainstream programmes, such as apprenticeships, and potential discretionary funding.

7.09 We are expanding the Workforce Development Programme so that more businesses and employees, particularly those in priority sectors, can benefit. We will expand our network of Human Resource Development (HRD) advisers - the backbone of the programme - by 35%. HRD advisers are independent and impartial. They work closely with businesses to understand their skills needs, source appropriate learning, and secure Assembly Government funding, if available.

7.10 By reaching out to employers that have not previously engaged with publicly-funded education and training, HRD advisers also help to generate new business for learning providers. As we expand this programme we will work with providers to ensure that they are ready to respond to new market opportunities, and we will monitor the market to ensure that quality providers are working with businesses.

7.11 In 2008-09, we have allocated additional funds to our discretionary grant scheme, enabling over 1,000 businesses to receive support. Between 2009 and 2011 we will redirect funds to further expand funding available to businesses through discretionary funding to £10m. We will ask the Wales Employment and Skills Board to advise whether there is need for any further expansion of this funding.

7.12 Firms most commonly provide training to managerial staff, but only infrequently offer it to many types of lower-level worker.⁶⁰ Since we want to encourage businesses to think about providing development opportunities for all their staff, the level of support a business can receive from the Workforce Development Programme will take account of its commitment to recognised standards of best practice such as Investors in People and the Basic Skills Employer Pledge.

Investors in People

7.13 We remain committed to Investors in People (IiP) as the standard that best supports the development of the workforce (see box 11). We will increase the number of registered Advisors and incorporate the Investors in People UK 'Choices' approach within the Workforce Development Programme, creating further flexibility to support employers working with the Standard.

Box 11: Case study - FSG Tool and Die

A thriving market leader in the design, manufacture and precision tool making business, FSG has an international customer base that includes clients from Ghana, Kuwait and Brazil.

The company has been running a successful apprenticeship scheme for over 45 years, winning many accolades, including the Metal Working Production best toolmaker and overall Grand Prix award - a first for Wales - and a grand slam of Gauge and Toolmakers Awards, Engineering Employers Federation Awards and National Training Awards.

FSG has been supported by the Welsh Assembly Government's Workforce Development Programme for two years.

In January 2008, FSG underwent a successful joint assessment against the Investors in People Standard and the Investors in People Leadership and Management model. FSG employees regularly attend the Leadership and Management workshop programme to further develop and refine the skills of managers.

Gareth Jenkins, Managing Director, said: "Training and investment in learning are paramount to the success and wellbeing of any business. We face a constant step change in technology and need to continuously up-skill our people."

7.14 The liP Leadership and Management Model has proved to be a very successful tool for improving management capability within companies and it often acts as an introduction to the wider liP standard. We will continue to promote the Leadership and Management Model within the Workforce Development programme, and support companies to use this solid framework for improving management skills.

Leadership and management skills

7.15 Management and leadership is a key factor contributing to the success of a business. Although employers spend more on training for managers than for staff with low or no qualifications, a recent study showed that British companies spend much less on management development than their European competitors.⁶²

7.16 Discretionary funding available through the Workforce Development Programme is an important means of supporting businesses in developing the excellent leadership and management skills vital to their long-term success. We will make leadership and management development a priority within the expanded Workforce Development Programme.

7.17 Many different organisations are involved in leadership and management development. We believe there is a need for a single body to drive the agenda forward in Wales. The Wales Management Council has played a key role as the 'honest broker' providing policy advice to the Assembly Government and championing the case for better management to Welsh businesses.

7.18 We want to build on the Council's success, creating a new Centre of Excellence for Leadership and Management Skills in Wales. The centre will be a resource for government, companies and individual managers seeking to improve their skills. If our bid for European funding support is successful, the centre could be operational in 2009.

Flexible Support for Business

7.19 The expansion of the Workforce Development Programme will form part of the wider programme of 'Flexible Support for Business' launched in April 2008. Flexible Support for Business is our model for helping companies in Wales to get the information, advice and support that they need.

7.20 The main features of Flexible Support for Business are:

- straightforward access via a single website (<http://www.business-support-wales.gov.uk> or <http://www.cymorth-busnes-cymru.gov.uk>), a single national phone number (03000 6 03000) or face-to-face contact at a network of local centres;
- dedicated relationship managers who will support the development of strategically-important businesses; and
- a Single Investment Fund, one 'pot' of money that we can use to provide financial and specialist support to business.

7.21 The expanded Workforce Development Programme, operating as part of Flexible Support for Business will make Assembly Government backing for new and growing enterprises faster, simpler, and more responsive to their individual needs.

Priority sectors

7.22 The Assembly Government Ministerial Advisory Group on Economy and Transport, which provides Welsh Ministers with independent external advice on policy, has identified a list of sectors that it considers strategically important for the sustainable growth of the Welsh economy (see box 12). We will ensure that our investment in skills supports these priority sectors.

Box 12: Key sectors for developing the Welsh economy

Core or enabling sectors:

- Energy
- Environmental management
- Telecommunications and ICT

Strategically important sectors, considered as not necessarily enabling, but nevertheless of strategic importance to Wales:

- Bioscience
- Health
- Financial services/products and professional services
- Creative industries
- Automotive
- Aerospace

Economically important sectors, considered as being important to Wales and the global economy, but less strategic in terms of developing the competitive advantage of the Welsh economy:

- Construction
- Food
- Defence
- Retail
- Leisure and tourism

Sector Priorities Fund

7.23 Our Workforce Development Programme can meet the skills needs of individual employers, but many skills and productivity challenges are shared across entire sectors. Often firms are too busy simply doing business to think about their industry's wider skills agenda.

7.24 We have asked Sector Skills Councils to work with employers to draw up Sector Skills Agreements and Sector Qualification Strategies. These documents map out exactly what skills employers expect their sector workforce to have, and the key qualifications they will need in future.

7.25 The Assembly Government has also established a number of sector fora in Wales, to encourage networking between businesses. Some sector fora have prepared their own development strategies highlighting the need for action on sector workforce skills.

7.26 We will introduce a Sector Priorities Fund to address these skills needs. It will offer greater flexibility than current funding for adult learning in the workplace, which usually requires employees to complete an apprenticeship framework. Although we are making apprenticeship frameworks increasingly flexible,

they cannot - and should not be expected to - meet the needs of all employers and employees.⁶³

7.27 The Sector Priorities Fund will be introduced in phases. We will test our approach from autumn 2008 onward, initially with FE institutions who want to work with us on a voluntary basis. We want to expand the scheme significantly over time: we anticipate that around £20m of our investment in adult skills will be directed through this fund by 2010, rising to £40m by 2011.

7.28 We wish to maximise our use of European Structural Funds whilst they are available, and, in line with our principle of shared responsibility for investing in skills, we will consider applying our fees policy to learning delivered through this fund.

Working with unions

7.29 Trade unions have an important role in improving skills in Wales by raising the aspirations of people at work and opening up learning opportunities for their members. Union Learning Representatives are uniquely placed to reach out to groups who are otherwise hard to engage in learning, especially workers with low skills and people from disadvantaged groups.

7.30 The Wales Union Learning Fund (WULF) has been instrumental in building the capacity of unions to encourage and offer learning opportunities to their members. With support from the Assembly Government, the Wales TUC has created a dedicated Learning and Education Team that supports all unions to raise the demand for learning within workplaces and develop new opportunities for their members. In line with our commitment in One Wales we will increase the WULF by 50% to £1.5m in 2010/11.

Upskilling older workers

7.31 In common with all developed societies, Wales has an ageing population. An ageing workforce is both a challenge and an opportunity. Older workers (aged 50-plus) benefit from maturity, a wealth of experience, and tend to have more stable relationships with their employers. However, many older workers also rely on the knowledge and skills that they acquired before entering the labour market or in the early stages of their careers.

7.32 Without re-training, older workers' skills may become obsolete, undermining innovation and productivity. Lifelong learning will become increasingly important in maintaining and updating the skills of an ageing workforce.⁶⁴ We have already made progress: the abolition of the upper age limit for apprenticeships has enabled many older workers to benefit from the programme, in line with our commitment to social justice. We will work with employers and trade unions to ensure that older workers are able to take advantage of all our existing skills programmes and the new, more flexible learning opportunities created through the Vocational Qualification Reform Programme and enabled by the Credit and Qualifications Framework for Wales.

SECTION 8: Investing in high-level skills

8.01 Higher education is vital to our One Wales vision of a strong and enterprising economy with high-quality jobs. The UK Innovation Survey shows that the most innovative businesses are those employing the most graduates.⁶⁵ A single percentage point increase in the share of the workforce that has a degree could increase productivity by 0.5%.⁶⁶

8.02 The supply of graduates in the labour market has been steadily rising, but demand from employers remains robust. This is clearly seen in the excellent earnings premium that people with high-level skills continue to enjoy. Employees in Wales with qualifications at levels 7-8 earn on average 74% more a week than people qualified to level 3 or below. Highly-skilled workers earn more than double the amount earned by people with no qualifications.⁶⁷

Review of Higher Education in Wales

8.03 In 2002 the Assembly Government published *Reaching Higher*, a strategy for a competitive and sustainable higher education sector in Wales. Our aspirations remain the same, but since 2002 the policy landscape has changed. The Leitch Review, the Webb Review, and The Independent Review of Commercialisation in Wales⁶⁸ (the Gibson Review) have all been published. In 2009, the Department for Innovation, Universities and Skills will commission a review of the system of higher education funding and student support in England.

8.04 In the light of these developments, we believe it is time to refresh our higher education strategy, to ensure that HE in Wales can respond to the challenge of delivering our ambitious goals for skills and employment. We are creating a Task and Finish Group to conduct a two-stage review of the sector; the group's report will provide the framework for a new strategy to replace *Reaching Higher*.

8.05 The first phase of the review, to conclude by the end of September 2008, will consider student finance: how it is targeted at widening access; how it might encourage the study of priority subjects; and how best to tackle graduate debt.

8.06 The second phase, to be completed by the end of February 2009, will examine the wider mission, purpose and role of higher education in Wales. The review team will focus on how the sector can compete effectively in both UK and global markets; respond to current and likely future demand; develop its research base; drive the economy through knowledge transfer and commercialisation; and develop its contribution to the cultural life of Wales.

High-level skills for business

8.07 We will ask Sector Skills Councils (SSCs) for advice on the high-level skills needs in their sectors, based on their Sector Skills Agreements. We will ask the Higher Education Funding Council for Wales (HEFCW) to take account of this advice in our annual grant letter to that Council.

8.08 Some SSCs have already set up collaborative initiatives with Welsh HE and FE institutions, such as the Skillset Screen Academy, a centre of excellence in film education and training, and the Food Industry Skills Project, which is helping to address a shortage of food scientists in Wales.

8.09 HEFCW administers a Third Mission Fund providing over £6m a year for higher education institutions to deliver services bringing economic and community benefits. Third Mission funding supports enterprise and entrepreneurship, including the development of spinout companies; training, consultancy and contract research services to business; and innovation and knowledge transfer - collaborative research programmes with industrial partners, developing new and better ways of doing things.

8.10 Welsh HE institutions have created strong links with employers. All institutions in Wales have a strategic plan for business support and all offer a dedicated enquiry point for small and medium-sized businesses. While Welsh institutions account for only 5% of higher education in the UK, in 2005/06 they earned 11% of income from collaborative research involving both public and business funding, and generated 13.6% of all graduate start-up companies.⁶⁹

8.11 We want to build on these relationships between HE and employers in Wales, strengthening the contribution that the sector makes to skills and employment. The majority of high-level workforce skills training and education will be part time. As part of a £10.6m package allocated to support part-time study, we have set aside £2m a year to support greater HE engagement with employers.

8.12 Many students want to study short, focused courses. The Credit and Qualifications Framework for Wales (CQFW) is designed to offer learners greater flexibility in the way they study, enabling them to work towards qualifications in small steps, at their own pace. All HE institutions in Wales have signed up to the CQFW, and HEFCW already funds HE teaching on the basis of credit.

8.13 CQFW is also accrediting in-house employer training, recognising that some types of staff development could count towards a higher-level qualification. Recognition adds value to an employers' training and offers employees a platform for progression to further learning opportunities. In time, all learning may be incorporated into the CQFW framework.

8.14 UWIC is working with a range of partners across Wales to examine the scope for an All-Wales Centre for Workforce Development, improving business competitiveness and innovation.

Foundation Degrees

8.15 We recognise the value of Foundation Degrees as work-related HE qualifications that can meet skills shortages at the higher technician and associate professional levels.

8.16 Foundation Degrees are an excellent platform to progress to professional qualifications or a full honours degree, but they are not just a stepping stone. Foundation Degree graduates earn a qualification that employers value, which prepares them for the world of work, and equips them with skills that they can apply immediately in the workplace.

8.17 Learners should be able to study Foundation Degrees flexibly, making them equally accessible to people who are already working and people who are outside the labour market.

8.18 We recognise the need to develop innovative Foundation Degree programmes that involve employers, incorporate a range of providers and are delivered in new ways. We will develop and consult on a policy for Foundation Degrees in Wales. In doing this we will consider how we can improve progression routes into higher education from work-based learning such as Modern Apprenticeships.

Science, Technology, Engineering and Maths

8.19 Science, technology, engineering and maths (STEM) graduates offer skills and knowledge that are highly valued in the labour market. Chemistry and physics graduates will earn, on average, 30% more over their working lives than A-level holders, a significantly higher premium than graduates in subjects including psychology, linguistics, and history.⁷⁰ Employers tell us that the demand for STEM graduates is likely to grow significantly over the next few years.⁷¹

8.20 We have made a commitment to establish a national science academy to improve the supply of scientists, technologists, engineers and mathematicians in Wales.⁷² As part of the development work for the academy we will review the STEM 'supply chain' in the Welsh education system to ensure that there are no barriers to discourage learners from studying these important subjects.

8.21 As part of HEFCW's 'Reaching Wider' initiative, the First Campus 'Hands On Science' project has already encouraged many young people to consider studying STEM subjects at Key Stage 4 and beyond.⁷³ Encouragingly, STEM subjects are becoming more popular with young people - A-level entries increased from 9,534 in 2003/04 to 10,066 in 2006/07.⁷⁴

Getting graduates into work

8.22 We want to help businesses, particularly small and medium size enterprises (SMEs), to access higher-level skills and to help students and graduates make the best start to their careers in Wales. HEFCW is seeking European funding to expand and extend the 'Graduate Opportunities Wales' (GO Wales) project, which offers a variety of services including work placements, a free recruitment website for graduates and employers in Wales, and advice and support for SMEs with graduate staff.

Research and knowledge transfer

8.23 In business, the development of new products, processes and services is essential for creating competitive advantage. In the economy generally, there is good evidence to demonstrate a link between innovation and business growth.⁷⁵ The Sainsbury Review of Science and Innovation argued that the best way for the UK to make the most of globalisation is to support the restructuring of British companies so they can compete in markets for high-value goods and services.⁷⁸

8.24 HE in Wales has a vital role in establishing the foundations for an innovative knowledge economy. HE institutions carry out cutting-edge research, are sources of new business ventures, provide a strong supply of highly-skilled people, and attract investors. We want to promote a dynamic, sustainable research base in Wales - a research base that stands comparison with others in the UK and internationally, advances knowledge, and contributes to our economic prosperity and social well-being.

8.25 Most research in Welsh HE institutions is supported through a combination of funding streams. HEFCW funding sustains and improves the basic infrastructure - staff, equipment and facilities - that institutions need to undertake research. These resources are complemented by the funding provided by the seven UK Research Councils, which support specific projects.

8.26 HEFCW's Quality Research funding, £65.5m in 2007/08, is distributed selectively to recognise the research excellence of highly-rated departments in Welsh HE institutions. Funding is based on the outcomes of the periodic UK-wide Research Assessment Exercises.

8.27 HEFCW's Research Capital Investment Fund, administered jointly with the Department for Innovation, Universities and Skills (DIUS) as part of a UK-wide arrangement, helps provide the physical infrastructure that institutions need to undertake high-quality research. For the three years 2008-09 to 2010-11, the Research Capital Investment Fund is providing a total of £56.3 million for institutions in Wales.

8.28 In 2004, HEFCW introduced a new Research Investment Fund to enable institutions to invest strategically - to bring on emerging research; to enhance existing areas of research strength; and to reshape their research profile. A total of £4.1 million was allocated in 2007/08.

8.29 We are committed to establishing new national research centres such as the national science academy, to expand HE research capacity in Wales.⁷⁷ The Assembly Government's Science Policy for Wales, published in November 2006, identified three priority areas for research in Wales - health, low carbon energy systems, and enabling sustained economic and social renewal. However, we must also ensure that Wales continues to have a broad and diverse research base, capable of responding to new and emerging challenges.

8.30 Welsh HEIs have succeeded in increasing their research income in recent years. However, we need to improve their share of UK Research Councils' funding, and maximise their income from other Government sources such as the Technology Strategy Board (the DIUS-sponsored body that promotes and invests in technology research and commercialisation) and EU funds.

8.31 Scale is a challenge. Most Welsh HE institutions are small in UK and international terms, but in order to be sustainable and effective, research departments need to be a reasonable size and cover a sufficient disciplinary range. Reaching Higher recognised the need to strengthen the Welsh HE sector through reconfiguration and collaboration, and this remains a priority.

8.32 The Lambert Review of Business-University Collaboration highlighted the potential economic benefits of increased collaboration between business and HE research departments.⁷⁸ Lambert concluded that the biggest single challenge lies in boosting the demand for research from business, rather than simply increasing the supply of ideas and services from HE institutions.

8.33 Academic Expertise for Business (A4B), our new EU Convergence-funded programme, will increase opportunities for HE and FE institutions to work with business - whether by turning research outcomes into marketable products or helping companies to overcome technical challenges in the workplace.

8.34 A strong supply of trained postgraduate researchers is essential to the long term future of the research base in Wales. In 2007/08, HEFCW provided nearly £5.4m of funding for the training of postgraduate research students. We have also ensured that projects to develop Level 5 skills in areas where there are demonstrable skills needs are eligible for support through European Structural Funds.

Widening access

8.35 Everyone who is able to benefit from higher education should have the opportunity to do so, irrespective of their background or income. Welsh HE institutions have a record of success in widening access without compromising quality.

8.36 In 2006/07, the percentage of young full-time first degree entrants to Welsh HE institutions from state schools or colleges was 93%, compared to 88% across the UK as a whole. Welsh institutions have the highest percentage of first degree entrants from "low participation" neighbourhoods, and the highest rate of full time first degree students in receipt of a disabled students' allowance.⁷⁹

8.37 HEFCW encourages HE institutions to produce three-year widening access strategies, and it allocates extra funding - a widening access premium - to recognise the additional costs of recruiting and retaining students from under-represented groups.

8.38 The 'Reaching Wider' initiative is breaking down perceived barriers and widening access to learning. 'Reaching Wider' aims to increase participation in HE by raising people's aspirations, and creating new study opportunities and learning pathways. The scheme focuses on four main groups of people of all ages who are currently under-represented in HE:

- people living in Communities First areas;
- people from black and ethnic minority communities;
- people who wish to study through the medium of Welsh; and
- disabled people.

8.39 All HE and FE institutions in Wales are members of Reaching Wider partnerships, working with partners including local authorities, schools, the voluntary sector, the Open University in Wales and Careers Wales.

8.40 Widening participation is at the heart of social and economic regeneration. Our Heads of the Valleys programme aims to ensure that, by 2020, local people will have access to a comprehensive range of academic and vocational learning opportunities including the opportunity to go to university within the area.⁸⁰ In 2008 a Ministerial Task and Finish Group will make recommendations on transforming skill levels in the Heads of the Valleys. We will seek to learn lessons for action in other parts of Wales that are a priority for regeneration investment.

SECTION 9: Shaping the system, responding to demand

Wales Employment and Skills Board

9.01 We believe that the skills system will be more effective if it is informed by vigorous scrutiny and challenge from independent experts. We have created the Wales Employment and Skills Board to provide robust, credible advice to Welsh Ministers on all issues related to skills, employment and business support (see box 13).

9.02 We expect the Board to engage with stakeholders across the country, to monitor the implementation of this and future skills and employment strategies, and to identify successes, challenges, and opportunities for Wales. From April 2009, the Board will make an annual report to Welsh Ministers providing advice on the ongoing development of skills and employment policies. One of the first major tasks for the Board will be to consider a new generation of skills and employment targets, reflecting our long-term ambitions for real improvements in these indicators.

9.03 The chair of the Board is the Commissioner for Wales on the UK Commission for Employment and Skills (UKCES). The UK Commission aims to raise prosperity and opportunity throughout the UK by improving skills, and it will manage the performance of the Sector Skills Councils, advising Ministers on their re-licensing.

9.04 The Chair's membership of the UK Commission will give the Wales Employment and Skills Board an influence on the wider UK policy agenda. We will work with the Board to ensure that Wales' needs are reflected in UKCES priorities.

Box 13: Remit of the Wales Employment and Skills Board

- To provide evidence-based advice to Welsh Assembly Government Ministers and, through the Chair, to the UK Commission for Employment and Skills, on the progress within Wales towards the high-level targets for both employment and skills in Wales by producing an annual report, identifying successes and problems, barriers and best practice and where appropriate solutions;
- To contribute to the development and to monitor the implementation of future skills and employment strategies and action plans in Wales;
- To provide advice about the perspectives and priorities of employers in Wales with regard to skills, employment and support for business;
- To contribute to the development and to monitor the implementation of an employment business plan for Wales in conjunction with stakeholders and non-devolved government organisations;

Box 13: Remit of the Wales Employment and Skills Board (cont)

- To advise on skills and employment priorities and related business support in Wales taking into account the differing needs and requirements of different parts of Wales, including commenting on and contributing to the National Learning and Skills Assessment produced by the Welsh Assembly Government;
- To advise on the adequacy and appropriateness of the supply of skills - including the Welsh language - to the present and future economy;
- To promote greater integration between employment, skills, economic development and other relevant policies (e.g. health, transport) and to identify areas where such integration can be improved;
- To consider the role and performance of Sector Skills Councils (SSCs) in Wales, including progress in implementing Sector Skills Agreements (SSAs), with a view to advising Ministers and the UK Commission for Employment and Skills and to identify any action necessary to improve performance;
- To advise on how skills and employment systems might be improved from the perspective of the individual learner and of the employed workforce; and
- To provide advice on an annual basis on priorities for labour market research, including the Future Skills Wales programme, working in co-operation with the Economic Research Advisory Panel.

The role of Sector Skills Councils

9.05 A strong network of Sector Skills Councils in Wales (SSCs), working closely with employer bodies, will help to strengthen the employer voice in decisions on skills provision. The Leitch review recommended a clearer remit for SSCs. We are working with partners across the UK to develop the criteria for reformed and re-licensed SSCs.

9.06 The re-licensing programme focuses on individual SSC performance. To achieve re-licensed status each SSC must demonstrate the confidence, support and influence of employers within their sector. New licences will only be granted by the four UK Governments to those SSCs who can realistically meet the challenge and are able to prove this through their track record and ambitions for the future. The assessment and re-licensing has commenced and will be completed for the whole network by December 2009.

9.07 We want SSCs to focus on:

- demonstrably increasing employer engagement, demand for, and investment in skills;
- undertaking national analyses of sectoral labour market and skills needs and demands; and
- informing the development of new vocational qualifications, to ensure that they meet the needs of business.

9.08 SSCs will be a strategic interface between employers and the Assembly Government. Employers working with SSCs can have a stronger influence on the policies and programmes supporting skills and employment in Wales.

9.09 We will support the capacity of SSCs where we see a strategic need through the Sector Development Fund, and we expect them to work collaboratively where their industry footprints do not directly align with sectors we define as of key significance.

9.10 The Sector Qualification Strategies (SQS) and action plans SSCs produce will provide us with advice on the vocational qualifications that employers see as priorities for public funding, ensuring that the supply of skills is clearly informed by sector needs (see box 14). We will increasingly use the SQS to inform which qualifications attract public funding, and we will reflect this in our future fees policy.

Box 14: Sector Skills Agreements

Sector Skills Agreements produced by SSCs will map out the skills needed by employers in each sector and show how these skills can be supplied. Sector Qualifications Strategies (SQS), based on the SSA, will indicate what learning provision and qualifications are required to meet those skills needs. We will expect all revised and new vocational qualifications and learning packages to reflect the SQS for each sector.

Light-touch planning

9.11 Whilst it may be possible to identify trends, in a dynamic global economy it is impossible to accurately predict the future levels of demand for certain types of skills and then plan learning provision to meet them. The way we plan learning provision will retain enough flexibility to enable providers to respond to changing circumstances and local needs.

9.12 The match between the supply and demand for skills should improve as we move towards a more responsive skills system, with providers' "offerings" shaped by a new generation of credit-based vocational qualifications and learning, Sector Qualifications Strategies, our fees policy and new approaches to funding.

9.13 We will continue to produce a regular analysis of learning and skills needs. National strategic priorities do not change quickly and the provider network may need time to respond to new challenges, so we will publish a National Learning and Skills Assessment (NLSA) on a 4-year cycle, with annual updates. The assessment will highlight a limited number of national learning and skills priorities that learning providers need to address. These priorities will directly inform our future fees policy.

9.14 As with present planning arrangements, we will expect providers to respond to the national priorities within the NLSA when allocating resources and producing their provision development and delivery plans. In non-priority areas, providers will have the flexibility to deploy their resources and plan their provision as they see fit.

9.15 The Assembly Government will continue to play the lead role in co-ordinating and disseminating labour market intelligence (LMI) in Wales, working closely with Sector Skills Councils, Jobcentre Plus and Spatial Plan Area Groups. We have created the Learning and Skills Observatory (<http://www.learningobservatory.com/>) as a single gateway to research and analysis of education, learning, skills and labour market information in Wales.

9.16 The Observatory will be a platform for sharing knowledge and disseminating LMI across Wales, and a forum for policy analysis, discussion and debate informing the work of the Assembly Government and the Wales Employment and Skills Board. Spatial Plan Area Groups will direct information and evidence on skills needs, sector potential or information gaps at a regional level to the Learning and Skills Observatory.

9.17 The Observatory is managed by the Department for Children, Education, Lifelong Learning and Skills within the Welsh Assembly Government but is accountable to a strategic group drawn from key education, economic and training organisations across Wales.

Qualification reform and credit

9.18 In a world of rapid economic and technological change, new skills needs are emerging while many older skills are becoming obsolete. Qualifications must reflect these changes if they are to remain relevant. We are working with partners in England, Northern Ireland and Scotland on the UK Vocational Qualification Reform Programme, a far-reaching initiative to rationalise and reform vocational qualifications, creating a new generation of credit-based qualifications and learning better matched to the needs of employers.

9.19 Credit is important because not everyone wants or needs to study for a full qualification, and many employers prefer their staff to undertake short, focused training courses. Credit is an alternative way of recognising achievement at unit level that will enable learners to work towards accredited qualifications in small steps and at their own pace. The concepts of 'credit' and 'level' will be integrated into all future regulated qualifications accredited for use across England, Wales and Northern Ireland.

9.20 We are exploring the opportunity for learners in Wales to have a unified online record of all their learning and qualifications. They would be able to use this record to track their progress and share their achievements with employers and learning providers.

Information, advice and guidance

9.21 Effective careers advice and guidance can change people's lives, supporting them to make informed choices, develop their skills and realise their ambitions. The Council of the European Union passed a resolution in 2004 recommending that all European citizens should have access to effective guidance services at all life stages.⁸¹

9.22 Wales has been at the leading edge of integrated advice and guidance, creating a nationally-branded service for people of all ages - Careers Wales - in 2001 (see box 15). In 2004, a review of the service described it as "standing at the forefront of international best practice", praising its success in delivering a high standard of client-sensitive services, including in-school advice and guidance, adult guidance, Youth Gateway schemes, and education-business links.⁸²

Box 15: Careers Wales

Careers Wales is an all-Wales service that gives people of all ages free careers information, advice and guidance in English or Welsh.

Funded by the Assembly Government, Careers Wales was set up in 2001 bringing together six careers companies across Wales under one name.

The bilingual Careers Wales website (<http://www.careerswales.com>) offers an online record of achievement, a CV builder, job vacancy search facilities and the Learning Choices database, which provides information on over 43,000 courses and training opportunities throughout Wales. Alternatively, a customer can meet a careers advisor at school, college or their local careers centre.

Careers Wales also manages services such as the learndirect telephone helpline, Education Business Partnerships, Youth Gateway and CLIC, the national information and advice service for young people aged 11-25.

9.23 Careers Wales offers a comprehensive service to people of all ages and backgrounds, but focuses on a series of priority groups including young people, unemployed and economically inactive adults, workers with low skills or under notice of redundancy, and offenders in prison, on probation or returning from prison to their home area.

9.24 The service now faces new challenges:

- offering the impartial advice and guidance at the core of Learning Pathways for 14-19 year-olds;
- responding to the Flexible New Deal which will begin to impact upon careers services from autumn 2009. This will demand more responsive and more personalised guidance services to help the long-term economically inactive into sustainable employment;

- helping to engage young people who are, or are at risk of being, 'NEET' (not in employment, education or training); and
- making best use of new technology and meeting changing public expectations, for example through new types of citizen-centred online services.

9.25 Careers Wales is already improving the services available through its innovative website, which will soon offer learners the ability to choose their 14-19 Learning Pathways online. Future developments could include an online skills assessment for learners, accessible to partner organisations, and a 'clearing house' to match suitably-qualified candidates with apprenticeship places.

9.26 However, we need to go further. We believe it is time to re-examine how best to deliver all aspects of high-quality careers advice and guidance in Wales. We will review the model for Careers Wales, examining how the service needs to be structured, resourced and prioritised to deliver its new agenda.

9.27 By 2009, we will develop and consult on options for reform that fit with our *Making the Connections* vision for the future of public services in Wales: putting people first, working together to deliver improved public services, achieving better value for money, and improving and engaging the workforce.

SECTION 10: Transforming the provider network

10.01 Only a network of high-quality learning providers can deliver our aspirations for skills in Wales. However, it should not just be the quality of individual providers that counts. The skills agenda will have to be delivered through collaboration: our vision is of colleges, schools and training providers co-operating to provide a wide variety of high-quality courses, equipping students to enter skilled employment and participate in community life.

Quality

10.02 Post-16 education and training provision in Wales is improving and there are many examples of excellence. Since the introduction of the Provider Performance Review in 2005, we have seen quality and standards rise steadily: 87% of performance areas are now categorised as 'satisfactory' or better.

10.03 Estyn inspections confirm the improvement in performance: in 2006-07, 83% of lessons in further education institutions were rated good or outstanding, better than the previous year. In work-based learning there has been a significant improvement in standards, with 70% of providers inspected by Estyn in 2006-07 assessed as good or outstanding. Adult Community Learning standards were at least good in 70% of the areas inspected.⁸³

10.04 We celebrate success, but appreciate that there is much still to do. We aspire to the highest possible quality and want to spread best practice from high-performing providers to those who are still catching up. We will develop a revised Quality and Effectiveness Framework, which will recognise excellence and delegate more responsibility to providers with a track record of good performance.

10.05 The new framework will build on the progress of recent years, and replace current quality assurance arrangements with a new, streamlined approach, aligned with Estyn's new inspection cycle starting in 2010. All providers will be able to learn from the 'best in class' through structured dissemination and the promotion of excellent learning. We are already developing protocols for sharing data on provider performance.

10.06 The Quality and Effectiveness Framework will complement the Assembly Government's new School Effectiveness Framework and will focus on learner outcomes, responsiveness, effective leadership and management.

10.07 We want to ensure providers with the very best practice are recognised and rewarded. Our criteria for excellence will be challenging but achievable:

- inspection outcomes that are good or outstanding;
- high standards in Provider Performance Review; and
- a commitment to work with others to share best practice.

Transforming the network of colleges, schools, and training providers

10.08 Our network of learning providers is an invaluable resource. It is at the core of both general and vocational education, offers many professional qualifications, delivers bespoke training to employers and provides a very broad range of basic skills, leisure and hobby courses for the community.

10.09 The learning network is part of a complex skills system involving many different agencies. Most of the network has evolved over time, rather than being consciously planned; different types of school and college serve overlapping travel-to-study areas. Historically, competition between providers often hindered partnership working, and restricted the choice of courses available to learners.

10.10 In 2008, the network faces new challenges. The Learning and Skills (Wales) Measure 2008 will ensure that all learners aged 14-19 are able to choose from a wide range of applied and general programmes, from an options menu delivered through provider collaboration. We are also creating a Sector Priorities Fund, and expanding our Workforce Development Programme, to deliver more skills that better reflect the needs of employers. The Webb Review concluded that only a move towards a truly collaborative learning network will enable us to deliver new types of learning, to be more efficient and to cope with demographic change.⁸⁴

10.11 Although providers have made a lot of progress in working together to increase the number of courses for 14-19 year-olds, Estyn concludes that there are still not enough choices available for all learners.⁸³ We need to do more to widen access to Welsh-medium learning. Anecdotal evidence suggests that there is still some duplication of provision where providers could be working together to deliver courses more efficiently.

10.12 While much of the provision delivered by our leading FE institutions and training providers is highly-regarded by learners and employers, not all currently have the expertise, scale or profile needed to act as drivers of their local economies.

10.13 Size matters. Estyn notes that the size of a school sixth form is crucial to its viability.⁸⁵ Research indicates that larger learning providers are more cost effective and have greater critical mass to provide a broad, high-quality curriculum, student services, and the latest technology.⁸⁶ The Webb Review argued that efficiency gains in an FE institution are most evident when turnover reaches £15 million per year, but only 55% of our colleges are operating at this level.

10.14 We need a reshaped learning network: providers, and groups of providers, that can work in partnership to deliver innovative new types of learning. A network built around the needs of the learner, where students are actively involved in decisions about their education. A network that has sufficient scale to sustain a broad range of curriculum options; the ability to realise efficiencies; and a clear quality profile and brand image that learners, employers and other stakeholders can recognise and trust.

10.15 We accept the evidence that fewer, larger institutions could offer benefits to learners and better value for money. However, we recognise that there are different circumstances in different parts of Wales, and no 'gold standards' for provider size can be applied irrespective of those, especially in rural areas and for Welsh-medium schools.

10.16 Learning is a lifelong process, and providers offer a continuum of opportunities for learners at every stage of their lives. We believe that we must reform the learning network as a whole, dealing with learners from the age of 11 onwards. We expect this to result in more partnerships between providers; more HE and FE mergers; fewer, but better-resourced secondary schools; and more tertiary arrangements.

10.17 In the coming months we will be contacting all local authorities, providers, and other partners to discuss the transformation of learning provision in their area. Some stakeholders already have well-developed plans for change, and we will examine whether these can help to deliver our aspirations for a reshaped learning network able to respond to future skills needs. Partners and providers should form geographic and sectoral 'Learning Partnerships' by mid October and submit outline proposals by mid December 2008.

10.18 We will publish guidance on Transformation in summer 2008. This will set out our expectations of Learning Partnerships and the criteria we will use to evaluate their proposals. Our guidance will identify a number of Learning Partnership models to help local authorities and learning providers consider options for change and transformation.

10.19 Given the diverse needs of learners and the diverse structure of learning networks, we are not convinced that any one specific collaboration or reconfiguration model will work everywhere. Consequently, the commissioning consortia proposed by the Webb Review are not models that we wish to create universally, though they may work in specific circumstances, particularly where specialist providers operate over a wide geographic area.

10.20 When we receive submissions from Partnerships we will assess the evidence base for change and decide whether we accept their proposals. If we do, we will agree levels of investment to be provided by the Assembly Government and work with stakeholders on an implementation strategy.

10.21 We expect several major transformation projects to be implemented in 2009-10. Between 2010 and 2013, 60% of all change proposals should be agreed and under way and the remainder should proceed by 2015.

SECTION 11: Action Plan

This section sets out the actions we will work with partners and stakeholders to deliver. The Wales Employment and Skills Board will play an active role monitoring the implementation of this action plan and will provide an independent perspective on our progress in its annual advice and guidance to Ministers.

Section 2: Preparing young people for the future		
2a	The Flying Start scheme will invest more than £2,000 per child per year, and approximately 16,000 children will benefit from the programme.	From June 2006. Programme now in second full year of delivery and gathering momentum towards provision of full range of service entitlement across Wales.
2b	We will roll out the Foundation Phase for 3 - 7 year olds.	Implementation over 4 years starting September 2008.
2c	We will continue to bring together the Welsh Baccalaureate and 14-19 Learning Pathways. We will make employer-led qualifications available as part of the Welsh Baccalaureate.	Employer-led qualifications integrated from September 2009.
2d	We will encourage learners to acquire skills in thinking, communication, ICT and number, through revisions to the National Curriculum and the introduction of a Skills Framework for 3-19 year olds.	Phased implementation from September 2008.
2e	We will widen vocational and applied options by progressing the 14-19 Learning Pathways Measure 2008. Within the 14-19 Measure we will be making it a requirement that all young people will be offered a wide range of options which will include a minimum number of vocational and applied options.	Implementation of the Measure will commence for Year 10 pupils from September 2009 with full rollout within 4 years.
2f	We will take forward the 14-19 Employer Engagement Task Force's recommendation to establish a national employer engagement system to identify Work Focused Experience opportunities for the 14-19 year old cohort.	The ICT portal, a module within Careers Wales Online, should be operational by March 2009.
2g	We will use our engagement in Worldskills as a springboard to help raise skills standards, awareness and participation in vocational education and training for all in Wales.	We will support and enhance a network of skills competitions in a range of sectors within Wales over the next 2 years. Skills City event in 2009/10.

Section 2: Preparing young people for the future (cont)

2h	We will review the Youth Enterprise Strategy	September 2008.
2i	We will publish our 'NEET' policy to re-engage those not in employment, education or training.	Action Plan finalised autumn 2008.

Section 3: Investing in skills - a shared responsibility

3a	We will introduce a fees policy applicable across all post-16 learning.	Consultation to be launched in Spring 2009. Introduction of policy from September 2010.
3b	We will consult on a policy for Adult Community Learning to improve the processes for planning, funding, and delivering this type of learning.	Consultation September 2008. Revised arrangements in operation from 2010.

Section 4: Getting the basics right

4a	We will ensure that school leavers possess the literacy, numeracy and broader skills that they need for further study or training and/or work. A new generation of GCSEs will place increased emphasis on improving the basics in English, Welsh, mathematics and ICT.	First teaching 2010 with first exams in 2012.
4b	We will ensure, through the introduction of a fees policy, that basic skills courses up to and including Level 1 are free to all learners, irrespective of age or status.	Fees policy operational from 2010.
4c	Building on existing pilot activity we will introduce a continuous professional development programme for teachers and trainers at levels 3 and 4 in the adult sector as well as for postgraduate teachers in schools so that they are better equipped to teach and support the basic skills through English and Welsh.	Additional places available for September 2009.

Section 4: Getting the basics right (cont)

4d	We will encourage more companies to sign the Basic Skills Employer Pledge and support them to achieve the Employer Pledge Award which we will promote as a measure of excellence.	By 2012, a further 10,000 working adults to have received basic skills training as a result of the Employer Pledge.
4e	We will converge the current Adult Literacy and Adult Numeracy qualifications with the Key Skills qualifications to produce a single suite of qualifications from entry level 1 to level 4.	Standards by August 2008; qualifications date to be agreed by Minister.
4f	We will reduce barriers to engagement by ensuring basic skills courses are vocationally contextualised where appropriate and that vocational courses contain a clearly defined literacy and numeracy strand as necessary.	Support the development of short, intensive courses in 8 sectors by 2010, and in all sectors covered by SSCs by 2012.
4g	We will develop specific courses to support basic skills through vocational and personal learning e.g. financial literacy.	Courses developed by March 2009.
4h	We will require providers to evidence basic skills improvements at the end of a given learning episode.	2009
4i	We will work with heads, principals, unions and other stakeholders to consider how head teachers can take responsibility for basic skills attainment levels in their institutions.	Proposal to be developed by October 2009.
4j	We will use our Quality Mark/Standard and the School Effectiveness Framework and Quality Effectiveness framework to place a greater emphasis on ensuring all young people are equipped with basic skills before they leave formal education.	2009
4k	Using the National Learning and Skills Assessment and planning framework we will expect providers to increase basic skills delivery through the medium of English and Welsh.	Ongoing

Section 4: Getting the basics right (cont)

4l	We will consult on ESOL funding policy and will use the introduction of the fees policy to clarify expectations on employers and migrant workers in respect of the delivery of ESOL.	Consultation to begin in March 2009; changes to be implemented August 2010.
4m	We will complete the transfer of responsibility for learning for offenders and ex-offenders from the UK Ministry of Justice to the Welsh Assembly Government. We will deliver a programme of offender and ex-offender learning ('Developing Skills to Reduce Re-Offending in Wales') which runs until 2010.	Transfer of Functions scheduled to be completed by 2010.
4n	We will support improvements in the quality of basic skills teaching and learning for offenders and ex-offenders.	Through ongoing implementation of the 'Learning to Change - Developing Skills to Reduce Re-offending in Wales' strategy.

Section 5: Getting into work, getting on at work

5a	We will publish a strategy to ensure that welfare reforms set out by the DWP are implemented in Wales in ways that meet our nation's particular needs and circumstances.	Autumn 2009.
5b	<p>We will introduce a national Careers Ladder Wales model with additional support for those areas identified as priority regeneration areas.</p> <ul style="list-style-type: none"> We will work with partners to deliver a range of practical community regeneration projects including action on employment and skills. There will be coordinated approaches to support priority regeneration areas i.e. Want2Work. 	<p>From April 2009 onwards.</p> <p>Want2Work will run to June 2014.</p>

Section 5: Getting into work, getting on at work (cont)

5c	<p>We will work with DWP, Jobcentre Plus and Careers Wales to develop an Employment Coaching Service which will include:</p> <ul style="list-style-type: none"> • provision of advice and guidance on skills, qualifications and career options; • skills profiling; and • planning actions relevant to individual need. 	<p>Trials for integrated service delivery during 2009 with view to roll-out from 2010.</p>
5d	<p>We will work towards the implementation of information sharing protocols between key agencies to support the rollout of an integrated skills for employment service. (DWP/HMRC)</p>	<p>Trials 2009 with view to implementation from autumn 2010.</p>
5e	<p>Following our current pilot project, we will implement a major refinement of Skillbuild to make the programme more employment-focused.</p>	<p>Programme reform to be implemented from 2010.</p>
5f	<p>We will work with Jobcentre Plus, Careers Wales, employers and other key partners to establish a job matching service to provide disadvantaged groups with access to relevant, local job opportunities.</p>	<p>Joint account management trailed in 2009 with view to roll-out from 2010.</p>
5g	<p>We will encourage all public agencies to get involved in Local Employment Partnerships.</p>	<p>Ongoing.</p>
5h	<p>We will ensure that Value Wales increases the use of social benefit employment clauses in public sector contracts.</p>	<p>Ongoing.</p>
5i	<p>We will review the future of the ILA Wales scheme in a changing funding landscape.</p>	<p>Proposals for consultation by 2010.</p>

Section 6: Investing in apprenticeships

6a	We will integrate apprenticeships with the Welsh Baccalaureate.	From 2010.
6b	We will review the blueprint that sets out the minimum mandatory requirements for sector skills councils on the content of their apprenticeship frameworks.	Revised blueprint in place by January 2009.
6c	We will continue to pilot approaches to shared apprenticeships and evaluate effectiveness of integrating into mainstream programmes. To include the delivery of 48 apprenticeship places within the construction sector and 24 in engineering sector.	3 year trial scheme to run from 2008-2011.
6d	We will expect providers to undertake a full accreditation of prior learning for all apprentices.	Operational by July 2009.
6e	We will look again at the costs of apprenticeship delivery as part of the funding review. We will identify where any adjustments to funding may have to be made.	Completed by July 2009.
6f	We will look at whether the charging of fees is reasonable for certain types of apprenticeship place.	Completed by July 2009.
6g	We will create a coherent system of financial support and ensure that all young people aged 16-19 have the support and incentives they need to participate.	Complete review of Financial support by July 2009.
6h	We will separate work-based learning into discrete programmes with their own unique brands, including apprenticeships, employability learning for young people aged 14-19 and employability learning for adults.	Details of separate contracts and tendering in 2009 for 2010 delivery.

Section 7: Investing in business and workforce development

7a	We will expand the scale of the Workforce Development Programme so that more businesses, particularly those in priority sectors, can benefit.	Workforce Development Programme funding to reach £10m by 2011.
7b	We will ask the Wales Employment and Skills Board to advise on the relative merits or need for any further expansion of funding to the Workforce Development Programme.	Advice in 2010.
7c	We will expand our network of Human Resource Development advisors by 35%.	August 2008.
7d	We will develop a consistent funding model that requires a greater investment on the part of business where less portable and widely recognised learning is being delivered.	From 2009.
7e	We will develop a Centre of Excellence for leadership and management in Wales to coordinate information and improve the quality of provision.	From 2009.
7f	We will present information on the breakdown of discretionary funding allocations through the Workforce Development Programme to the Wales Employment and Skills Board.	Annually (April).
7g	We will introduce a Sector Priorities Fund designed to strategically target needs, be they linked to priority sectors for economic development or the broader delivery of Assembly policies.	Test approach from Autumn 2008 onward with a view to significant expansion between September 2009 and 2011.
7h	We will expand the Wales Union Learning Fund in line with our commitment in One Wales.	Increase the funding to the WULF by 50% to £1.5m in 2010/11.

Section 8: Investing in high level skills

8a	We will refresh our higher education strategy to ensure that HE in Wales can respond to the challenge of delivering our ambitious goals for skills and employment.	Task and finish group to complete two-stage review by March 2009 to inform strategy.
8b	We will ask re-licensed Sector Skills Councils for advice on the high-level skills needs in their sectors, and Welsh Ministers will ask HEFCW to take account of this advice in their annual grant letter on higher education funding.	Annually.
8c	We will continue to support part-time study with a £10.6m package of activities including £2m a year to support greater HE engagement with employers.	We are monitoring this activity and will evaluate it fully in 2010.
8d	We will develop (by Sep 2009) and implement (between Sep 2009 and Sep 2011) a project to extend effective delivery of foundation degrees by establishing a range of new employment-related foundation degrees focused on addressing high-level skills needs, particularly in sectors of strategic importance to Wales.	Implementation between September 2009 and September 2011.
8e	As part of the scoping work for our One Wales commitment to work to establish a national Science Academy, we will review the STEM 'supply chain' across the Welsh education system to ensure that there are no artificial barriers to study of these important subjects.	Review completed by December 2009.
8f	On behalf of the HE sector, HEFCW will continue to seek European funding to expand and extend GO Wales.	Secure ESF Funding in 2008.

Section 8: Investing in high level skills (cont)

8g	We will continue to support new opportunities for research collaboration and mergers through the Reaching Higher reconfiguration and collaboration funds.	Ongoing.
8h	Academic Expertise for Business (or A4B), the EU Convergence-funded programme, will offer increased opportunities for universities and colleges to work with business.	2008 - 2013
8i	We will explore how we can improve progression routes into higher education from work-based learning such as Modern Apprenticeships.	Proposals by 2010.
8j	A Ministerial Task and Finish Group will look at transforming skill levels in the Heads of the Valleys, including through links with regeneration.	2008 - 2009

Section 9: Shaping the system, responding to demand

9a	We expect the Wales Employment and Skills Board to engage with stakeholders across the country, to monitor the implementation of this and future skills and employment strategies, and to identify successes, challenges, and opportunities for Wales.	Annual report April 2009 onwards.
9b	We will ask the Wales Employment and Skills Board to advise on new targets for skills and employment to replace existing targets to 2010.	Advice to be provided during 2009.
9c	We will represent Welsh interests and requirements through the Wales Commissioner on the UKCES as we work in partnership with other devolved administrations and England on re-licensing of SSCs.	Re-licensing of SSCs completed by end of 2009.
9d	We look to SSCs, through Sector Qualification Strategies, to advise the Assembly Government on the vocational qualifications they see as priorities for public funding, ensuring that the supply of skills is clearly informed by sector needs.	Commence in 2009.
9e	We will significantly limit the funding of qualifications at level 2 and above not identified as part of sector qualification strategies and reflect this in the fees policy.	From 2010 onwards as part of roll-out of Fees Policy.
9f	We will continue to produce regular analyses of future national skills needs to inform our priority setting and decision-making by our partners and providers.	National Learning and Skills Assessment updated annually with next major revision in October 2011.
9g	We will continue to play the lead role in co-ordinating and disseminating labour market intelligence through the Learning and Skills Observatory.	Ongoing.

Section 9: Shaping the system, responding to demand (cont)

9h	We will continue to work with partners in England, Northern Ireland and Scotland on the UK Vocational Qualification Reform Programme.	2009 - 2010
9i	We will implement a fully operational Credit and Qualifications Framework for Wales to enable all forms of learning to be recognised.	2013
9j	We will develop plans for online learner records.	Proposals to be developed by 2011.
9k	We will review the model for delivering careers services in Wales.	Develop and consult on options for reform in 2009.
9l	We will work with Sector Skills Councils, Awarding Bodies and 14-19 Networks to increase the range and quality of vocational courses available through the medium of Welsh.	Welsh-medium education strategy to be launched for consultation by March 2009.

Section 10: Transforming the provider network

10a	We will develop a revised quality assurance framework for post-16 (non HE) providers, using models of effectiveness and benchmarking.	Publish proposed new framework including core performance indicators in April 2009.
10b	We will establish challenging targets for quality and standards in post-16 learning and use these to work with providers to drive up the quality of all provision to a good or outstanding level.	Publish new measures and comparator data for learner outcomes July 2008 and annually thereafter.
10c	We will recognise and reward providers that demonstrate excellence in standards, leadership and management, and work with these networks to support the dissemination of best practice.	Publish guidance for recognising and rewarding excellence from 2009.
10d	We will invite stakeholders to bring forward proposals to form local or national working arrangements, based on Transformation framework guidance.	Where plans are already being developed we expect outline proposals by December 2008. We expect full proposals to be developed and implemented in the shortest possible timeframe, depending on statutory and financial requirements.

GLOSSARY

Academic learning

Learning that aims to develop subject-specific or general knowledge and skills, rather than being directly related to a specific vocation.

Adult Community Learning (ACL)

Learning that is provided in community venues and which is designed to reach out to places and people that other forms of learning do not reach. Traditionally, ACL caters mainly for adults and is usually non-vocational; it is a part of Further Education.

Apprenticeship

Work-based learning programmes combining paid employment or work experience with on-the-job and off-the-job learning. Modern Apprenticeships are available at National Qualifications Framework (NQF) level 3 and Foundation Modern Apprenticeships at NQF level 2.

Apprenticeship Blueprint

A document that sets out the key characteristics of apprenticeships and provides a “Blueprint” to be used by Sector Skills Councils, employers and other partners involved in the design and delivery of apprenticeships.

Basic Skills

The ability to read, write, or speak in English or Welsh and to use mathematics at a level necessary to function and progress both in work and in society.

Capital expenditure

Expenditure on land, buildings, and expensive equipment or machinery.

City Strategy

City Strategy is a DWP/Jobcentre Plus initiative operating in 15 pathfinder areas in the UK. The initiative is managed through local consortia who deliver locally-designed services focused on the particular needs of local areas. There are two City Strategy pathfinders in Wales: Rhyl and Heads of the Valleys.

Collaboration

Two or more learning providers or local education authorities working together in partnership.

Communities First

A programme designed to improve living conditions and prospects for people in the most disadvantaged communities across Wales, by developing their capacity to make decisions and run local projects.

Communities Next

Communities Next is the next phase of the Communities First programme, which will mobilise and enable local people to contribute to the regeneration of their communities in practical ways, in line with their local priorities.

Curriculum

The formal education offered by learning providers. A revised curriculum for 3 to 19-year-olds in Wales will be implemented from September 2008.

Credit and Qualifications Framework for Wales (CQFW)

A way of recognising skills and qualifications in Wales, based on volume and level of learning. The framework includes regulated qualifications, higher education, and quality-assured lifelong learning. The CQFW will include the new Qualifications and Credit Framework (QCF).

Demand

The amount of a good or service that people wish to buy.

Department for Work and Pensions (DWP)

The UK Government department responsible for employment policy.

Economic inactivity

People who are not in employment or seeking work. Some economically inactive people may be students, carers, or suffering from a long-term sickness. However, economic inactivity is also concentrated amongst low-skilled and older people.

Employability

The skills, knowledge, behaviours, and attitudes that help people to get a job - see also generic skills.

English for Speakers of Other Languages (ESOL)

English language courses for people who do not have sufficient English to be able to live independently in the United Kingdom. Both publicly-funded and private education providers deliver them.

Enterprise

Creating and implementing new ideas and new ways of doing things.

Entrepreneurship

Creating a new business venture, taking a risk in pursuit of a financial return.

Entry level literacy and numeracy

A level of literacy or numeracy below that required to achieve a formal qualification.

Essential Skills

A broad term that includes basic skills, employability skills, and the ability to learn.

Estyn

The office of Her Majesty's Chief Inspector of Education and Training in Wales.

European Union (EU)

The EU currently has 27 member states: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Irish Republic, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

Foundation degrees

Degree-level qualifications designed with employers. They combine academic study with workplace learning to equip people with the skills and knowledge they need to improve performance and productivity.

Formal learning

Learning with a prescribed curriculum and defined outcomes, often leading to the award of a qualification or credit.

Functional Skills

The core elements of English, maths and ICT that enable people to operate confidently, effectively and independently in life and at work - see also basic skills.

Further Education (FE)

General and vocational education for learners aged 16 and over, except Higher Education. Often called post-16 education or post-16 learning.

Future Skills Wales (FSW)

FSW is an ongoing programme of research into current and future skills needs in Wales, funded by the Assembly Government and coordinated by a steering group including a wide range of public and private sector representatives.

Generic skills

Skills that are applicable to most jobs - see also employability.

Globalisation

The increasing internationalisation of communications, finance and trade.

Gross Value Added (GVA)

A measure of the contribution made to the economy by each individual producer, industry, or sector. It is similar to Gross Domestic Product (GDP) except that subsidies are added and taxes on products are deducted.

Higher Education (HE)

General and vocational education that aims towards higher-level qualifications, for example HNCs or HNDs, foundation degrees, degrees, and postgraduate qualifications.

Higher Education Funding Council for Wales (HEFCW)

HEFCW is the Assembly Government-Sponsored Public Body responsible for funding higher education in Wales. It distributes funds to support education, research and related activities at twelve higher education institutions, and also funds higher education courses at further education colleges.

Human capital

The productive potential of people, in particular that created by education and training.

Human Resource Development (HRD)

Learning or training that improves job performance and business productivity.

Informal learning

Learning without a prescribed curriculum or defined outcomes.

Jobcentre Plus

An executive agency of the Department for Work and Pensions, Jobcentre Plus helps people into work and employers to fill their vacancies.

Job-specific skills

Skills that are needed to work in a particular job.

Key skills

Essential skills that everyone needs to succeed in education, work and in life in general.

Labour market

The marketplace between firms seeking labour and workers seeking employment.

Learning provider

Any organisation that delivers learning, including schools, further education institutions, higher education institutions, private training providers, employers and voluntary sector bodies.

Lifelong learning

The continuous development of skills and knowledge throughout life, whether for economic advantage or personal fulfilment.

Literacy

Basic competence in grammar, spelling, and the spoken word.

Local Employment Partnerships

A collaboration between Government and business to tackle the increasing recruitment and skills challenges of today's labour market. Employers across the country are signing up to work in partnership with Government to open up opportunities for people who, for whatever reason, have not yet been able to take advantage of available employment opportunities.

Market failure

When a market fails to distribute resources efficiently. Some economists have argued that there are market failures in skills: for example, firms are concerned that once trained, an employee will leave the firm before they can recoup the investment. Therefore, the level of training provided by the market may be inefficiently low.

National Qualifications Framework (NQF)

The NQF sets out the levels against which a qualification can be recognised in England, Wales, and Northern Ireland.

National Vocational Qualification (NVQ)

A work-related, competence-based qualification. NVQs reflect the skills and knowledge needed to do a job effectively, and show that a candidate is competent in the area of work the NVQ represents.

Not in Employment, Education or Training ('NEET')

A young person between the ages of 16 and 19, who is either unemployed or economically inactive and not participating in education and training.

Numeracy

Basic competence in using numbers.

Organisation for Economic Co-operation and Development (OECD)

An international organisation of 30 member countries committed to democracy and a market economy. The OECD is one of the world's largest sources of comparable statistics, economic and social data.

Parity of esteem

The notion that academic and vocational learning should have equal status.

Post-compulsory learning

Education and training that is available beyond the ages when people are required to receive education.

Productivity

The value of output (goods and services) produced per unit of input (such as labour). Increasing productivity means producing more with the same amount of resources, or less.

Qualifications

An achievement, usually conferring a formal certificate, which demonstrates that an individual has achieved a defined level of knowledge, skill, or proficiency in some subject or activity.

Qualifications and Credit Framework (QCF)

A new way of recognising skills and qualifications in Wales, England, and Northern Ireland based on the award of credit for small steps of learning. The QCF will form part of the Credit and Qualifications Framework for Wales (CQFW).

Sector Skills Councils (SSCs)

Employer-led organisations that aim to increase productivity and workforce skills in their sectors. They cover approximately 85% of the UK workforce. All SSCs are licensed by the Secretary of State for Education and Skills, in consultation with Ministers in Wales, Scotland, and Northern Ireland.

SME

A small or medium-sized enterprise. A small company has not more than 50 employees; a medium-sized company has not more than 250 employees.

Social exclusion

Where people, groups or communities suffer multiple deprivation, possibly including low incomes, unemployment or inactivity, low educational attainment and attendance, poor health, poor housing and physical isolation.

Soft skills

Interpersonal and communication skills, or other personal attributes such as motivation or leadership, which employers often look for in addition to technical skills.

Skills

An acquired capability that enables someone to do something.

Skills gap

When employers feel that the skills of their existing workers are not high enough.

Skills shortage

When employers are unable to find staff with the skills that they require. This could be only one cause of a recruitment problem.

Third Sector

Independent, non-governmental organisations that do not distribute profits to shareholders. The term encompasses voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.

Training

Coaching, instruction or practice that makes someone proficient in a particular activity. It may include various kinds of learning.

Transferable skills

Skills learned in one job or context that could be useful in other jobs or contexts.

Value Wales

The procurement arm of the Welsh Assembly Government, promoting value for money and collaboration in the purchasing of supplies and in the delivery of services.

Vocational learning

Learning related to a specific vocation, usually involving the development of specific technical or professional knowledge and skills.

Work-Based Learning (WBL)

Formal learning programmes that take place primarily in the workplace. Traditionally, the term applied to Modern Apprenticeships and related courses, but it can also refer to some forms of Higher Education.

Workforce

The total number of employee jobs, the self-employed, members of the armed forces and Government-supported trainees.

Workforce Development

The whole range of learning that improves people's employability and productivity.

Worklessness

A catch-all phrase for unemployment and economic inactivity.

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