



**COLEGAUCYMRU POLICY ASKS FOR
THE NEXT WELSH GOVERNMENT**

**THEME 4: BETTER SKILLS AND BUSINESS
ENGAGEMENT**

March 2021

This briefing expands on Theme 4 of ColegauCymru's *Further Success: Policy Recommendations for the next Welsh Government in Post-16 Education and Lifelong Learning in Wales*. Together with our *Enabling Renewal: Further Education and Building Better Citizenship, Occupations and Business Communities in Wales* report, these documents present a vision and practical action for further education in Wales.¹

Summary

ColegauCymru highlights the need to develop better skills and business engagement. To support this, the next Welsh Government should:

- Ensure that companies' skills planning and business support are more consistently linked and coordinated in both physical and virtual environments, with Further Education Institutions (FEIs) operating as locations or hubs for business support and services such as Business Wales.
- Improve the skills element of the Business Wales service by building closer links with further education offering flexible accredited training for SME business owners and their staff.
- Establish a Centre for Vocational Education and Training to enhance dual professionalism, strengthen collaboration between business and FEIs and support the practical application of innovation and provide access to new technology, particularly by SMEs, and strengthen supply chains between SMES and anchor companies.
- Reassess the impact of Regional Skills Partnerships, the Apprenticeship Advisory Board and the Wales Employment and Skills Board and whether these functions could be streamlined or undertaken more effectively, potentially within or by other organisations. Subject to this assessment, in future, such bodies must have a clear remit and transparent, effective governance procedures to enable independent and evidence-based planning advice for schools, colleges, and universities as well as the development of apprenticeships.

Consistently linking business and skills, using further education and business advice services

Prior to the COVID-19 pandemic, the December 2019 *Size Analysis of Active Businesses in Wales* noted that there were an estimated 267,000 enterprises active in Wales, employing an estimated 1.2 million people. The majority of active enterprises were SMEs (those with 0-249 employees), accounting for 99.4% of total enterprises in Wales in 2019. Micro enterprises (0-9 employees) accounted for 95.0% of the total enterprises in Wales.¹ COVID-19 will have had a severe impact on businesses and the economy, the full extent of which we are unlikely to be able to gauge for some time. However, we do know that a large number of people have been made redundant and will be in need of retraining or reskilling in order to return to the workforce. This makes the issue of access to skills and training for businesses and individuals more important than ever, including, crucially, the role that the Further Education sector can play.

The next Welsh Government should build on the understanding of further education set out in *Prosperity for All: the National Strategy* in September 2017 which recognised that “Further education in Wales has historically been at the heart of communities, and provided opportunities for individuals to build and fulfil their ambitions. Today, they are offering a wider range than ever of vocational and academic courses, in first-class facilities, deeply rooted in communities. As the diversity of roles people can expect to play during their working lives increase, linking their contribution to the needs of people and business will become more important than ever”.² These links between further education, business and citizens would benefit from a closer relationship with government provision of business advice via the Business Wales and the Farming Connect service, which is an important part of Business Wales.

The Business Wales website includes ‘Skills and Training’ as one of six key areas on its landing page which is positive.³ However, Colegau Cymru believes that skills and training can be further integrated into the future offers of Business Wales, and this includes Farming Connect where at least one further education college has also benefitted from support.⁴ While virtual business support will remain vital in the post-COVID-19 world, where there is a return to provision of face-to-face advice, consideration should be given to colocation of physical services. Further education campuses offer much potential here with locations across Wales. The link to Regional Centres from the Business Wales ‘About Us’

¹ Stats Wales, *Size Analysis of Active Businesses in Wales 2019 (December 2019)*, <https://gov.wales/sites/default/files/statistics-and-research/2019-12/size-analysis-active-businesses-2019-503.pdf>

² Welsh Government, *Prosperity for All: the national strategy (2017)*, p17, [Securing Wales' Future Summary \(gov.wales\)](https://gov.wales/sites/default/files/strategy/2017-09/securing-wales-future-summary.pdf)

³ <https://businesswales.gov.wales/>

⁴ Farming Connect has previously supported a wide variety of training options, see: [Funding available for accredited Farming Connect training courses | Business Wales \(gov.wales\)](https://gov.wales/sites/default/files/strategy/2017-09/securing-wales-future-summary.pdf).

section of the website is currently broken but there is a future opportunity to use resources such as this to bring business and skills support together both online and physically.⁵

The FSB Wales report, *A Skilful Wales*, published in December 2018, made several recommendations in relation to Business Wales and support for SMEs, for example, around development of training plans.⁶ This is an area where further education colleges could provide useful input, in conjunction with relevant private providers. FSB The report highlighted that in terms of public sector providers, further education colleges were the highest ranked providers, suggesting positive potential to build on this base.

Certainly, relevant staff in Business Wales and further education colleges could work together more closely on a formal and informal basis to develop an improved shared understanding of the services each provides, but there is potential to go beyond this. The recent independent report produced for ColegauCymru, *Enabling Renewal: Further Education and Building Better Citizenship, Occupations and Business Communities in Wales*, showed the potential of further education over the medium to long term, via the network of campuses, to use educational and organisational expertise to assist in reforming labour demand. Routes for this include through broadening occupational categories and coordinating local business communities.⁷ While the report highlights that further education cannot solve economic issues alone, subject to additional resources, there is significant potential for colleges, businesses and other stakeholders to work together on a district basis to improve levels and quality of labour demand. This would build on existing relationships and expertise across districts.

The *Enabling Renewal* report comments on the present situation and the future of training in more depth. However, it is important that training works to the benefit of both employer and employee. Qualifications need to be flexible and accredited where possible. Previous research by ColegauCymru showed the preference for in-house training from SME employers.⁸ However, COVID-19 has seen the expansion of online learning provision which might prove similarly attractive due to reducing/eliminating the need to travel for face to face learning.

The next Welsh Government should invest in further education colleges to continue to develop flexible, accredited training in partnership with SMEs in the more immediate term, while addressing the medium to long term issues set out in the *Enabling Renewal* Report. Similarly, the future of

⁵ [Business Wales | Business Wales \(gov.wales\)](#)

⁶ FSB Wales, *A Skilful Wales* (December 2018)

⁷ John Buchanan et al., *Enabling Renewal: Further Education and Building Better Citizenship, Occupations and Business Communities in Wales*, 2021, <https://www.colegau.cymru/image/publications/reports/Enabling%20Renewal%20-%20FE/Enabling%20Renewal%20-%20FE.pdf>

⁸ See Mark Lang, David Pickernell, Celia Netana, and Simon Thomas, *Gammon, Egg and Chips in a Pub Night After Night*, ColegauCymru (2017).

Business Wales, including its skills element, should include closer integration with the further education sector and training providers.

Establish a Centre for Vocational Education and Training (VET)

Learning from international best practice, Wales could benefit from a focused national institution dedicated to vocational education and training, which also enables staff to maintain their real-world professional skills. The concept of ‘dual professionalism’, whereby extensive knowledge, conceptual understanding and expertise in teaching and learning is combined with expert subject knowledge and skills is often raised and it is now time for the next Welsh Government to take practical action to enhance it. This function could form a central tenet of a Centre for Vocational Education and Training.

In establishing such a Centre, Wales could build on examples from the Basque Country, most obviously *Tknika*. *Tknika* is a centre promoted by the Deputy Ministry of Vocational Education and Training of the Education Department of the Basque Government with innovation and applied research at its core. Modelled on some of the world’s most advanced vocational training centres, through networking and direct involvement by the Basque Vocational Training teaching staff, the Centre develops innovative projects in the areas of technology, education and management.⁹ *Tknika* works to reduce the gap between the introduction of new technology or innovation and the time it takes for new practices to be taught at a Technical college. The complementary *Tkgune* network is a network formed by vocational training centres to facilitate the bi-directional transfer of knowledge between centres and companies.¹⁰ Like Wales, many of the businesses served in this collaboration are micro firms.

In recent years, visits to the Basque Region, including *Tknika*, undertaken by representatives from the post-16 education sector in Wales (further education, higher education, Welsh Government, Estyn and NUS Wales) to understand the operational context noted the strategic approach taken to VET in the Basque region generally. Likewise, the mechanism (*Tknika*) created to implement change was impressive. The key differential was the ability to standardise teaching content and pedagogy to create a national standard. This has enabled the whole sector to respond quickly to changing skills requirements. The current process of defining and developing professional standards and professional networks, already underway in Wales, would benefit from the central coordination of a delivery of a *Tknika-type* model and link with Colegau Cymru’s policy recommendations on enhancing the capacity and scope of the further education workforce.

⁹ See ‘About Tknika’, [About Tknika – Tknika](#)

¹⁰ Tkgune, [TKgune - Innovation and Technology Transfer Network](#)

The focus on continually upskilling and reskilling vocational staff in latest industry as well as pedagogical practices, producing learners with up to date knowledge, responding to the needs of business, especially SMEs, strengthens collaboration between colleges as well as between colleges and employers. This, combined with an emphasis on the practical application of innovation and access to new technology, would benefit Wales over the longer-term, providing opportunities to strengthen supply chains between SMES and anchor companies. The next Welsh Government should build on existing intelligence gathered from the Basque Country and other relevant examples and invest in the establishment of a Centre for Vocational Education and Training for Wales. Adopting a similar approach in Wales, alongside reform of the provision of level 4 and 5 qualifications, together should be seen as a significant step forward in transforming outcomes in vocational and technical education. It will also support the development of the FE workforce, which is a subject addressed in briefing number five.

Reassessing the impact of Regional Skills Partnerships, the Wales Apprenticeship Advisory Board and the Wales Employment and Skills Board

No one agency has the solution to the economic, societal and skills challenges faced by Wales and it is right that partnerships of relevant knowledge and experience are developed. The extent of the challenge to redefine working practices in the private as well as public sector has been well documented. The twin challenges of the so-called Industry 4.0 as well as the established problem of low pay and job insecurity makes this a pressing priority.¹¹ It has been recognised that simply supplying more or higher levels of skills will not in itself help transform business or communities. To address this more pressing problem, the current partnerships should be repurposed to examine how labour is utilised in Wales, not only the extent to which demand for current labour and occupational requirements outstrips supply. Any future boards should be based on genuine social partnership and include employee or trade union representation. Increasing emphasis must be placed on cross-cutting competencies across employers and employment sectors within the context of coping with changes in the world of work. There is a clear link between the role of these reformed boards and identifying the link between core competencies and occupation-specific professional knowledge and skills required by specific employers. However, this cannot be achieved without thorough and meaningful reform and the allocation of resources.

¹¹ See Professor Phil Brown, *Wales 4.0: Delivering Economic Transformation for a Better Future of Work*, Welsh Government, 2019, [Delivering Economic Transformation for a Better Future of Work \(gov.wales\)](https://gov.wales); and John Buchanan et al., *Enabling Renewal: Further Education and Building Better Citizenship, Occupations and Business Communities in Wales*, Colegau Cymru, 2021, available at: <https://www.colleges.wales/image/publications/reports/Enabling%20Renewal%20-%20FE/Enabling%20Renewal%20-%20FE.pdf>

The loss of UK-wide resources such as the UK Commission for Employment and Skills has been felt in variety of spheres, not least in terms of the available data and commentary across the four nations of the UK. Also well understood in Wales is the challenge presented by the need for national occupational standards to promote as well as define skills requirements, particularly when it comes to identifying Transversal Competencies which go beyond the usual discussion of ‘soft skills’. The lack of a developed infrastructure in this policy areas in Wales points to the need for a better defined and executed strategy to meet local, regional and national skills needs. It is also imperative that short-termism and localised, and often under representative views, do not dominate and distort a wider discussion on the future of employment and technical skills.

The current Welsh Government draws on groups it has established to help determine skills priorities for business. These include the three Regional Skills Partnerships (RSPs), the Wales Employment and Skills Board (WESB) and the Wales Apprenticeship Advisory Board (WAAB). While meetings of these bodies may contain an element of commercial sensitivity, given the role that they play in current Welsh Government policy, there is not sufficient transparency about these groups and in some cases their remit and membership. This is not to argue that members of such groups are not providing an important function but the current set up does not allow for sufficient scrutiny or assessments of impact and effectiveness.

The Senedd Economy, Infrastructure and Skills (EIS) Committee undertook an inquiry into Regional Skills Partnerships and published its report in October 2019. It set out two key recommendations and 10 actions including stimulating future employer demand for skills, implementing the Graystone Review of March 2018, improving resourcing, Welsh language, better SME engagement and the need to end the practice of RSPs making recommendations on learner numbers to FEIs. The current Welsh Government’s response to the report accepted many of the findings but rejected several actions, and created an element of confusion in respect of some of those it purported to accept.¹²

In spite of the EIS Committee report, and the sharp focus on skills provision in general in light of COVID-19, consistent and up to date information on RSPs remains challenging to find and access publicly. There is no simple or consistent way to access information about who sits on each of the RSP Boards with access to minutes and papers similarly patchy.

Information about the Wales Employment and Skills Board is likewise scarce. The relevant Welsh Government webpage says merely that “The Wales Employment and Skills Board advises on employment and skills” while the ‘Membership’ page is similarly lacking in detail, stating: “The board has representation from the public and private sector and meets quarterly. Members include: employer representative bodies; Wales TUC; employers from a broad range of sectors; Welsh

¹² See response to Action 2 which is recorded as ‘accepted’ but in reality only accepts the reference to information on low skills traps. The vital component of demand stimulation is ruled out.

Government officials.¹³ There appears to have been no update to the pages since April 2018.

The Wales Apprenticeship Advisory Board does not appear to have its own website or specific entry on the Welsh Government website. A paper to the Welsh Government’s Council for Economic Renewal from October 2018 noted that the Wales Apprenticeships Advisory Board (WAAB), operating under the auspices of the Wales Employment and Skills Board (WESB), provides “strategic input and robust challenge to shape future apprenticeships skills”, going on to note that “WAAB is chaired by the CBI Wales CEO, bringing together employers, employer representative and social partners to offer insight on policy and delivery from a range of perspectives”. Membership of WAAB is set out in that paper as being comprised of Core Employers - Two employers nominated from each Regional Skills Partnership region - 6 in total (must include an equal balance of SME and large business from each region); other Members – Qualifications Wales, Confederation of British Industry, Federation of Small Businesses, Wales Trades Union Congress, Higher Education Funding Council for Wales, Chwarae Teg; additional employers and sector representatives to attend when required.¹⁴

Scrutiny of the Welsh Government draft budget for 2021-22 by the Senedd Economy, Infrastructure and Skills Committee on 20 January 2021 confirmed that there is no increase in funding to the existing RSPs but that a fourth RSP, covering mid Wales specifically, may be set up by separate funding.¹⁵ If RSPs are to function as an effective means on skills input, existing funding levels will be insufficient to achieve this, let alone support a fourth RSP. In their evidence to the EIS Committee inquiry into RSPs, FSB Wales expressed concerns about the level of funding and resource available to RSPs to undertake meaningful work with SMEs and it is not clear that these concerns have been adequately addressed and rectified.¹⁶

In light of the above information, ColegauCymru calls on the next Welsh Government to review the functions of the RSPs, WESB and WAAB to assess whether they are fit for purpose as Wales exits the COVID-19 crisis. Such a review should consider whether the functions the groups undertake could be streamlined or done more effectively, potentially within or by other organisations. In future, all such groups must have a clear, publicly available, remit and transparent, effective governance procedures. This will enable independent and evidence-based planning advice for schools, colleges, and universities as well as the development of apprenticeships.

¹³ See: <https://gov.wales/wales-employment-and-skills-board> and <https://gov.wales/wales-employment-and-skills-board/membership>

¹⁴ <https://gov.wales/sites/default/files/publications/2019-01/council-for-economic-development-october-18-apprenticeships.pdf>, page 2.

¹⁵ [Economy, Infrastructure and Skills Committee 20/01/2021 - Welsh Parliament \(assembly.wales\)](#)

¹⁶ [10. Federation of Small Businesses.pdf \(senedd.wales\)](#)

International benchmarking comparison and competitiveness

At a time when the business and skills infrastructure within Wales is under greater pressure than ever, the ability of Wales as a nation to engage and indeed compete within Europe and further afield is under continued threat. International benchmarking across a variety of subjects is vital to understand the changing situation across the globe and to recognising how Wales can best adapt and play to our strengths as a country.¹⁷ Wales remains less competitive than many regions of the UK and Europe more widely. Challenges to competitiveness are well understood and can often overlook other important consideration due to a focus on a single metric such as Gross Domestic Product or GVA. However, education systems (and vocational systems in particular) alongside employment and labour market measures can achieve positive outcomes that are both social and economic. This approach has been clear in the numerous structural funding programmes and the programmes put in place to link labour market demand, local trading conditions as well as international competitiveness.

Alongside the disruption to international markets, an additional impact of Brexit is not being able to participate in European networks related to VET initiatives, such as EQAVET, the EQF and the wide range of comparative reports and analyses produced by Cedefop.¹⁸ This is in addition to the loss of access to the Erasmus+ scheme which is important in exposing students to international business and vocational practices. Likewise, continued participation in the internationally recognised European Qualifications Framework is integral to ensuring that Wales' technical education system can be benchmarked against other European qualifications frameworks and, therefore, remain consistent with those used by multinational firms seeking to invest in Wales and to support the many smaller indigenous business that rely on participation within international supply chains. A failure on behalf of the next Welsh Government to participate fully and effectively in international networks could result in the domestic vocational and technical education system developing at a pace and in a direction at odds with international standards and global demand. Now that the UK, including Wales, is a 'third country' for the purposes of the European Union, there needs to be clarity about the effect of these third country rules on different aspects of the economy and education in Wales. Similarly, the next Welsh Government must ensure that any replacement schemes for Erasmus+, including the Turing Scheme, offer the same level of access and opportunity to further education learners.

As well as seeking to respond to local employer demand, the next Welsh Government should commit to resourcing international engagement between its skills system and that within Europe both bilaterally and through cooperative networks. The Welsh Government should require the internationalisation of the further education curriculum in Wales, providing the necessary resources, in particular the vocational and technical component. To support local business and employers, in

¹⁷ See, for instance, <https://www.imd.org/news/updates/IMD-2020-World-Competitiveness-Ranking-revealed/> for an analysis of recent economic competitiveness and responses to Covid.

¹⁸ See, for example, [Cedefop | European Centre for the Development of Vocational Training \(europa.eu\)](#) ; [Home - Eqavet](#) ; [The European Qualifications Framework \(EQF\) | Europass](#)

both the private and public sectors, the incoming Welsh Government should ensure that international skills benchmarking informs its strategy. This includes requiring regulators and quality assurance agencies to take full account of the skills demands on the Wales workforce, and for these to be understood and addressed within an international context.

This briefing is the fourth in a series of five covering each of the themes identified in *Further Success: Policy Recommendations for the next Welsh Government In Post-16 Education and Lifelong Learning for Wales*.



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