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# Employment and Training – Policy Briefing

## Introduction

In recent years, the UK Government and devolved governments in Scotland, Wales and Northern Ireland have all stressed the pivotal role of the skills agenda as a key driver in tackling a wide range of economic and social problems. Notably, the Leitch Review of Skills stated that 'skills is the most important lever within our control to create wealth and to reduce social deprivation' (Leitch, 2006; 2). In order to achieve the objectives identified by the UK Government, the review put forward a series of targets focused on improving qualifications. However, many functions around employment and training policy are devolved to Scotland, Wales and Northern Ireland and therefore a range of distinct responses have emerged. The Welsh Assembly Government has stressed the importance of developing an integrated response to these challenges – combining skills, employment and business development policy. However, the approach adopted by the Welsh Assembly Government is constrained by the nature of the devolved settlement – although education and training functions are devolved, employment policy remains centralised within UK Government.

## 1. Governance Structures

As noted in the previous section the governance structures within employment and training policy reflect the uneven devolution of responsibilities to the National Assembly for Wales and UK actors remain highly influential.

### *1.1 UK-wide level*

- Department of Work and Pensions (DWP); created in June 2001 from the merger of the employment part of the Department for Education and Employment (DEE) and the Department of Social Security (DSS). DWP is the lead UK Government department in employment, welfare and pensions. The key delivery organisation in employment, Jobcentre Plus reports to DWP.
- Department of Business, Innovation and Skills (DBIS); created in June 2009 from the merger of the Department for Business, Enterprise and Regulatory Reform and the Department for Innovation, Universities and Skills. DBIS is responsible for a wide range of policy areas, including skills and higher education.

- UK Commission on Employment and Skills (UKCES); established by the UK Government in April 2008 following the Leitch Review. The Commission has a stated ambition to ‘benefit employers, individuals and Government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society.’ The Commission provides acts in an advisory capacity to UK Government and the devolved administrations.
- Sector Skills Councils (SSCs); are independent, employer-led, UK-wide organisations designed to build a skills system that is driven by employer demand. There are 25 SSCs covering an estimated 90% of the UK economy including areas such as construction, retail etc... They work towards four key goals including reducing skills gaps and shortages and improving productivity, business and public service performance.

## **1.2 All-Wales level**

The Welsh Assembly Government is responsible for a range of key aspects of employment and training policy, particularly those related to skills and education policy. However, due to the cross-cutting nature of employment and training policy is effectively divided between the Department for Children, Education, Lifelong Learning and Skills and the Department for Economy and Transport. Although the Welsh Assembly Government has developed responsive employment initiatives, such as the Redundancy Action Scheme (ReAct) and the training-based ProAct scheme, key functions remain with UK departments and agencies.

In addition the Welsh Assembly Government established the Wales and Employment and Skills Board in spring 2008 to provide independent advice on skills and employment policies and to drive forward the agenda set out in *Skills that Work for Wales* (WAG, 2008). The Board replaced two advisory panels: the Wales Employment Advisory Panel and the Joint Skills Advisory Panel. The Board has 13 members selected due to their expertise in the skills and employment arena in Wales and includes members from employers, training providers, trade unions, local authorities, higher education, further education and the business sector.

## **1.4 Local level**

Training and employment policy is delivered at the local level by a wide range of agencies, organisations and institutions within the education sector, including further education colleges and the voluntary sector. Jobcentre Plus is perhaps the key delivery agency in terms of employment policy at the local level and reports directly to its sponsoring department, DWP. In addition Career Wales, set up in 2001 and bringing together the six regional careers companies, carries out a range of support services and reports to the Welsh Assembly Government.

## **2. Key Policy Documents**

**2.1 Leitch Review of Skills - Prosperity for all in the global economy - world class skills** (Leitch, 2006) in 2004 the UK Government commissioned Sandy Leitch to undertake a review of the UK’s long-term skills needs. The final report was published in December 2006 and sets out a range of targets in order for the UK to achieve the objective of becoming a world leader in skills by 2020.

**2.2** *Skills for Growth: The National Skills Strategy* (DBIS, 2009) published in November 2009, the strategy puts forward a range of commitments including investing in skills in sectors identified as key to future growth, enhancing 'consumer choice' around training and skills provision and simplifying the policy landscape by reducing the number of agencies.

**2.3** *Building Britain's Recovery: Achieving Full Employment* (DWP, 2009) published in December 2009, restates the Government's response to the recession and signals the start of the programme to return to full employment.

**2.4** *Investing in Potential: Our Strategy to increase the proportion of 16-24 year olds in education, employment or training* (DCSF, DWP & DBIS, 2009) published in December 2009, the strategy sets out the Government's aim to continue to drive up participation in education and training and maximise employment opportunities for young people aged 16 to 24.

**2.5** *Wales: Towards Full Employment* (DWP & WAG, 2007) published jointly in March 2007 by DWP and the Welsh Assembly Government. The document sets out the context of employment policy within Wales, the approach adopted by the Welsh Assembly Government and DWP in responding to problems and the future challenges.

**2.6** *A Wales that works: First Annual Report* (WESB, 2009) published in April 2009 by the Wales and Employment and Skills Board. The report identifies the challenges that face Wales and provides a range of recommendations to the Welsh Assembly Government, including re-focusing on addressing the basis skills deficit and seeking 'maximum policy, financial and administrative flexibility' with DWP.

**2.7** *Skills that work for Wales: a skills and employment strategy* (WAG, 2008) published in July 2008, the strategy builds on the Skills and Employment Action Plan 2005. 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.

**2.8** *Transforming Education and Training Provision in Wales: Delivering Skills that Work for Wales* (WAG, 2008) & *Transformation – Y Siwrnai - Transforming Education and Training Provision in Wales Delivering Skills that Work for Wales* (WAG, 2009) published in September 2008 and November 2009 respectively, these reports provide an overview of the policy framework for the delivery of the 2008 strategy and experiences of stakeholders in implementing this framework.

### **3. Key Data sets**

**3.1** *Labour Force Survey (LFS)* - is a survey of all households in the UK and is conducted on a quarterly basis. The survey provides information on the UK labour market that can then be used to develop, manage, evaluate and report on labour market policies. It seeks information on respondents' personal circumstances and their labour market status during a specific reference period, normally a period of one week or four weeks (depending on the

topic) immediately prior to the interview. The survey is available on a quarterly basis from 1992 and is available up to 2004.

**3.2 Annual Population Survey (APS)** – is a combined survey of households in Great Britain. It brings together results from the Labour Force Survey (LFS) and the English, Welsh and Scottish LFS boosts and provides enhanced data on key social and socio-economic variables. The APS was first published in July 2005 and is published on a quarterly basis, and is available up to June 2009.

**3.3 Annual Business Inquiry** – is conducted in two parts: one dealing with employment, the other with financial information. The financial inquiry covers about two thirds of the UK economy including: production; construction; distribution and service industries; agriculture (part), hunting, forestry and fishing. The coverage of the employment inquiry is wider. The survey has been published since 1998 and provides aggregate statistics for the whole business population, analysed by industry and geography.

**3.4 Future Skills Wales** – research programme has carried out skills surveys in 1998, 2003 and 2005. The 2005 survey, for example, surveyed 6,710 randomly selected employers across Wales between March and May 2005. The objective of the survey was to produce reliable information on the skill deficiencies which employers in Wales experience; information which can be used to inform skills development policy and planning.

**3.5 National Survey of Adult Basic Skills in Wales, 2004** - commissioned by the Basic Skills Agency to establish baseline levels of literacy and numeracy skills in Wales. The survey was carried out by BMRB during 2004 and was based on a comparable study carried out in England for the Department for Education and Skills during 2003. The survey sampled over 2,500 adults between the age of 16 and 65 in Wales.

In addition to these data sets, the Learning and Skills Observatory Wales (LSO) and Stats Wales website provide further information sources.

## **4. Emerging Themes and Questions**

The key role of training and employment policy in responding to the challenges of globalisation and increased economic competition has been increasingly influential within the UK. In the Welsh context, these pressures are exacerbated by the transition of the Welsh economy away from traditional heavy industries and manufacturing towards the Welsh Assembly Government's objective of a knowledge-based economy. Indeed a central tenet of the Assembly Government's vision for economic development is the development of 'an increasingly skilled, innovative and entrepreneurial workforce' (WAG, 2005). However, the actual process of making this vision a reality in the context of the economic downturn raise a number of key questions:

- What are the key challenges for delivering the Welsh Assembly Government's objectives in areas of Wales that have experienced medium to long-term economic decline?
- To what extent are the trends around skills and training spatially evidenced and articulated?
- How has the 'credit crunch' reinforced or realigned the post-Leitch skills agenda?

- How joined-up are employment and training policies with associated policy areas, such as economic development and education?
- What are the key issues in balancing the objective to create an 'innovative and entrepreneurial workforce' with the challenge of ensuring basic skills levels in Wales?
- How influential is the social inclusion agenda, particularly around so-called NEETs, in terms of employment and training policy?