Regional Delivery Plan for Employment and Skills for South West and Central Wales

Third Version
2014-2024
## Contents

**Foreword**

1. Introduction & Background *(including Employment and Skills Priorities table)* ..................01

2. Background Analysis ..................................................................................................................06

3. Skills Analysis...........................................................................................................................19

4. Building Skills in Education .....................................................................................................31

5. Transition into Work ..................................................................................................................36

6. Raising Demand and Improving Skills .....................................................................................40

7. Major Developments and Demand Drivers ............................................................................45

8. Headlines...................................................................................................................................46

9. Policy Context.............................................................................................................................51

10. Making the plan happen: Implementation .............................................................................56

11. Skills Performance Measures..................................................................................................57

**Appendix 1 – Emerging Regional Activities.............................................................................58**

**Appendix 2 – Employment and Skills Framework.......................................................................59**

**Appendix 3 – Mapping Document (link to)..................................................................................61**

**Appendix 4 – Employer Voice Report..........................................................................................62**
Foreword

Our ambition is that by 2024, South West & Central Wales will be a confident, ambitious, resilient and skilled region recognised for its thriving, vibrant, knowledge-rich, creative economy supported by technical, academic and commercial expertise.

The aim of the Regional Delivery Plan for Employment and Skills is to motivate growth in the economy by transforming the learning experience for individuals and employers to create a sustainable, dynamic, entrepreneurial and innovative culture, responsive to future business opportunities.

As reflected in the region’s regeneration strategies, utilising the potential of our assets, whilst promoting equality, diversity and the Welsh Language is key to responding to the challenges of the diverse economy, demographics and geography of the region. The potential of our people, natural environment, culture and heritage should be maximised to develop and grow markets for future technologies, products and services that exploit the opportunities presented by a global economy.

It is essential to recognise the role that employers play in this process. To increase productivity and deliver economic success in the region, businesses need to invest in increasing the skills of the workforce and inspire young people to achieve by offering them real-world experiences and meaningful work-placements. For this to be achieved, we need to build on partnerships that capitalise on the passion and commitment of inspirational entrepreneurs, leaders, teachers and advisors across the region.

In line with the objectives of the Regional Learning Partnership South West and Central Wales (RLPSW&CW), our vision is:

**To increase productivity and grow higher value jobs by addressing barriers, developing employability, skills and progression pathways.**

In order to transform our economy, we intend to deliver growth by:

- Increasing the proportion of the workforce with higher level skills.
- Ensuring future skills supply is flexible and responsive to the growth sectors identified in the economic data.
- Increasing the proportion of high value employment sectors.
- Exploiting the potential of global and knowledge-based economies.
- Addressing the low skills deficit evident in the attainment of qualifications, in particular those without formal qualifications.
- Developing the entrepreneurial culture.
- Increasing overall employment levels and addressing economic inactivity.

By working together we can inspire and stretch the capabilities and aspirations of young people, employees and those currently unemployed to attain high levels of education and skills that contribute to a capable, flexible and competent workforce able to add value to the economy.

This presents a real opportunity for the region to develop collective responses to its skills and employment challenges, through embracing strong partnership working.

Dave Gilbert OBE  
Director of Regeneration and Leisure  
Carmarthenshire County Council  
Chair of RLP Strategy Group

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1 Ceredigion for All; One Powys Plan and Swansea Bay City Region Economic Regeneration Strategy
1.0 Introduction and Background

Purpose

The Department for Education and Skills (DfES) is currently developing a strategic approach to the delivery of employment and skills support for both individuals and businesses, which will provide a basis for the future utilisation of European Structural Funds (ESF) and other sources of funding.

In response to the Welsh Government’s future strategic approach to the employment and skills agenda, the RLPSW&CW is facilitating the development of a Regional Delivery Plan for Employment and Skills for South West & Central Wales (the plan) that is aligned strategically with what is outlined in the National Policy Statement on Skills (published January 2014), subsequent Implementation Plan (published July 2014) and the latest version of the DfES Footprint for ESF delivery.

The plan is also being developed to implement Strategic Aim 2 of the Swansea Bay City Region Economic Regeneration Strategy and align with the skills priorities in the Ceredigion and Powys regeneration strategies, to enable the provision of skills and learning to meet the needs of the region’s economic and labour market over the next ten years and beyond.

In October 2014, the Deputy Minister for Skills and Technology, Julie James AM, formally announced the regional skills partnership structures that will develop and publish annual regional employment and skills plans, which will identify investment priorities as well as local demands and opportunities. The first plans will be produced by March 2015.

The three regional skills partnerships are:

- The Regional Learning Partnership South West and Central Wales;
- The North Wales Economic Ambition Board;
- South East Wales Learning Skills and Innovation Partnership.

Each of the three partnerships consists of representatives from industry, public sector, third sector, providers and other key stakeholders.

The Skills Implementation Plan (SIP) sets out four key roles for regional skills partnerships:

- To produce and analyse labour market information aligned to economic intelligence, which informs the skills requirements of the regions and future funding priorities linked to the co-investment policy;
- To provide a mechanism to advise Welsh Government on future prioritisation of skills funding in line with employment and skills needs;
- To act as a strategic body effectively representing regional interests to develop a demand-led and sustainable skills system, which is informed by strong industry engagement and recognises the level of skills utilisation in the region;
- To act collectively and strategically to maximise the impact of future available funds recognising the likely reduction of public funds over the coming years.

2 Skilled and ambitious for long-term success.
3 http://wales.gov.uk/topics/educationandskills/skillsandtraining/policy-statement-on-skills/skills-implementation-plan/?lang=en
Process

Work on the plan commenced in November 2013 and to date has involved the following strands of work:

- SQW Ltd\(^4\) was commissioned in December 2013 to undertake a desk-review of relevant data and evidence review. The purpose of the work was to provide a synthesis of economic, labour market and skills data in South West and Central Wales (SW&CW). It drew upon a range of documents and data, including RLP materials, projections from Cambridge Econometrics Ltd (CE), broader strategic, policy and socio-economic information. Data was drawn on from the six counties that comprise SW&CW: Powys; Ceredigion; Pembrokeshire; Carmarthenshire; Swansea; and Neath Port Talbot.

- A series of consultation briefing events, which provided the opportunity for stakeholders from the private, public and third sectors to review headlines from the evidence base that reflected the region’s economic performance and skills challenges and share their views on what interventions are needed to improve the region’s economy.

- Capturing the employer’s view is essential to ensure the plan reflects the needs of the region. Feedback was captured from employers during a range of regional events supplemented by the commissioning of Employer Voice research, which identifies regional skills demand drivers by drawing on existing data, research of skills development and discussions with business, industry groups, skills providers and Welsh Government. Details can be found in Appendix 4.

- The development of a **Regional Employment and Skills Framework**,\(^5\) which provides an overarching approach to activities to enable the individual and employer to identify interventions to support the employment and skills challenges of the region.

- A call for ‘Expressions of Interest’ (EoIs) to gather a clear picture of all discussions and activity ideas being developed, which aim to address the region’s skills needs and transform or add value to the way services are delivered.

- An initial review of the 138 EoIs received by the Advisory Group in June, following which, Brokerage group meetings between similar proposed activities were held during August and September.

- Further collaboration and development of ideas facilitated through Thematic group meetings are underway, from which regional activities are emerging.

Structure

Chapters Two and Three of the plan provide background analysis of the regional economy and labour market and the region’s skills profile.

\(^4\) A Leading independent provider of research, analysis, and advice in economic and social development.

\(^5\) Appendix 2
Chapters Four, Five and Six provide the evidence base and the feedback from the consultations which ultimately shape the plan’s priorities. The chapters cover three themes which are Building Skills in Education, Transition into Work and Raising Demand and Improving Skills. Together they represent the skills journey from (mainstream) education, into employment and the ongoing development of workforce and professional skills.

The later Chapters of the plan cover the headlines and external factors that are likely to influence its delivery, an outline of the skills performance measures and emerging regional employment and skills activities.

The table below provides a summary of the plan structure:

<table>
<thead>
<tr>
<th>Building Skills in Education</th>
<th>Transition in to Work</th>
<th>Raising Demand and Improving Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 4</td>
<td>Chapter 5</td>
<td>Chapter 6</td>
</tr>
</tbody>
</table>

Employment & Skills Framework Thematic Areas

- Engagement
- Pre Employment
- In Work Support
- CPD

Chapters 4, 5 and 6 provide the evidence base which shape the priorities. The Chapters cover three themes: Building Skills in Education; Transition in to Work and Raising Demand and Improving Skills. Together they represent the skills journey from (mainstream) education, into employment and the ongoing development of the workforce and professional skills. Actions will be developed for each priority. Further evidence to support each of the priorities is found within the background analysis (Chapter 2) and headlines (Chapter 7).
Priorities

The evidence base, consultation briefing events and employer feedback provide insight into the opportunities and challenges facing employment and skills in the region, resulting in the development of our vision:

To increase productivity and grow higher value jobs by addressing barriers, developing employability, skills and progression pathways.

To achieve our vision, our focus will be on:

- Increasing the proportion of the workforce with higher level skills;
- Ensuring future skills supply is flexible and responsive to the growth sectors identified in the economic data;
- Increasing the proportion of high value employment sectors;
- Exploiting the potential of global and knowledge-based economies;
- Addressing the low skills deficit evident in the attainment of qualifications, in particular those without formal qualifications;
- Developing the entrepreneurial culture;
- Increasing overall employment levels and addressing economic inactivity;

To support our vision for employment and skills and drawing on the intelligence gathered, 14 priorities for the Regional Delivery Plan for Employment and Skills for South West and Central Wales have been identified. The priorities are listed in the table on page 5, which is illustrated to show how they align to the thematic areas of the Employment & Skills Framework and grouped under the chapter headings of 'Building Skills in Education', 'Transition in to Work', and 'Raising Demand and Improving Skills', from where key intelligence is derived.

The groupings are not intended to be mutually exclusive, (for example, work readiness would also be applicable within Building Skills in Education) and you will find evidence to support each of the priorities throughout the plan, including the background analysis and headlines.

The priorities inform the Regional Employment & Skills Framework to determine the activities required to support the employment and skills challenges, thus avoiding duplication.

Delivering Change

The plan will identify the region’s skills needs, articulate the collective response and then identify the interventions to be supported by the appropriate investment e.g. domestic or structural funds. It is not an ESF funding plan – it is wider than European Structural Funds.

The success of the plan will be determined by measurable improvements in performance. Skills performance measures will be developed using a range of indicators to drive the commitment to improving the overall skills base in Wales.

Of course, the Regional Delivery Plan for Employment & Skills for South West and Central Wales will not be the only determinant of whether, and on what scale, performance improvements occur. A host of other factors will also play a part, not least the ongoing work of the region’s skills providers, the introduction of new policy and funding initiatives, and the evolving economic climate. Therefore, the plan must be a live document that can remain relevant within this changing context, accelerating the pace of change and maximising opportunity.
The third version of the plan incorporates feedback from all stakeholders and has been updated to include the Employer Voice Report. The next version of the plan will be issued in April 2015. It will include key information to identify demand drivers created by major developments in the region, highlight growth sectors and skills requirements and outline the proposed emerging regional activities and skills performance measures.

# Employment and Skills Priorities Table

<table>
<thead>
<tr>
<th>Priority Ref</th>
<th>Employment &amp; Skills Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improve work readiness skills for all, in partnership with local employers e.g. work ethic, time keeping, positive attitude, team work, problem-solving, ability to comply with instructions, customer service &amp; communication skills.</td>
</tr>
<tr>
<td>2</td>
<td>Improve entrepreneurial skills, enterprise and an innovation culture, within both education and the workforce.</td>
</tr>
<tr>
<td>3</td>
<td>Improve the parity of esteem between vocational and academic pathways, ensuring equality of status, value and perception by learners, teachers, parents, employers, and education institutions.</td>
</tr>
<tr>
<td>4</td>
<td>Ensure flexible learning choices regarding how, when and where learning occurs.</td>
</tr>
<tr>
<td>5</td>
<td>Increase the supply of an appropriately qualified workforce that responds to the regional demands of the economy through a multi-agency approach.</td>
</tr>
<tr>
<td>6</td>
<td>Improve performance in basic literacy, numeracy and digital learning to adapt to new technologies, industries and vocations.</td>
</tr>
<tr>
<td>7</td>
<td>Prepare for future jobs growth by developing new skills provision for emerging and forecasted higher value sectors.</td>
</tr>
<tr>
<td>8</td>
<td>Improve progression routes into higher level skilled jobs, to meet anticipated demand from employers.</td>
</tr>
<tr>
<td>9</td>
<td>Implement the Youth Engagement and Progression Framework within the regional context.</td>
</tr>
<tr>
<td>10</td>
<td>Develop careers guidance that emphasises the economic value of STEM subjects.</td>
</tr>
<tr>
<td>11</td>
<td>To increase the research and development and innovation capabilities of the region to support the development of the knowledge economy.</td>
</tr>
<tr>
<td>12</td>
<td>Target skills gaps for SME and micro businesses.</td>
</tr>
<tr>
<td>13</td>
<td>Promote training and support for employers around innovation, globalisation and commercialisation and leadership management.</td>
</tr>
<tr>
<td>14</td>
<td>Prepare for forecasted longer term job increases.</td>
</tr>
</tbody>
</table>
2.0 Background Analysis

2.1 This Chapter summarises the demographic and economic context, drawing primarily on data from the 2011 Census, Annual Population Survey, Cambridge Econometric projections and feedback from the consultation process.

Situating the South West and Central Wales Region

2.2 SW&CW is a large and diverse region, comprising the local authority (LA) areas of Carmarthenshire, Ceredigion, Neath Port Talbot, Pembrokeshire, Powys, and Swansea. The region’s spatial footprint covers a mix of rural and urban geographies, with distinctive though inter-connected, economies and communities. It includes three universities, and five Further Education (FE) colleges, making SW&CW an important educational driver for Wales.

2.3 Over the past decade, SW&CW has benefitted from significant investments in its infrastructure, ranging from the ‘Harbour Way Project’ linking Port Talbot and the Docks to the M4, to the development of Cross Hands East Strategic Employment Site in Carmarthenshire, Swansea University’s flagship new Science and Innovation Campus on Fabian Way, and the wider ‘SA1’ development. Other important capital projects across the region include investments in integrated health and care e.g. Cylch Caron project and a new facility for communities in Builth Wells, and improved access to energy and employment sites, e.g. the Tidal Lagoon Power development in Swansea and Haven Waterway Enterprise Zone in Pembrokeshire. These developments are reshaping the region’s geography considerably, and provide important new opportunities for our economy, businesses, and communities.

Population

With a population of approximately 893,949, SW&CW accounts for approximately 29% of the total Welsh population. Population density ranges from 6.3 persons per hectare in Swansea, to 0.3 persons per hectare in Powys (see Table 0-1).

Table 0-1: Usual residents in 2001 and 2011, area and density in 2011

<table>
<thead>
<tr>
<th></th>
<th>All usual residents</th>
<th>Change</th>
<th>Area (Hectares) 2011</th>
<th>Density (persons per hectare) 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
<td>2011</td>
<td>Number</td>
<td>%</td>
</tr>
<tr>
<td>Powys</td>
<td>126,354</td>
<td>132,976</td>
<td>6,622</td>
<td>5.2%</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>74,941</td>
<td>75,922</td>
<td>981</td>
<td>1.3%</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>114,131</td>
<td>122,439</td>
<td>8,308</td>
<td>7.3%</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>172,842</td>
<td>183,777</td>
<td>10,935</td>
<td>6.3%</td>
</tr>
<tr>
<td>Swansea</td>
<td>223,301</td>
<td>239,023</td>
<td>15,722</td>
<td>7.0%</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>134,468</td>
<td>139,812</td>
<td>5,344</td>
<td>4.0%</td>
</tr>
<tr>
<td>South West and Central Wales</td>
<td>846,037</td>
<td>893,949</td>
<td>47,912</td>
<td>5.7%</td>
</tr>
<tr>
<td>Wales</td>
<td>2,903,085</td>
<td>3,063,456</td>
<td>160,371</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

Source: Census 2001, Census 2011 from Regional Learning & Skills Observatory for South West and Central Wales
In terms of age breakdown, Pembrokeshire and Powys have a more elderly population, driven by their popularity as retirement locations. Conversely, Swansea and Neath Port Talbot are home to a younger population, explained in the case of Swansea by its large student body. This is disguised in Figure 0-1 as students fall into the 16-64 group, as is also the case with Ceredigion, which has a large student population. These two factors combine to influence the working age population, which is largest for Swansea (64.2% of the total population) and smallest for Powys (59.3%).

Figure 0-1: Population estimates by age, 2012

<table>
<thead>
<tr>
<th>County</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powys</td>
<td>16.8</td>
<td>59.3</td>
<td></td>
<td></td>
<td>23.9</td>
<td></td>
</tr>
<tr>
<td>Ceredigion</td>
<td>14.6</td>
<td>63.9</td>
<td></td>
<td></td>
<td>21.5</td>
<td></td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>17.9</td>
<td>59.5</td>
<td></td>
<td></td>
<td>22.7</td>
<td></td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>17.9</td>
<td>60.6</td>
<td></td>
<td></td>
<td>21.5</td>
<td></td>
</tr>
<tr>
<td>Swansea</td>
<td>17.3</td>
<td>64.2</td>
<td></td>
<td></td>
<td>18.5</td>
<td></td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>17.6</td>
<td>63.2</td>
<td></td>
<td></td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>SW&amp;CW</td>
<td>17.2</td>
<td>61.9</td>
<td></td>
<td></td>
<td>20.9</td>
<td></td>
</tr>
<tr>
<td>Wales</td>
<td>18.1</td>
<td>62.8</td>
<td></td>
<td></td>
<td>19.1</td>
<td></td>
</tr>
</tbody>
</table>

Proportion of usual residents
- people 0-15 years
- people 16-64 years
- people 65+ years

Source: ONS, Mid-Year Estimates, June 2012 from Regional Learning & Skills Observatory for South West and Central Wales

Economic Activity

Headline data clearly illustrate that despite its key assets, SW&CW is underperforming economically. Gross Value Added (GVA), the primary indicator used to measure an economy’s overall performance, has grown by around 80% from 1981 to 2011, which is markedly lower than the more than doubling of GVA growth (120% growth) observed in the UK. In 2011, GVA per head in SW&CW was 75% of the UK average, marking a fall of around nine percentage points since 1998.
2.6 The ‘headline dashboard’ in Table 0-2 provides an indication of SW&CW’s performance against a number of other economic measures.

<table>
<thead>
<tr>
<th>Headline economic indicators</th>
<th>SW&amp;CW</th>
<th>Wales</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity 2010 (GVA per employee)</td>
<td>£31,300</td>
<td>£33,700</td>
<td>£41,100</td>
</tr>
<tr>
<td>Annual GVA growth 1998-2011</td>
<td>1.8%</td>
<td>1.8%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

**Labour market**

| Employment rate (Jul 2012-Jun 2013)               | 67.1%   | 67.7%   | 71.0%   |
| Economic activity rate (Jul 2012-Jun 2013)       | 72.0%   | 73.9%   | 77.1%   |
| % working age population claiming benefits (Q2 2013)* | 16.8%   | 17.4%   | 13.9%   |
| % people in employment in public sector occupations (2013) | 29.9%   | 29.8%   | 23.5%   |
| % people in employment in managerial/prof occupations (2013) | 25.6%   | 27.7%   | 29.9%   |

The data illustrates that SW&CW is performing below the Welsh and UK averages across most of the indicators. Productivity in 2010 was £2,400 below the Welsh average of £33,700. Despite 2014 Q2 figures showing that UK output (GDP) in the economy is now higher than 2008, due to growth in the population, output per head (GVA) remains 8% lower than before the recession. **Employment and economic activity rates in SW&CW are also below those in Wales**, although fewer working age people in SW&CW are estimated to be claiming benefits.
2.8 Economic data at the regional level highlight some important nuances:

- Powys and Pembrokeshire have performed well with employment rates consistently above the Wales average, and lower inactivity and claimant count rates. However, Powys’ economic base is narrow, focused on agriculture and tourism, with high levels of self-employment and seasonal work.

- The remaining authorities are in a poor position relative to the Welsh and UK averages. Swansea has the highest unemployment rate at 8.9%, which is above the Welsh average of 8.4%. Neath Port Talbot has the second highest unemployment rate in the region (7.3%), and an economic inactivity rate above the Welsh average (29% compared to the Welsh average of 26.5%).

2.9 The productivity deficit is now the key factor underpinning the region’s sub-optimal economic performance, and is being driven by two key factors, both of which have skills and employment implications. First, the sectoral mix of the economy as a whole is geared towards government services and lower value sectors compared to the UK, as described further below (see Table 0-3). Second, the occupational profile of the region consists of a large percentage of the workforce in lower value occupations.

Issues identified at national level in the main findings of ‘Skills and the Quality of Work in Wales 2006-2012’ WISERD support this view:

- It remains a cause for concern that jobs in Wales require lower qualifications, on average, than jobs elsewhere in Britain.

- Part-timers in Wales do badly compared to their counterparts in other parts of Britain. Suggesting that low skills are more prevalent among part-time jobs in Wales than in other parts of Britain, with the implication that in order to up-skill the Welsh economy more needs to be done to lift the skills of part-time jobs.

Raising the skills levels amongst this cohort of employees, who’s part time earnings are lower than similar cohorts in other regions in the UK, would have a positive impact on the improving the productivity of the Welsh Economy.

Sectors

2.10 In employment terms, construction, retail trade, and government services (education, health, and public administration and defence) are the largest sectors, accounting for 45% of all jobs. Other major employment sectors include business support services, and food and beverage services. Only retail and health have higher productivity levels in SW&CW than in the UK.

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7 Wales Institute of Social & Economic Research , Data & Methods
Regional Delivery Plan for Employment and Skills for South West and Central Wales

Table 0-3: Sectors with highest employment; GVA and productivity in SW&CW and the UK (2010)

<table>
<thead>
<tr>
<th>Sector</th>
<th>SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employment 2010 ('000s)</td>
</tr>
<tr>
<td>Education</td>
<td>43</td>
</tr>
<tr>
<td>Retail trade</td>
<td>42</td>
</tr>
<tr>
<td>Health</td>
<td>30</td>
</tr>
<tr>
<td>Construction</td>
<td>30</td>
</tr>
<tr>
<td>Public administration and defence</td>
<td>29</td>
</tr>
<tr>
<td>Residential &amp; social</td>
<td>22</td>
</tr>
<tr>
<td>Food &amp; beverage services</td>
<td>21</td>
</tr>
<tr>
<td>Business support services</td>
<td>20</td>
</tr>
<tr>
<td>Agriculture etc.</td>
<td>14</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total (all 45 sectors)</strong></td>
<td><strong>379</strong></td>
</tr>
</tbody>
</table>

Source: SQW analysis of Cambridge Econometrics data 2013/2014

2.11 Public sector employment is particularly significant in Swansea, which is not unexpected given its role as a major service and educational centre for the region. Swansea also has a higher proportion of the workforce engaged in distribution, hotels and restaurants; transport and communication; and banking, finance and insurance than the Welsh average. Ceredigion also has a high share of public administration employment, as does Carmarthenshire. In Pembrokeshire, employment in distribution and hotels is most significant, while manufacturing employment is important in Neath Port Talbot. The highest level of employment in agriculture is in Powys, which is unsurprising given its rural nature.

2.12 In productivity terms, Table 0-3 shows that the majority of sectors in SW&CW perform below the UK average.

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*Swansea University’s Skills in South West and Mid Wales report. 2013. Original source: Annual Population Survey, ONS.*
Occupations

2.13 SW&CW’s occupation profile consists of a large percentage of the workforce in lower value occupations. Professional occupations may represent the greatest share of employment across the region (15.4-19.3%); however they are still less significant than Wales and UK levels. Skilled trade occupations are also more significant in SW&CW. At a local level, Neath Port Talbot’s economy stands out as being particularly geared towards more manual occupations; the proportion of plant and machine operatives being far higher than elsewhere in the region (9.3%).
2.14 Earnings data reveal that **earnings in Swansea are comfortably higher than in other areas**, at £12.01 per hour (gross) for Full-time Equivalent (FTE) workers, when based on place of residence. Powys has the lowest level of earnings, at £10.06. Earnings in Neath Port Talbot are relatively high at £11.26 per hour (gross) for FTE workers, and rise even more when based on place of work rather than place of residence. Indeed, a comparison between work-based and residence-based earnings data show that quite a large number of employees travel from Swansea to Neath Port Talbot, and possibly other areas for work. At the national level, a comparison between residence based and place based earnings also highlights that a large number of employees from the region cross to the South West of England to work⁹.

2.15 While Swansea is clearly vital to the overall regional economic prospects, the other LAs also play vital, and complementing, roles. Given that the regeneration strategies for Carmarthenshire, Neath Port Talbot, Pembrok, Swansea¹⁰, Ceredigion¹¹,¹² and Powys¹³ recognise the importance of the future development of employment and skills in improving the

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⁹ Swansea University’s *Skills in South West and Mid Wales* report. 2013. Original source: Annual Survey of Hours & Earnings, ONS
¹² http://wales.gov.uk/topics/businessandeconomy/policy/teifi/?lang=en
Regional Delivery Plan for Employment and Skills for South West and Central Wales

economy, it is imperative that all authorities contribute to effective collaboration, co-operation, and partnership working.

Travel to Work Patterns

2.16 An analysis of commuting patterns shows that **SW&CW is mostly self-contained** and that commuting flows in nearly equal those out (see Figure 0-5). The overall majority of economically active residents (80%) work in the LA they live in. Around 30,000 SW&CW residents work outside of the region, and a slightly lower proportion of workers commute in from elsewhere (28,000). And around 12% of SW&CW residents commute to another SW&CW authority for work.

**Figure 0-5: Travel to work patterns, economically active, 2011**

![Diagram showing travel to work patterns](source: Annual Population Survey (rounded figures))

2.17 At a local level, the situation varies slightly. **The LA with the greatest number and proportion of out-commuters to workplaces outside of SW&CW is Powys**, where around 10,300 residents commute to a workplace outside SW&CW (17% of economically active residents). The key destinations for out-commuters from Powys are Shropshire and Herefordshire (around 3,700 and 1,300 commuters respectively). The LA with the least out-commuters to workplaces outside SW&CW is Pembrokeshire, probably due to its remoteness (2% of economically active residents out-commute). Table 0-4 provides details on travel to work patterns by authority.
2.18 In terms of residents from outside SW&CW who commute to work in SW&CW, the LA with the highest proportion of in-commuters from outside SW&CW is Neath Port Talbot (13% or around 6,000 commuters), while Powys has the highest number of in-commuters from outside SW&CW (6,800 commuters, 12% of workers in Powys). More than half of in-commuters to Neath Port Talbot are Bridgend residents (3,100 commuters), and a large proportion of in-commuters to Powys are Shropshire residents (2,400 commuters).

Table 0-4: Travel to work patterns by authority, economically active, 2011

<table>
<thead>
<tr>
<th>Area</th>
<th>Residents working within SW&amp;CW</th>
<th>Residents working outside SW&amp;CW</th>
<th>Total residents</th>
<th>Workplaces filled by SW&amp;CW residents</th>
<th>Workplaces filled by in-commuters to SW&amp;CW</th>
<th>Total workplaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmarthenshire</td>
<td>73,650</td>
<td>3,612</td>
<td>77,262</td>
<td>67,021</td>
<td>3,876</td>
<td>70,897</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>30,570</td>
<td>1,093</td>
<td>31,663</td>
<td>30,649</td>
<td>3,064</td>
<td>33,713</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>47,417</td>
<td>6,180</td>
<td>53,597</td>
<td>40,418</td>
<td>5,944</td>
<td>46,362</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>48,120</td>
<td>1,003</td>
<td>49,123</td>
<td>49,206</td>
<td>2,534</td>
<td>51,740</td>
</tr>
<tr>
<td>Powys</td>
<td>49,853</td>
<td>10,341</td>
<td>60,194</td>
<td>48,446</td>
<td>6,849</td>
<td>55,295</td>
</tr>
<tr>
<td>Swansea</td>
<td>88,688</td>
<td>7,588</td>
<td>96,276</td>
<td>102,558</td>
<td>5,761</td>
<td>108,319</td>
</tr>
<tr>
<td>Total SW&amp;CW</td>
<td>338,298</td>
<td>29,817</td>
<td>368,115</td>
<td>338,298</td>
<td>28,028</td>
<td>366,326</td>
</tr>
</tbody>
</table>

Source: Annual Population Survey

Youth Unemployment

2.19 Data from the Careers Wales Destination Survey (Table 0-5) show that there was a 2.9 percentage point reduction in the number of Welsh Year 11 Leavers who are Not in Employment, Education, or Training (NEET) between 2008 and 2012. Positively, this national trend was reflected throughout SW&CW, with Neath Port Talbot recording the greatest reduction in Year 11 leavers NEET, from 7.7% in 2008 to 3.1% in 2012. Figures from Careers Wales for 2013 record a total of 563 year 11, 12 and 13 NEETS across the whole the region, compared to 795 in 2008.

Table 0-5: Year 11 school leavers known not to be in education, employment, or training (NEET)

<table>
<thead>
<tr>
<th>Area</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceredigion</td>
<td>3.8%</td>
<td>2.3%</td>
<td>2.3%</td>
<td>3.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>6.4%</td>
<td>4.9%</td>
<td>4.8%</td>
<td>3.8%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>4.4%</td>
<td>4.0%</td>
<td>2.9%</td>
<td>2.8%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Swansea</td>
<td>5.8%</td>
<td>6.4%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>7.7%</td>
<td>7.1%</td>
<td>6.6%</td>
<td>4.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Powys</td>
<td>3.0%</td>
<td>2.1%</td>
<td>2.9%</td>
<td>3.0%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>
Regional Delivery Plan for Employment and Skills for South West and Central Wales

<table>
<thead>
<tr>
<th>Area</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>SW&amp;CW</td>
<td>5.3%</td>
<td>4.8%</td>
<td>4.1%</td>
<td>3.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Wales</td>
<td>7.1%</td>
<td>5.7%</td>
<td>5.4%</td>
<td>4.4%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Source: Careers Wales West Pupil Destinations Survey from Regional Learning & Skills Observatory for South West and Central Wales

2.20 Despite this positive trend, evidence from the Swansea University’s Skills Report indicates that the proportion of 16 to 18-year-olds in Wales who are NEET has remained fairly constant at between 10-13% since 1996. Data for the 19-24 age range also indicate a large increase in youth unemployment following the recession. Programmes such as Jobs Growth Wales have contributed to a reduction in youth unemploymentfigures year on year between 2013 and 2014, however, there remains a need to up-skill the many young people in the region in employment who have no or low-level qualifications. Activities that address skills deficits need to be cognisant of and add value to WG initiatives such as ‘Skills for Employment Wales’, ‘Essential Skills in the Workplace II’ and ‘Activate your Potential’.

Economic Projections

2.21 Economic projections are available for SW&CW, provided by Cambridge Econometrics (CE) through its Local Economy Forecasting Model (LEFM). Note that the projections use modelled data, which can be limited at a local level, and so should be regarded as indications of future growth, rather than definitive forecasts.

2.22 Looking ahead, the productivity gap between SW&CW and the rest of the UK is forecast to remain in place. By 2030, GVA per worker in SW&CW is forecast to be £39,503, compared to a figure of £52,233 in the UK (based on 2009 price data), still only 75.6% of the UK total. In addition, the employment gap is expected to increase, with the projections indicating that overall employment levels in SW&CW will not begin to noticeably rise until 2017 (see Figure 0-6).

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14 LEFM has been developed by Cambridge Econometrics in collaboration with the Institute for Employment Research (IER) at the University of Warwick. The baseline LEFM projections are based on historical growth in the local area relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. Thus, if an industry in the local area outperformed the industry in the region (or UK) as a whole in the past, then it will be assumed to do so in the future. Similarly, if it underperformed the region (or UK) in the past then it will be assumed to underperform the region (or UK) in the future. The forecasts for the region and UK come from CE's Regional Multi-sectoral Dynamic Model (MDM) of the UK economy.
2.23 At a sector level, the econometric projections indicate strong growth in GVA and employment in real estate, energy, financial and insurance services, and to a lesser extent, head office and management consultancy, professional services, and health. However, ‘traditional’ industries in the area will continue to decline, including textiles (in both GVA and employment terms), and mining and quarrying, agriculture, and transport (in employment terms). Declines in employment in science and engineering related industries are also forecast, including electronics, chemicals, and electrical equipment, as greater use is made of capital equipment. Employment in the public sector (education, and public administration and defence) is also set to contract over the 20-year period, with increasing impact visible in Wales from 2015 onward, as Local Authorities begin to transform their structures in response to the Williams report.

2.24 Looking at these sectoral issues in more detail, the forecasts have been analysed at the level of 45 distinct sectors, allowing the study to identify which sectors are most likely to expand and contract in employment terms in the coming two decades. A list of ‘Expanding’ and ‘Shrinking’ sectors is provided in Table 0-6.

Table 0-6: Top five expanding and shrinking employment sectors, 2012 to 2030 (Green shading indicates projected growth, Orange projected decline)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment 2012 ('000s)</th>
<th>Employment 2030 ('000s)</th>
<th>Employment change (%)</th>
<th>GVA 2012 (£m)</th>
<th>GVA 2030 (£m)</th>
<th>GVA change (%)</th>
</tr>
</thead>
</table>

### Regional Delivery Plan for Employment and Skills for South West and Central Wales

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment 2012 ('000s)</th>
<th>Employment 2030 ('000s)</th>
<th>Employment change (%)</th>
<th>GVA 2012 (£m)</th>
<th>GVA 2030 (£m)</th>
<th>GVA change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>4.0</td>
<td>6.2</td>
<td>55</td>
<td>512.5</td>
<td>1,458.8</td>
<td>185</td>
</tr>
<tr>
<td>Coke &amp; petroleum</td>
<td>0.2</td>
<td>0.3</td>
<td>50</td>
<td>42.7</td>
<td>51.6</td>
<td>21</td>
</tr>
<tr>
<td>Financial &amp; insurance</td>
<td>7.3</td>
<td>10.2</td>
<td>40</td>
<td>494.5</td>
<td>668.3</td>
<td>35</td>
</tr>
<tr>
<td>Head offices &amp; management consultancy</td>
<td>2.7</td>
<td>3.6</td>
<td>33</td>
<td>42.4</td>
<td>67.5</td>
<td>59</td>
</tr>
<tr>
<td>Other professional services</td>
<td>4.0</td>
<td>5.2</td>
<td>30</td>
<td>174.6</td>
<td>245.8</td>
<td>41</td>
</tr>
<tr>
<td>Chemicals, etc</td>
<td>0.5</td>
<td>0.4</td>
<td>-20</td>
<td>32.7</td>
<td>44.3</td>
<td>35</td>
</tr>
<tr>
<td>Food, drink &amp; tobacco</td>
<td>3.6</td>
<td>2.5</td>
<td>-31</td>
<td>205.1</td>
<td>287.8</td>
<td>40</td>
</tr>
<tr>
<td>Textiles etc</td>
<td>1.2</td>
<td>0.6</td>
<td>-50</td>
<td>24.5</td>
<td>19.3</td>
<td>-21</td>
</tr>
<tr>
<td>Other trans. equipment</td>
<td>0.4</td>
<td>0.2</td>
<td>-50</td>
<td>35.4</td>
<td>41.1</td>
<td>16</td>
</tr>
<tr>
<td>Electronics</td>
<td>0.7</td>
<td>0.3</td>
<td>-57</td>
<td>52.8</td>
<td>60.5</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: SQW analysis of Cambridge Econometrics forecasts 2013/2014

2.25 At an occupational level, the projections indicate that the largest increases in employment over the next two decades are predicted in customer service (35%) and health and social care associate professional (28%) occupations, followed by teaching and educational professionals (23%), administrative (21%), and corporate managers and directors (20%). A 14% rise in science, research, engineering and technology professionals is also anticipated. A number of occupations will contract however, notably protective service occupations (-16%), and skilled metal, electrical and electronic trades (-19%), as well as process, plant and machine operatives, skilled construction and building trades, and other occupations. The decline in more ‘manual’ occupations is not surprising as the economy shifts towards more technology-based sectors and ‘modern’ service sectors; however the significance of these changes in occupational structure (e.g. Neath Port Talbot) will need to be managed carefully. In addition, growth in higher skilled occupations will be necessary to enable the growth in higher value sectors required for long-term growth.

As a result of welfare reform, a report published in September 2014 by The Centre for Regional Economic and Social Research at Sheffield Hallam University is projecting a loss of £1bn, or an average per working age adult (pwaa) of £550 per year from the Welsh Economy. Three of the Local Authorities in the region are in the top 11 most affected, with Neath Port Talbot 3rd losing £690 pwaa, Carmarthenshire 9th losing £580 pwaa and Swansea 11th most affected, losing £560 pwaa. As many of those affected have fewer of the skills needed to be an employer’s first choice in a competitive labour market, this can be expected to have a negative

impact on disposable household income, consumer spending in the region and impact on existing town centre decline. From a peak of just under 35,000 in 2008, employment within the Third Sector in Wales has grown from 31,500 in 2010 to 33,500 currently. Consultation with Third Sector representatives across the SW&CW Region indicates demands on Third sector organisations are increasing in-line with higher levels of in-work poverty and increasing numbers of those who are economically inactive. Feedback also indicates that the breadth of experience of staff and volunteers within the sector could be utilised to fill gaps in provision in rural areas, when not economically viable as stand-alone provision, such as training, business support and childcare. WCVA research indicates that of the 505 organisations in Wales that responded to their 2014 survey, 65% provide a service and of those, 39% reported an increase in demand during the last three months. This should be considered alongside findings indicating that 40% of the organisations predict a worsening financial situation over the next year, with an increasing number of organisations predicting posts at risk or making redundancies also. In addition, WCVA findings indicate that the 211 million hours of volunteer effort given in a year is worth £2.2 billion to the Welsh economy, which combined with a £1.6 billion Third sector income is roughly equivalent to 8% of Wales GDP. As a result of reductions to paid staff, organisations report taking on more volunteers to ensure continuity of provision and to address the need for training and work-experience for those currently seeking employment.

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18 Labour Force Survey 2013
19 RLP Consultation Briefing Events
20 WCVA State of the Sector Survey 13 Interim results February 2014
21 WCVA Basic Statistics on the Third Sector in Wales March 2014
3.0 Skills Analysis

3.1 This Chapter summarises the supply of skills and learning in SW&CW drawing on a range of data sources that offer the most up to date perspective at the time of writing, including formal education, apprenticeship activity, and continued professional development.

Skills of the Working Age Population

As Figure 0-1 shows, the profile of adult skills levels in SW&CW is broadly similar to that in Wales, but differs noticeably from the UK. Compared to the UK, a higher proportion of the working age population in SW&CW have Level 2 and 3 qualifications, with a lower percentage having Level 1 and 4 qualifications. Most notable is the percentage of the working age population of SW&CW with no qualifications at all, compared to the UK.

Source: Census 2011, ONS, and Regional Learning & Skills Observatory for South West and Central Wales

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22 Level 3 is defined as: 2+ A Levels/VCEs, 4+ AS Levels, Higher School Certificate, Progression/Advanced Diploma, NVQ Level 3; Advanced GNVQ, City and Guilds Advanced Craft, ONC, OND, BTEC National, RSA Advanced Diploma.

ONS, 2013, 2011 Census Glossary of Terms
3.3 Since 2006, there has been a rise in those possessing the highest level of qualifications in SW&CW, and a steady decline in unqualified persons, which is positive given manager and professional/technical occupations are set to grow in SW&CW in the coming two decades. And yet, the same period has seen falls in the proportion with NVQ level 1 and trade apprenticeships, and a slower growth in those with NVQ Level 2 and 3 qualifications. Going forward, it will be important to ensure that the growth in higher skills provision is not facilitated at the expense of lower skills. All this said, the economy does not have sufficient high-level skilled workers at NVQ 4.

3.4 Adult skills levels vary markedly across the region. Neath Port Talbot performs well in General Certificate of Secondary Education (GCSE) attainment, but performance falls significantly at the A-level or equivalent level (ranked third out of the LAs), and further at the HE level (sixth out of the LAs). Ceredigion’s performance improves considerably beyond GCSEs, with 31.1% of persons aged 16-64 achieving an A-level of equivalent, much higher than the 23.8% Welsh average. This strong performance in higher-level attainment is undoubtedly linked to the HE presence in Ceredigion, as it is in Swansea, which has the second highest proportion of residents with a Level 3 qualification (13.9%). In Pembrokeshire, the skilled workforce that has built up around the oil, gas, electricity, and marine sectors may account for its strong performance.

Key Stage 4 Performance

3.5 Performance at Level 2 has increased dramatically since 2002/03, and particularly in Neath Port Talbot, where achievement rates have increased from 51.6% attainment in 2002/2003 to 87.0% in 2012/13. Powys has seen the lowest rate of improvement, but started from a higher base of 62.5% in 2002/03. Overall, the trend in achievement rates aligned with that in Wales, which saw an increase by 26.7 percentage points from 2002/2003 to 77.8% in 2012/13 (see Figure 0-2).

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23 Swansea University’s Skills in South West and Mid Wales report. 2013. Original data: Annual Population Survey, ONS.
24 Swansea University’s Skills in South West and Mid Wales report. 2013. Original data: Annual Population Survey, ONS.
3.6 Table 0-1 details Welsh Key Stage 4 (GCSE level) for pupils aged 15 in 2012/13. **The data show that SW&CW is currently performing well against Wales.** Achievement rates are higher for both Level 1 and Level 2, as well as for Level 2 English/Welsh and maths, and Level 2 in the core subjects. SW&CW’s achievement rates are very similar to rates in North Wales.

3.7 At the local level, all LAs have achievement rates above the Welsh average at Level 1 (equivalent to 5 GCSEs at grade D-G) and Level 2 (equivalent to 5 GCSEs at grade A*-C), which is encouraging. Neath Port Talbot has the highest rate for achievement for Levels 1 and 2 (95.9% and 87.0% respectively), followed by Ceredigion (95.4% and 83.4%). Pembrokeshire and Carmarthenshire are the lowest performers, particularly in terms of Level 2 achievement rates in the core subjects. Both fall below the Welsh average in this respect.

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25 A volume of qualifications at Level 2 is equivalent to the volume of 5 GCSEs at grade A*-C. Up to 2005/06, includes GCSEs, GCSE Short Course, GNVQs and NVQs. From 2006/07, includes all qualifications approved for pre-16 use in Wales.
Table 0-1: Examination achievements of pupils aged 15, 2012/13

<table>
<thead>
<tr>
<th></th>
<th>% achieved Level 1</th>
<th>% achieved Level 2 incl. English/Welsh and maths</th>
<th>% achieved Level 2 in the core subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powys</td>
<td>94.9%</td>
<td>82.6%</td>
<td>58.1%</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>95.4%</td>
<td>83.4%</td>
<td>62.0%</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>93.5%</td>
<td>78.1%</td>
<td>51.9%</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>94.8%</td>
<td>78.0%</td>
<td>53.9%</td>
</tr>
<tr>
<td>Swansea</td>
<td>93.8%</td>
<td>79.3%</td>
<td>55.3%</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>95.9%</td>
<td>87.0%</td>
<td>56.0%</td>
</tr>
<tr>
<td>SW&amp;CW</td>
<td>94.6%</td>
<td>80.9%</td>
<td>55.6%</td>
</tr>
<tr>
<td>North Wales</td>
<td>94.6%</td>
<td>81.1%</td>
<td>56.0%</td>
</tr>
<tr>
<td>South East Wales</td>
<td>91.9%</td>
<td>74.4%</td>
<td>50.1%</td>
</tr>
<tr>
<td>South Wales</td>
<td>93.1%</td>
<td>75.2%</td>
<td>48.4%</td>
</tr>
<tr>
<td>Wales</td>
<td>93.2%</td>
<td>77.8%</td>
<td>52.7%</td>
</tr>
</tbody>
</table>

Source: School Statistics, Welsh Government from Stats Wales

Further Education and Training

3.8 Participation in post-16 education and training varies noticeably between LAs, with Pembrokeshire having the highest participation levels (at 8%, excluding HE), and Powys and Ceredigion the lowest levels at 5.6% and 6% respectively. Overall, four LAs in the region had participation rates above the Welsh average in 2009/10; the exceptions being Powys and Ceredigion (see Table 0-2).

3.9 A comparison with the 2007/08 Academic Year reveals that absolute participation rates have decreased in recent years, although standard participation rates, measured against the Welsh national average of 100, have generally increased, with the exception of Neath Port Talbot, which has seen a sharp decline.
Table 0-2: Participation in post-16 Education and Training by learner cohort, excluding HE

<table>
<thead>
<tr>
<th>Region</th>
<th>Population per cohort</th>
<th>Learners per cohort</th>
<th>Participation %</th>
<th>Standard Participation Rate</th>
<th>Population per cohort</th>
<th>Learners per cohort</th>
<th>Participation %</th>
<th>Standard Participation Rate</th>
<th>Change in Standard Participation Rate 2007/08 to 2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powys</td>
<td>133,550</td>
<td>8,620</td>
<td>6.5%</td>
<td>83</td>
<td>133,280</td>
<td>7,400</td>
<td>5.6%</td>
<td>83</td>
<td>0</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>74,875</td>
<td>4,885</td>
<td>6.5%</td>
<td>82</td>
<td>73,620</td>
<td>4,420</td>
<td>6.0%</td>
<td>86</td>
<td>4</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>120,430</td>
<td>10,180</td>
<td>8.5%</td>
<td>108</td>
<td>119,925</td>
<td>9,600</td>
<td>8.0%</td>
<td>118</td>
<td>10</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>179,645</td>
<td>13,210</td>
<td>7.4%</td>
<td>95</td>
<td>180,875</td>
<td>12,500</td>
<td>6.9%</td>
<td>104</td>
<td>9</td>
</tr>
<tr>
<td>Swansea</td>
<td>226,525</td>
<td>17,620</td>
<td>7.8%</td>
<td>97</td>
<td>229,680</td>
<td>15,785</td>
<td>6.9%</td>
<td>99</td>
<td>2</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>138,270</td>
<td>13,785</td>
<td>10.0%</td>
<td>125</td>
<td>138,310</td>
<td>9,470</td>
<td>6.9%</td>
<td>100</td>
<td>-25</td>
</tr>
<tr>
<td>Wales</td>
<td>2,972,120</td>
<td>238,505</td>
<td>8.0%</td>
<td>100</td>
<td>2,990,360</td>
<td>206,890</td>
<td>6.9%</td>
<td>100</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Stats Wales, Analysis of Participation in post-16 Education and Training in Wales

3.10 In 2010/11, 165,890 learners were registered at SW&CW’s seven FE colleges, the majority working towards Key Skills (20% of all learners) and BTEC/OCN/Access Certificate/Diploma qualifications (21% of all learners). Neath Port Talbot College Group and Gower College Swansea are by far the largest institutions, accounting for over 40% of learners. The type of qualifications being undertaken differs widely across institutions, with those attending Gorseinon College most likely to undertake AS/A2 qualifications (23.1% compared to 7.2% across SW&CW), and those at Coleg Ceredigion higher education (HE) qualifications (15.9% against 1.9% across SW&CW).
3.11 A review of subject areas studied at the region’s colleges reveals that Health, Public Services and Care (9% of learning activities) and ICT (8.7% of learning activities) are the most popular subjects. Business, Administration and Law (6.3%) and Arts, Media and Publishing (5.9%) are the third and fourth most popular subjects (see Figure 0-4). Local employers continue to feedback concerns that more needs to be done to encourage learners to achieve skills and qualifications relevant to employment opportunities available in the region, in addition to capping provision in certain subjects where there is over capacity and limited employment opportunity.

Apprenticeships

3.12 The 2011 Census data indicates that Neath Port Talbot has the highest level of people qualified with an apprenticeship as their highest level of qualification (5.1%), followed by Carmarthenshire, Pembrokeshire, and Swansea (4.3%). These figures compare favourably to Welsh average of 3.9%, and particularly the UK average of 3.3%. Two counties fall below the Welsh average: Powys and Ceredigion.
3.13 In 2011/12, 36,590 apprenticeships were pursued in Wales and 9,865 in SW&CW. Across the LAs, Swansea has seen the highest level of apprenticeship activity over the last five years (24.4% of SW&CW activity), followed by Carmarthenshire (20.2%) and Pembrokeshire (18.4%). Ceredigion has had the lowest level of activity. The majority of apprenticeships were at Level 2 (54%), and the majority of learners were aged 25 and above (52.7%). As to be expected, the higher the level of apprenticeship, the higher the proportion of adult learners. At Level 4+, 89.5% of learners are aged over 25\(^{28}\). Whether the WG proposals for co-investment in post-19 adult skills delivery\(^{29}\) will have an impact on these statistics remains to be seen. Responses to the consultation indicate that employers accept that co-investment in skills delivery could be beneficial to driving up standards of delivery, provided there is no adverse impact on smaller businesses or employers who recruit and up-skill those with low levels of qualifications and skills. Responses also indicate that waiving co-investment requirements could be a means to encourage more learning through the medium of Welsh.

3.14 According to information cited in the RLP’s Apprenticeship Report\(^{30}\), the number of learners following apprenticeships has fallen by 17% across SW&CW over the last five years. The only exception has been Ceredigion, which saw a comparatively balanced level of engagement over the five years with no major deviations. The sector with the highest proportion of Apprenticeship programmes in SW&CW is Health, Public Services and Care (especially at the higher level), followed by Construction and Business Administration (see Figure 0-5). It is recognised across the region that more could be done to encourage an increase in apprenticeships. The success of projects such as Beyond Bricks & Mortar and Workways that harness the potential offered by social clauses in public sector contracts and Shared Apprenticeship schemes such as CYFLE and the Shared Staff Development Scheme for the FE and HE sector facilitated by the RLP, could be developed further across the region, to add value to public and private sector investment.

\(^{28}\)Post-16 Education and Training, Stats Wales.
\(^{30}\)Apprenticeships: Opportunities and Observations from Central and South West Wales, 2013.
3.15 The number of Higher Education Institution (HEI) headcount enrolments increased in four of the five HEIs in the region from the Academic Year 2005/06 to 2009/10. The increase in the enrolment rate at Swansea University (10.6%), Aberystwyth University (3.8%) and Swansea Metropolitan (10.8%) was above the average increase at all Welsh HEI seen over the same period (1.7%)\(^\text{31}\). Trinity University College and the University of Wales, Lampeter merged in 2010 to form the University of Wales Trinity Saint David. A significant number of changes were made immediately following the merger, including the removal of large numbers of Lampeter enrolled students that had been inactive for a long period of time. This resulted in a considerable decrease in the number of enrolments for the merged University between 2010 and 2012. Given this context, it is difficult to extract meaningful statistics or make accurate comparisons for enrolment rates between 2005/6 and 2011/12. Excluding data for the University of Wales Trinity Saint David, the total number of enrolments at SW&CW HEI’s increased by 3.1% from 2005/6 to 2011/12.

\(^{31}\) Welsh Government, Enrolments, during the year, at Welsh HEIs by institution, level and mode of study from Stats Wales.
3.16 The picture is similar for HE qualifications data between the academic years 2005/06 and 2011/12. During this time, two of the HEIs saw an increase in qualifications above the Welsh average (14%), Aberystwyth University (31.5%) and Swansea Metropolitan University (13.9%). The number of qualifications obtained at all SW&CW HEIs increased by 9.8% between this period, but the Lampeter data may have skewed the figure.

3.17 Of those enrolling in 2011/12, the majority of students did so to pursue an Undergraduate degree (67.4% across the region). Compared the all Welsh HEIs, the proportion of Postgraduate enrolments at SW&CW HEI is low (17% and 13.5% respectively, see Table 0-3).

<table>
<thead>
<tr>
<th>HE - Postgraduate</th>
<th>HE -Undergraduate</th>
<th>Further Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberystwyth University</td>
<td>11.5%</td>
<td>63.5%</td>
</tr>
<tr>
<td>Swansea Metropolitan University</td>
<td>20.1%</td>
<td>77.7%</td>
</tr>
<tr>
<td>Swansea University</td>
<td>12.2%</td>
<td>62.4%</td>
</tr>
<tr>
<td>University of Wales, Trinity Saint David</td>
<td>16.2%</td>
<td>83.6%</td>
</tr>
<tr>
<td>All SW&amp;CW HEIS</td>
<td>13.5%</td>
<td>67.4%</td>
</tr>
<tr>
<td>All Welsh HEIs (Excludes the OU)</td>
<td>17.0%</td>
<td>62.3%</td>
</tr>
</tbody>
</table>

Source: Welsh Government, Enrolments, during the year, at Welsh HEIs by institution, level and mode of study from Stats Wales

Continued Professional Development

3.18 In terms of job related training, SW&CW performs relatively well compared to the Welsh average. Carmarthenshire has the highest proportion of job related training (32.4%), followed by Swansea (29.2%). In Carmarthenshire, 43.2% of persons educated to NVQ 4 level and above have received job related training, which is far above the Welsh and UK averages.

3.19 While encouraging, it is important to note that no indication is available for the duration of training spells, and so the training provided could be quite short in length. Furthermore, splitting between those educated to NVQ level 4 (or equivalent) and above and those educated to NVQ level 3 and below, reveals that the more highly qualified are far more likely to receive job related training (for Wales, the figures are 40.0% and 24.0%).

Welsh Language

3.20 Ability overall to speak the Welsh language has diminished in Wales since 2001, however a relatively large proportion of the population in SW&CW still speak Welsh. In 2011, 19% of Welsh residents spoke Welsh, whereas in Ceredigion and Carmarthenshire, 47.3% and 43.9% respectively did. That said, only 11.4% of Swansea’s population were reported as speaking Welsh (Table 0-4).
### Table 0-4: Proportion of Welsh speakers, 2001 and 2011 (Persons aged 3 and over)

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage able to speak Welsh 2001</th>
<th>Percentage able to speak Welsh 2011</th>
<th>Percentage point change 2001 to 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powys</td>
<td>21.1%</td>
<td>18.6%</td>
<td>-2.5</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>52.0%</td>
<td>47.3%</td>
<td>-4.7</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>21.8%</td>
<td>19.2%</td>
<td>-2.6</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>50.3%</td>
<td>43.9%</td>
<td>-6.4</td>
</tr>
<tr>
<td>Swansea</td>
<td>13.4%</td>
<td>11.4%</td>
<td>-2.0</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>18.0%</td>
<td>15.3%</td>
<td>-2.7</td>
</tr>
<tr>
<td>South West and Central Wales</td>
<td>27.4%</td>
<td>23.9%</td>
<td>-3.5</td>
</tr>
<tr>
<td>Wales</td>
<td>20.8%</td>
<td>19.0%</td>
<td>-1.8</td>
</tr>
</tbody>
</table>

Source: Census 2001 and 2011, from Stats Wales

3.21 In SW&CW, an age breakdown reveals that Welsh language ability is greatest between the ages of 5-19 years, dropping off at 20-24 years and increasing again at the 75+ age bracket. The exception is Pembrokeshire, where Welsh linguistic ability remains low at the 75+ years point, explained potentially by its role as a retirement destination for those outside of Wales.

3.22 Key findings from the Welsh Government survey of Welsh Language Skills Needs in Eight Sectors[^32] to identify current and future Welsh language needs of employers and the potential of the language to impact on business performance indicates that just over a third of employers in the eight sectors regarded having staff with Welsh language skills at their establishment as very (18 per cent) or fairly important (17 per cent) (higher among employers in Childcare, Agrifood and Social Care). In contrast around two-fifths (39 per cent) felt it not at all important to have staff with Welsh language skills at their site. In addition, just under a third of all private sector employers felt that the Welsh language skills of their staff have some benefit to their bottom line, though relatively few (5 per cent) considered it to have a very significant impact in this regard. Two-thirds of employers (66 per cent) had any staff with Welsh language skills, and just over a third said that Welsh is used in their workplace (35 per cent).

### Disadvantaged Groups

3.23 While the lack of qualifications or low levels of basic skills can characterise all sectors of the population, disadvantaged groups (e.g. lone parents, ethnic minorities, disabled adults) often struggle disproportionately. Across the region, there are communities characterised by high levels of worklessness and low levels of basic skills, aspiration, digital inclusion, and in some cases an aversion to further learning in the school environment.

3.24 According to the latest Labour Force Survey, attitudes toward work of those lacking work and not wanting work in all but the 18-24 age group have been improving steadily since 1992 however, there remain significant barriers for some of those returning to work, particularly amongst lone parents and those currently in receipt of Employment and Support Allowance. Transport, childcare, low levels of qualifications, experience, confidence, lack of information

about the rules of working whilst in receipt of benefit and low additional net income gained from employment are all cited.

3.25 Rurality is a major barrier to accessing services and economic opportunities, particularly in counties such as Powys. Development of future employment opportunities across the region need to be considered in partnership with public transport providers to ensure prospective employees without suitable transport can access the opportunities and to reduce the impact on the environment.

3.26 There is real concern that without appropriate employment opportunities in some of the more remote rural areas in the region, the ‘brain drain’ caused by outward migration of highly qualified, skilled young people will leave communities unable to sustain themselves in future as their populations age and diminish.

3.27 Data from the Welsh Index of Multiple Deprivation indicates, for example, that Powys has 53% of its Lower Layer Super Output Areas (LSOA) in the top 10% most deprived areas for access to services in Wales. For disadvantaged groups, the challenges stemming from rurality can be particularly significant. Table 0-5 shows the proportion of the authority’s LSOAs in the most deprived 10% of all Welsh LSOAs for education, employment and income from the Welsh Index of Multiple Deprivation.

Table 0-5: Welsh Index of Multiple Deprivation 2011 Local Authority Analysis for Access to Services, Education, Employment and Income domain

<table>
<thead>
<tr>
<th>Authority</th>
<th>Number of Lower Layer Super Output Areas (LSOAs) in the Authority</th>
<th>Access to services: % of LSOAs in most deprived 10%</th>
<th>Education: % of LSOAs in most deprived 10%</th>
<th>Employment: % of LSOAs in most deprived 10%</th>
<th>Income: % of LSOAs in most deprived 10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powys</td>
<td>80</td>
<td>53%</td>
<td>0%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>47</td>
<td>45%</td>
<td>0%</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>71</td>
<td>38%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>112</td>
<td>24%</td>
<td>4%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Swansea</td>
<td>147</td>
<td>2%</td>
<td>16%</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>91</td>
<td>0%</td>
<td>12%</td>
<td>24%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Welsh Index of Multiple Deprivation 2011 Local Authority Analysis from Stats Wales
Headline evidence from the Communities First (C1st) programme, which is focused on supporting the most disadvantaged communities in Wales, also highlights that:

- Within the Carmarthenshire C1st intervention area (‘cluster’), 41.2% of adults have no qualifications. Research conducted by local partnerships suggests a fear of access to institutions and a childcare barrier.

- Local research identifies basic skills as a major barrier to learning in the Neath Port Talbot C1st Cluster. Historic evidence estimates that 37% of the Neath Port Talbot Cluster population have low numeracy skills, whilst 32% have low literacy skills.

- The Swansea Clusters have high numbers of children between 0-15 years of age living within lone parent families and high numbers of looked after children (LAC). Basic Skills shortfalls in literacy and numeracy, exacerbated by poor primary attendance, are just some of the challenges faced in such areas.

- To address the higher incidence of workless households in some C1st areas, targeted support into employment is being delivered alongside existing provision, through the introduction of the Lift Programme (included as a backbone project in the DfES ESF Footprint document).
4.0 Building Skills in Education

4.1 This Chapter focuses on the delivery of learning within the region’s schools, colleges, universities and other educational institutions. The aim will be to improve attainment targets, improve collaboration and the sharing of information across key stakeholders, and strengthen the link between the needs of the region’s economy and the supply of skills and learning.

4.2 It presents the data and evidence relating to skills development in formal education. It draws from School Statistics, the Regional HE/FE Strategy, the Enterprise Scoping Study, and other sources and feedback from the consultation process.

Table 0-6: Key findings and areas for future enquiry

<table>
<thead>
<tr>
<th>Headline Findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills In SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCSE attainment</td>
<td>GCSE achievement is high in SW&amp;CW, but there are large regional differences. Level 2 attainment rates in only ‘core’ subjects also fall below the Welsh average in some places.</td>
<td>Strong indication that the quality of training may need to be improved and made more relevant to employers. Employers expect value for money when choosing where to co-invest in staff training therefore, evidencing the quality of the products on offer will become increasingly important.</td>
</tr>
<tr>
<td>Significant regional variation exists in terms of the type and cost of education being delivered.</td>
<td>Regional policy is focussed on aligning provision.</td>
<td>Review how variable provision and cost of education can be overcome – perhaps through new technologies.</td>
</tr>
<tr>
<td>Education providers recognise importance of providing clear progression through 14-19 year learning pathways, requiring greater joined up working between schools, FE/HE providers, work based learning providers such as NTfW and employers.</td>
<td>Regional infrastructure already in place to facilitate progression pathways (e.g. 14-19 Networks in SW&amp;CW), but employer feedback suggests pathways could be more streamlined.</td>
<td>Provision needs to add value to the National ‘Skills Gateway’ and ‘Activate your Potential’ initiative, in addition to reflecting the regional need.</td>
</tr>
<tr>
<td>Forthcoming changes by Qualifications Wales will see important changes to 14-19 years provision, including stronger focus on basic skills in the Welsh Baccalaureate.</td>
<td>Qualifications in Wales are changing in response to labour market needs in Wales.</td>
<td>Review current pathways with employers, in order to identify issues and gaps to inform future provision.</td>
</tr>
<tr>
<td>Need for more meaningful engagement with employers to inform skills development and improve skills of pre-19 learners.</td>
<td>Employers have emphasised in feedback that a mechanism to establish ‘Ready for Work’ credentials of employees needs to be considered.</td>
<td>Development of two way communication with employers would assist with the development of skills that they rely on to drive the development of their businesses.</td>
</tr>
</tbody>
</table>
### FE/HE provision

**Headline Findings**

- FE/HE providers recognise the importance of increasing learner choice through new progression routes for students with non-traditional Level 3 qualifications.  
  - Unclear what level of engagement has taken place with employers about new progression routes, including whether it meets their needs.
  - Need to ensure employers have sufficiently inputted into the development of non-traditional progression routes, and will play a role in delivery.
  - Need to ensure choices reflect gender balance and promote non-traditional careers.

**Commentary**

- University of Wales Trinity Saint David (UWTSD) and Swansea Metropolitan University have merged. The College University Skills Partnership between Swansea University, Pembrokeshire College, Gower College Swansea, Neath Port Talbot College Group and Coleg Cambria has been established.
  - The benefits of a single integrated approach are beginning to be felt across the region as collaborative funding bids are developed.
  - More streamlined FE/HE curricula are being developed to meet future developments in the economy in response to employer demand.
  - Work continues to cap provision line with LMI.

- Range of new developments have taken place to streamline FE/HE provision.
  - Further research and analysis is needed to inform an understanding of the exact nature of the issues relating to part-time undergraduate (PTUG) study in Wales, taking account of both supply and demand.
  - HEFCW has been exploring a number of fundamental questions about the size and scope of PTUG provision in Wales. The PT market is heterogeneous, as illustrated by the recent fall in PT numbers being due to a reduction in mature PT students rather than in the 18-24 year old group, however, the increase in the number of private providers in England suggests the market is buoyant.
  - The research will explore the sector’s view of the strategic priority given to funding PT and the impact that this has on provision in Wales.

- Need for more flexible access to FE, in line with feedback gathered from employers at all of the consultation and brokerage events that have taken place between December 2013 and September 2014.
  - Qualifications need to be employer & learner focussed, flexible and bite-sized, to fit with business downtime.
  - Term dates, access and provision need to be flexible to fit employer and learner expectations, rather than provider need.

- Need to consider how best to maximise provision in rural areas.
  - Feedback from consultations suggests potential exists to develop residential provision that can be used as a hub to provide flexible
  - There are a range of providers serving rural areas already, whose impact could be maximised through greater collaboration.

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33 E.g. Foundation course at HE level, BTEC & SOA equivalents; foundation course at FE level; access course; GCSE/O Level qualifications only; other non-advanced qualification; NVQ/SVQ level 2; accreditation of prior (experiential) learning (APEL/APL) and mature students admitted on the basis of previous experience.

34 [HEFCW](https://www.hefcw.ac.uk/documents/publications/circulars/circulars_2014/W14%20Circular%20on%20our%20approach%20to%20funding%20in%202015%2C%2016%20and%20subsequent%20years.pdf)
<table>
<thead>
<tr>
<th>Headline Findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills in SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in the number of non-EU students in the region, which the region’s FE/HE institutions are committed to strengthening.</td>
<td>Trends may be affected by externalities (e.g. change in tuition rates).</td>
<td>Need to understand whether FE/HE institutions targeting particular geographies (e.g. China).</td>
</tr>
</tbody>
</table>

**Enterprise education**

- Variety of enterprise activity being undertaken (e.g. Dynamo Curriculum for 5-19 years), Youth Entrepreneurship Hubs and college schemes.
- Feedback from schools, FE colleges, work-based learning providers, and HEIs on this activity highlights need to better streamline provision across organisations and qualification levels.
- Organisations in the region are in the process of developing a collaborative proposal to streamline provision that includes opportunities to increase provision at primary and secondary levels through increased employer engagement
- Some evidence of drivers of successful practice, and transferability of enterprise activity, has been gathered from pilot projects which inform the proposals.
- Positive, but little is known of employers’ perspectives apart from the fact that feedback from employers indicates that they value an entrepreneurial approach from their workforce.
- Need to review what is required to encourage more private engagement with schools, and investment in enterprise education.

Feedback from employers and providers indicates that the value of entrepreneurial skills needs to be promoted from a much earlier age to ensure they are embedded by the time learners enter the workforce.

Clear that enterprise education also needs to be strengthened at primary and secondary level and involve employers in its design and delivery.

The value of entrepreneurial skills needs to be inculcated from Primary level onwards, to support the development of a more robust enterprise culture in the region.

Enterprise education and business support for graduates needs to reflect the current growth opportunities in the region and future needs of the economy.

**Responding to expected growth in emerging sectors**

- Econometric projections indicate significant growth in GVA and employment in sectors such as real estate, financial and business services, and health.
- Positive trend, but LMI in some emerging sectors is lacking.
- Need to understand how the region can best enable the growth of high quality jobs.
- Ensure findings from national research projects are suitably embedded (e.g. SEMTA report on Advanced Manufacturing and Minerals, CITB report on...
### Headline Findings

<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implications for Employment and Skills In SW&amp;CW</td>
</tr>
</tbody>
</table>

construction). Providers need to be more aware of and respond to emerging skills deficits in sectors such as renewable energy & life sciences and be more cognisant of future trends when planning provision. Need to identify and understand whether specific IT skills deficits and connectivity issues remain following the introduction of superfast broadband. and funding from DEST that aligns with Powys Local Growth Zone Task & Finish Group Report 35 to address not spots where mobile reception is poor.

### Postgraduate research activity

| Evidence shows that the level of post-graduate research (PGR) activity in the region is lower than the Welsh and UK averages. 36 |
| HE/FE institutions are aiming to increase postgraduate research student body to meet employers' high level needs (through PhD funding, 'gateway' schemes in STEM subject programme etc.). |
| Need to ensure robust understanding of employer needs in regards to HE. Need to ensure private sector contribute to development of research activity. |

### Welsh language

| Evidence shows decrease in Welsh language ability between 20-24 years. |
| FE and HE providers recognise the importance of maximising Welsh medium study, e.g. through bursaries, and Welsh-speaking college appointments. |
| Research including the Welsh Language skills needs in eight sectors report 37 provides evidence of employer needs in regards to Welsh language ability. Need to ensure Welsh language used in everyday life (as per the Welsh Language Act). |

### Education among learners from low participation backgrounds

| Youth unemployment remains a persistent problem in the region however; recent figures would suggest it is improving. |
| Strong support exists at the national level for a preventative approach to supporting those NEET. Support also strong at the regional level which is reflected in the 14-19 regional ESF proposal included in Appendix 1. |
| Need to ensure that learning from a range of initiatives developed to address issues prevalent in, but not exclusive to disadvantaged communities, including projects such as Families First, Communities First (C1st) and Workways are scaled up in response to need. |

| Need to tackle poor attendance rates at primary and secondary school in |
| Draw on learning from a range of initiatives relevant to disadvantaged |
| A ‘whole family’ approach, supported by the C1st / Families First /Flying |

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36 The evidence base includes University of Wales Trinity Saint David and Swansea University, but not Aberystwyth University.
<table>
<thead>
<tr>
<th>Headline Findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills In SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td>some communities.</td>
<td>groups and communities</td>
<td>Start teams and regional improvements officer, is being developed across the region.</td>
</tr>
<tr>
<td>Need to improve attitudes to learning among young learners between the ages of 16 and 24, from disadvantaged groups.</td>
<td>Could have an impact on Key Stage 3 results and secondary school attendance rates.</td>
<td>Draw on learning from a range of initiatives relevant to disadvantaged groups and communities to add value to the WG ‘Activate your Potential’ initiative.</td>
</tr>
<tr>
<td>Providers in SW&amp;CW are performing well against HESA institution benchmarks for the continuation of students from low participation backgrounds, due to projects such as Swansea Academy for Inclusivity and Learner Support.</td>
<td>Positive and regional providers have demonstrated further commitment by increasing the participation of students from disadvantaged groups and deprived communities, providing bursaries, and other tailored support such as the Reaching Higher initiatives, to students from low income families.</td>
<td>Need to ensure those from deprived areas are provided both technical and employability support. Need to ensure that barriers to accessing provision perceived by learners from deprived groups and communities continue to be addressed. Need to understand the impact of the Youth Engagement and Progression Framework and projects relevant to young people from disadvantaged groups and communities and support wider stakeholder engagement in the development of the initiatives.</td>
</tr>
</tbody>
</table>
5.0 Transition into Work

5.1 This Chapter focuses on those interventions that will help the region’s residents to access and sustain employment opportunities. Collectively this will aim to strengthen links with employers, increase apprenticeship ‘take up’ and widen the choice of programmes pathways, address and improve basic skills attainment, address the issue of economic inactivity (referencing significant changes around Welfare Reform) and the development of transparent and sustainable engagement routes.

5.2 It synthesises the data and evidence relating to the transition into work.

Key findings from the secondary data

Table 0-7: Key findings – and areas for further discussion

<table>
<thead>
<tr>
<th>Headline findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills in SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Work readiness of school, college and university leavers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer feedback suggests education leavers are poorly prepared for work. Lack of work experience among younger recruits, poor attitude and lack of motivation are the most common reasons cited for poor work readiness.</td>
<td>Employer engagement with young learners is lacking. It seems a number of barriers are preventing greater employer buy in, notably: communication (lack of joined-up provision), funding, and flexibility.</td>
<td>Need to increase the exposure of employers to young learners. Need to understand and address other barriers preventing greater employer buy-in by developing sustainable partnerships between employers and educators. Need to ensure that training is relevant and fit-for-purpose for employers. Employers need to engage with providers to demonstrate the value of entrepreneurial skills within the workplace. A mechanism to promote greater awareness of potential regional employment opportunities in growth sectors will be included in a number of proposals emerging from the plan.</td>
</tr>
</tbody>
</table>

| **Third Sector feedback suggests that the potential for career progression within the sector and to develop employability skills through volunteering cold be utilised more fully.** | Lack of awareness across the region of the employment opportunities within 3rd sector organisations. | Need to engage more fully with the Third Sector to identify relevant volunteering opportunities that encourage graduates into the sector and contribute to generic employability skills development. |

| **Apprenticeships** | | |
| Level of apprenticeship activity varies considerably across sectors. | While there has been a high level of apprenticeship engagement in construction, health, retail and customer services, several of the region’s key growth sectors provide few apprenticeship opportunities | Need to better streamline apprenticeship provision, review apprenticeship funding and potentially centralise funding schemes. Need to create more opportunities in |
## Headline findings

<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g. transportation, media and creative and cultural industries).</td>
</tr>
</tbody>
</table>

**Implications for Employment and Skills in SW&CW**

- key growth sectors e.g. creative industries, ICT.
- Opportunities also need to be better marketed to learners. Need to improve the profile and perception of work based and vocational qualifications, so that all opportunities are valued equally by pupils, teachers & parents.

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<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerning given that current Welsh Government policy is geared towards increasing apprenticeship opportunities at Level 5+.</td>
</tr>
</tbody>
</table>

**Implications for Employment and Skills in SW&CW**

- Need to build on national programmes, such as Creative and Cultural Skill’s Higher Level Apprenticeships programmes to expand provision.

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<table>
<thead>
<tr>
<th>Commentary</th>
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</thead>
<tbody>
<tr>
<td>Positive, but a number of barriers prevents employers from investing, which must be overcome.</td>
</tr>
</tbody>
</table>

**Implications for Employment and Skills in SW&CW**

- Need to work more closely with employers in the design and delivery of apprenticeships (e.g. shared apprenticeship models).

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<table>
<thead>
<tr>
<th>Commentary</th>
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</thead>
<tbody>
<tr>
<td>The adoption of these standards should enhance the transferability of qualifications, but will require careful management.</td>
</tr>
</tbody>
</table>

**Implications for Employment and Skills in SW&CW**

- Work with training providers and employers to raise awareness and understanding of the IVET and CVET standards.
- Need to communicate the value with parents, teachers and learners also.

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<table>
<thead>
<tr>
<th>Commentary</th>
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</thead>
<tbody>
<tr>
<td>In counties such as Powys, a high degree of workers are self-employed, yet little is known of their skills and training requirements.</td>
</tr>
</tbody>
</table>

**Implications for Employment and Skills in SW&CW**

- Limited understanding of the level and types of provision of training for self-employed people and entrepreneurs, and whether it is meeting their needs.
- Need to review what is required to better support self-employed workers and entrepreneurs (including interventions to overcome challenges of rurality and interventions to support emerging entrepreneurs).

---

<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Findings from the Sirolli method of community-led economic regeneration and entrepreneurship being piloted in Newtown and Severn Valley areas of the PLGZ, could inform the development of future strategies.</td>
</tr>
</tbody>
</table>

**Implications for Employment and Skills in SW&CW**

- An evaluation of entrepreneurship support from DEST is expected shortly. Relevant findings will be included in the next version of the plan and could inform the development of the knowledge economy in rural areas, and in turn, address skills drain and increase average income.
- Need to identify and understand whether specific IT skills deficits and connectivity issues remain following the introduction of superfast broadband and funding from DEST to address not spots where mobile reception is poor, in line with recommendations in the Powys Local Growth Zone Task & Finish Group Report 39.

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38 Initial Vocational Education and Training, and Continuing Vocational Education and Training

Regional Delivery Plan for Employment and Skills for South West and Central Wales

### Headline findings

#### Young people

In regions such as Powys, the lack of employment and education choices is leading to significant out-migration of young people.

Concerning trend. Skills and training opportunities must be inclusive and wide-reaching.

Need to leverage projects such as the School Modernisation Programme to better integrate skills and community development.

Levels of young people NEET has remained steady in Wales since 1996. In 2013, 563 young people across the region were recorded as NEET.

Concerning, given a number of projects exist to support young people NEET.

Relevant progression routes need to be explored, to improve the low-levels of attainment of some of the young people in employment. Need to increase awareness among employers about young people NEET, and young people NEET about employment opportunities.

Need to learn from projects such as Workways.

Need to influence and improve the aspirations of young people and their families to change attitudes to learning and work. Findings from the ‘Lift’ initiative could prove useful to inform the development of provision.

Need to address provision for young people NEET in alignment with the Youth Engagement and Progression Framework.

#### Support to disadvantaged groups

Disadvantaged groups (e.g. lone parents, unemployed, disabled adults and young people) continue to be disadvantaged in accessing and benefitting from skills and employment opportunities.

Learning from a range of initiatives relevant to disadvantaged groups and communities highlights the importance of tailored interventions to support such groups, including:

- Basic skills courses (e.g. financial literacy) useful in providing key gateway for learning and enhancing employability.
- ‘Flexing’ traditional training routes and address wider barriers that can reduce access to employment and training (e.g. providing training in non-formal backgrounds, while removing barriers of childcare and transport).
- Support for family learning in the early years, to improve parenting skills, raise aspirations, and address essential skills issues.
- Awareness raising about learning and employment opportunities.

Need to draw on learning from existing projects, and provide coordinated support to disadvantaged groups.

Need to acknowledge that not all up-skilling happens through FE & HE, access to CPD should be widened, particularly for those over 25.

Need to address in work poverty, under employment and workless households through collaborative ‘whole family’ interventions such as Team around the Family; C1st; the Lift project; Families First and Flying Start, to address the fear of change and develop a ‘work is good’ culture.

Need to identify, understand and develop robust referrals into existing and emerging WG and national initiatives that support specific barriers such as substance misuse and low-level mental health issues.

#### Careers guidance

The Youth Engagement and Progression Framework gives LAs in Wales a key strategic leadership role

Recommendation would see LAs work closely with Careers Wales, Youth Services, schools, providers,

Need to understand the delivery of ‘Skills Gateway’ in order to identify gaps relevant to regional need and
<table>
<thead>
<tr>
<th>Headline findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills in SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td>in their local area to better prepare graduates for work.</td>
<td>and other partners and a career management competencies developed.</td>
<td>develop initiatives that add value. Need to increase scope of careers guidance in schools. Learners should be encouraged to value vocational and academic career progression equally. Need to improve graduate employability skills and manage their employment aspirations to align with the needs of local employers.</td>
</tr>
<tr>
<td>Feedback indicates a need for careers guidance to encourage awareness of the wider range of employment opportunities that exist in the region as a result of technological, commercial and regeneration developments across the region.</td>
<td>Teachers, parents and learners appear to have a lack of awareness of the range of careers and progression routes available across the region.</td>
<td></td>
</tr>
<tr>
<td>Employers report that an increasing number of young people are not ‘work ready’ regardless of whether they have qualifications.</td>
<td>Current approach to work experience is no longer fit for purpose for both learners and employers.</td>
<td>Need to develop more meaningful and relevant work experience to improve employability skills &amp; entrepreneurship, in collaboration with learners, employers and third sector.</td>
</tr>
<tr>
<td>Evidence highlights the need to provide specific careers guidance to disadvantaged groups.</td>
<td>Considerable activity underway through a range of initiatives relevant to disadvantaged groups and communities, including raising awareness of employment opportunities through community-based approaches.</td>
<td>The region can learn from Job Centre Plus, Careers Wales and existing projects and look to scale such work up as required. Need to develop more meaningful advice and guidance to deliver clear progression routes to employment, in-line with regional demand, through identification and development of learner’s innate skills and abilities, which adds value to the WG ‘Skills Gateway’ portal.</td>
</tr>
</tbody>
</table>
6.0 Raising Demand and Improving Skills

6.1 This Chapter focuses on those interventions that will help to improve the productivity of the region’s workforce and better enable it to take advantage of new and emerging opportunities. Together they will stimulate employer investment in the skills (including higher level skills) of their staff, address prominent skills gaps, consolidate and promote the region’s growth sectors and support inward and external investment opportunities. There will also be a focus on identifying employer skills needs and addressing main skills gaps, challenges for start-ups and micro-businesses, sector specific skills gaps and mentoring and coaching.

Business Composition in the Region

6.2 Evaluating employer need in regards to skills and employment requires an understanding of business composition in SW&CW. As Table 6-1 highlights, SW&CW has a higher proportion of micro businesses (85.4%) than Wales and the UK, and a smaller proportion of medium (2.1%) and large businesses (0.3%).

<table>
<thead>
<tr>
<th>Authority</th>
<th>Micro (0 to 9)</th>
<th>Small (10 to 49)</th>
<th>Medium (50 to 249)</th>
<th>Large (250+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powys</td>
<td>89.32%</td>
<td>8.95%</td>
<td>1.68%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Ceredigion</td>
<td>89.17%</td>
<td>9.28%</td>
<td>1.33%</td>
<td>0.22%</td>
</tr>
<tr>
<td>Pembrokeshire</td>
<td>86.57%</td>
<td>11.80%</td>
<td>1.55%</td>
<td>0.08%</td>
</tr>
<tr>
<td>Carmarthenshire</td>
<td>86.74%</td>
<td>11.26%</td>
<td>1.71%</td>
<td>0.29%</td>
</tr>
<tr>
<td>Swansea</td>
<td>78.50%</td>
<td>17.30%</td>
<td>3.57%</td>
<td>0.63%</td>
</tr>
<tr>
<td>Neath Port Talbot</td>
<td>78.37%</td>
<td>17.71%</td>
<td>3.48%</td>
<td>0.44%</td>
</tr>
<tr>
<td>SW&amp;CW</td>
<td>85.39%</td>
<td>12.22%</td>
<td>2.13%</td>
<td>0.27%</td>
</tr>
<tr>
<td>Wales</td>
<td>82.41%</td>
<td>14.32%</td>
<td>2.84%</td>
<td>0.43%</td>
</tr>
<tr>
<td>UK</td>
<td>82.88%</td>
<td>13.77%</td>
<td>2.90%</td>
<td>0.45%</td>
</tr>
</tbody>
</table>

Source: IDBR
Underlying these headline data are some important trends:

- The large size-band enterprises, though only comprising 0.27% of businesses in the region, accounts for over 30% of employment. **Swansea has the highest share of large employers**, which is unsurprising given it is the regional economic hub.\(^{40}\)

- **Powys (89%) and Ceredigion (89%) have the largest share of micro enterprises**, followed by Pembrokeshire (87%), Carmarthenshire (87%), Swansea (79%) and Neath Port Talbot (78%).

- Micro enterprises employ a high proportion of the population in Wales, and provide a higher percentage turnover than in the UK, ensuring they are key part of the national economy. Since 2010 however, **the growth of micro businesses has fallen in Wales**.

- Although household internet access across the counties in the region is broadly similar at approximately 71%, according to the FSB members survey 20% of their members in the region report that the lack of fast and reliable broadband service impacts on the success of their business. It will be interesting to note whether the roll out of superfast broadband that commenced in 2014 and recommendations from the Powys\(^{41}\) (PLGZ) and Teifi Valley\(^{42}\) (TVLGZ) Local Growth Zones Task & Finish Group Reports have significant impact on that finding in future.

Drawing from key data sources such as the Swansea University’s Skills Report (2013) and the UK Commission’s Employer Skills Survey (2011) and stakeholder input, the following issues emerge as important in the regards to employer need in SW&CW.

### Table 0-2: Key findings and areas for further enquiry

<table>
<thead>
<tr>
<th>Headline findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills in SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main skills gaps</strong></td>
<td>Employer training provision is quite extensive in SW&amp;CW relative to the UK and Wales.</td>
<td>A positive finding, although the quality of training seems to be a reason for the skills deficit in SW&amp;CW. The duration of training courses is not accounted for in the data. It will be interesting to note how Welsh Government policy regarding employer co-investment in training provision will impact on the quality and relevance of future training provision.</td>
</tr>
<tr>
<td>Skills deficit in SW&amp;CW is lower than Wales. Size of establishment effects the extent of gap, with larger businesses more likely to report skills gaps.</td>
<td>An interesting finding, given smaller enterprises is often disproportionately more likely to suffer from skills deficits.</td>
<td>Need to understand why larger businesses are reporting the largest skills gaps, and what can be done to support them. Training should be designed to</td>
</tr>
</tbody>
</table>

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\(^{40}\) Swansea University’s *Skills in South West and Mid Wales* report. 2013.

\(^{41}\) [www.wales.gov.uk/docs/det/publications/120717powyslocalreporten.pdf](http://www.wales.gov.uk/docs/det/publications/120717powyslocalreporten.pdf)

\(^{42}\) [www.wales.gov.uk/docs/det/publications/140120teifivalleyreporten.pdf](http://www.wales.gov.uk/docs/det/publications/140120teifivalleyreporten.pdf)
### Headline findings

**Most common reasons for skills gaps among Welsh enterprises:**
1. Staff training only partially completed;
2. Staff new to the role;
3. Ineffective training delivered. In SW&CW, businesses are also more likely to cite the development of new products and services, and the introduction of new technology, as leading to shortcomings.

Business succession planning needs to be better understood by providers.

**Findings illustrate that the quality of training may be an issue.** The shortcoming around the entry of new products, technologies, and services is problematic as the economy shifts towards higher value sectors.

**Need to understand how better to ensure preparedness of new recruits (drawing on learning from the Sector Priorities Fund Pilots).** Providers need to engage more effectively with employers to demonstrate that investing in up-skilling the workforce increases productivity. Indication that new products and technologies are creating skills gaps should be discussed with businesses.

**Employability and customer service skills are lacking among new recruits, including lack of work experience and poor attitude or lack of motivation.**

Not unexpected, as it reflects broader UK trend.

More work experience opportunities suggested, and better integration of employability skills in existing education and training.

Need to raise the profile of volunteering opportunities with teachers, learners and parents.

**Employer recognition that older candidates often have good basic skills and ability to develop new skills quickly.**

Limited understanding of skills issues facing older staff.

Need to develop more opportunities for people to retrain, in collaboration with employers.

Need to develop more flexible funding responsive to employer and learner needs.

**Large percentage of employees work in lower value occupations.**

Findings indicate that the sectoral mix as a whole is geared to public and lower value sectors.

Need to ensure that employers and employees understand and develop higher level skills to meet the demands of higher value sectors.

### Skills issues among start-ups and micro-businesses

**Mechanisms to support micro-business in Wales are currently too complicated, difficult to access and duplicated across providers of business support.**

Important given the importance of micro-businesses in SW&CW. Also important is the WG’s recommendation that a long-term policy commitment is provided to provide stability and focus.

Need to review support mechanisms for micro-businesses for skills and training.

Need to simplify WG funding models, bureaucracy and application processes.

Need to understand specific skills gaps among start-ups and micro-enterprises in SW&CW.

**Skills in business and financial management, and international trade, currently lacking among micro-businesses.**

Gaps reported at the national level. Recommendation is made that business support is streamlined with funding opportunities.

Review of whether business support could be integrated into funding opportunities.
## Innovation and commercialisation

<table>
<thead>
<tr>
<th>Headline findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills in SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spin-out activity is being encouraged through a number of initiatives in the region, including a £20 million investment between Swansea University (SU) and Fusion IP.</td>
<td>Initiatives have been undertaken in digital and creative industries.</td>
<td>Need to understand the level of spin-out activity in other sectors and the additionality the activity is seen to bring. Need to ensure spin-out ventures promoted based on a firm understanding of growth opportunities in the region.</td>
</tr>
<tr>
<td>Capital investments (e.g. SU’s Science and Innovation Campus), are aiming to catalyse the growth of high tech clusters in the region, especially in advanced manufacturing.</td>
<td>The aim of such investment is to generate regional demand for products and services of supply chain SMEs, but this depends on strong supply chain linkages being in place.</td>
<td>Need to understand better local supply chain linkages. Is the level of connectivity sufficient?</td>
</tr>
<tr>
<td>Evidence suggests that the provision of innovative training support programmes among employers is limited.</td>
<td>Very limited evidence on innovative training support in the region.</td>
<td>Review of what training is being undertaken, whether it is fit-for-purpose and meeting employer needs.</td>
</tr>
</tbody>
</table>

## Sector-specific skills gaps

<table>
<thead>
<tr>
<th>Headline findings</th>
<th>Commentary</th>
<th>Implications for Employment and Skills in SW&amp;CW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant growth is expected in the real estate, financial and insurance services, energy, consultancy, professional services, health and other sectors. However, growth may be restrained by limited availability of skilled workers.</td>
<td>Learning from the Sector Priority Pilot emphasises four themes of importance when addressing employer need relating to new sectors: qualification development and piloting, innovative delivery methods, LMI and CPD.</td>
<td>Need to draw on learning from Sector Priority Pilot in shaping skills provision to growing sector. Learning from first stage included: • Keep projects focused; • Do significant development work with employers; • Ensure projects are evidence-based (through robust LMI).</td>
</tr>
<tr>
<td>Research suggests Life Science companies are planning to recruit in the next 18 months, primarily for technical roles.</td>
<td>Technical roles are harder to fill.</td>
<td>Need to establish whether ILS survey reflects entire sector. Need to understand how companies typically overcome such challenges (i.e. recruit overseas, partnerships with local universities).</td>
</tr>
<tr>
<td>Significant opportunities will arise from the growth of the low carbon economy (e.g. in Pembrokeshire, in both renewable energy technologies and traditional hydrocarbons).</td>
<td>A number of initiatives are being undertaken to develop skills in the sector, including the cross-sector Pembrokeshire Energy Sector Workforce Development Group.</td>
<td>Need to understand skills and employment issues relating to low carbon economy. Review whether current interventions meet needs.</td>
</tr>
</tbody>
</table>
### Regional Delivery Plan for Employment and Skills for South West and Central Wales

#### Headline findings

<table>
<thead>
<tr>
<th>Mentoring and coaching</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of schemes to provide mentor and coaching support to businesses in Wales.</td>
</tr>
</tbody>
</table>

#### Commentary

- While positive, mentoring and coaching interventions seem uncoordinated at present.

#### Implications for Employment and Skills in SW&CW

- Review what mentoring and coaching schemes exist, what their level of uptake is and how they support employers to improve the skills and qualifications of their workforce to improve productivity, GVA and staff retention.
- In rural areas, review whether schemes can be better coordinated and provided through alternative routes such as Third Sector.
7.0 Major Developments and Demand Drivers

The next version of the plan will include key information to influence employment and skills provision, in response to the regional demand drivers and major developments identified during the development of the plan.
8.0 Headlines

8.1 This Chapter summarises the conclusions of this data and evidence review. As the UK increasingly competes on the basis of quality, and as economies globally develop their own capacity, the **skills of the labour market will be a key determinant of economic success.** It will therefore be vital that SW&CW responds to the key opportunities and challenges highlighted in the evidence base, ‘getting it right’ for all those concerned.

Key Messages

8.2 The economic data clearly illustrates that **SW&CW’s economy is under-performing relative to the UK and Wales.** GVA, the primary indicator used to measure an economy’s overall performance, has grown by around 80% from 1981 to 2011, which is markedly lower than the 120% growth observed in the UK.

8.3 **The productivity deficit is now the key factor underpinning the region’s sub-optimal economic performance,** and is being driven by two key factors, both of which have a skills and employment imperative. First, the **sectoral mix of the economy as a whole is geared towards lower value sectors,** and second, the occupational profile of the region consists of a **large percentage of the workforce in lower value occupations,** of particular relevance in rural areas with considerable out-migration of young people.

8.4 Looking ahead, the existing **productivity gap between SW&CW and the rest of the UK is forecast to remain in place.** By 2030, GVA per worker in expected to be £39,503, or 75.6% of the UK total (based on 2009 price data). The employment gap between SW&CW and Wales is also expected to increase during this time, with (policy-off) economic projections indicating that **overall employment levels in SW&CW will not begin to noticeably rise until 2017.** This is better than the previous round of econometric projections that were run in 2012, but is still cause for concern. It is important that in future, all stakeholders involved in addressing the gaps in skills, productivity and employment are aware of and respond to the economic demand drivers of the region. To understand those demand drivers fully, it is important to identify the needs of the large numbers of SME’s and micro businesses in the region that service key supply chains.

8.5 Despite these challenges, **strong GVA growth is expected in a number of sectors,** including real estate, professional services, energy, accommodation, and to a lesser extent, financial and business services, retail, and ICT. Traditional industries, such as textiles, will continue to decline in GVA terms. Others, including agriculture, education, and mining and quarrying, will ‘adjust’, declining in employment terms, but increasing their levels of productivity.

8.6 Over the next two decades, a change in occupational composition is also anticipated, reflecting the shift towards more professional, technology-based and ‘modern’ service sectors. The greatest increases in employment are expected in **customer service (35%) and health and social care associate professional (28%) occupations,** followed by **teaching and educational professionals (23%), administrative staff (21%), and corporate managers and directors (20%).** A **14% rise in science, research, engineering and technology**
professionals is also anticipated. Conversely, there will be a **continuing decline in more manual trades, including protective service occupations (-16%), skilled metal, electrical and electronic trades (-19%), and skilled construction and building trades (-6%), as well as process, plant and machine operatives (-6%)**\(^{43}\). Most of this change is expected to occur before 2020.

8.7 Going forwards, it will be critical that the region responds to these new growth opportunities, specifically by ensuring that the workforce is adequately skilled for the projected increase in professional and higher quality jobs, which are required as the economy moves **further in to higher value sectors**. Developing a robust pipeline of talent able to respond to market change through improved leadership, management and higher level skills, and providing sufficient retraining opportunities, including for older workers, will be important here. **Continuing Professional Development is important throughout a career not just from the ages of 14 to 25.**

8.8 It will also be important that the region responds to these opportunities and inward investment as a collective whole, given that the impact of economic re-alignment will be felt differently across the region. In areas such as Pembrokeshire, where the energy sector (both renewable energy and traditional hydrocarbons) is an important contributor of employment, significant opportunities could emerge through its expected growth. In Neath Port Talbot, the decline in manual trades, which represent a relatively high proportion of employment in the region, could cause challenges. In Powys and parts of the region, issues of rural connectivity will continue to be a barrier to skills and employment development, however, an abundance of natural resources in rural areas could be used to benefit the economy whilst addressing impacts of climate change. It will be important that the region comes together to address such issues, with the aim of enhancing the long term prospects of businesses and communities across the region as a whole, not forgetting of course that distance is a factor. With this in mind, the region should balance the importance of increased productivity with increased numbers into employment.

8.9 At present, although the region’s skills profile aligns quite closely with Wales, there are still **too few people with higher-level qualifications, and too many without any qualifications at all**. Evidence also indicates that the number of HEI enrolments in the region has increased at a much slower rate than the Welsh average since 2004/05, and that a lower proportion of students are enrolled in postgraduate study compared to at the national level.

8.10 **The 2011 Regional HE/FE Strategy maps out a clear set of activities to address the issues currently characterising HE/FE provision.** This includes the merging of the University of Wales Trinity Saint David (UWTSD) and Swansea Metropolitan University, which offers the potential for better streamlining of provision. It will be important to ensure that the benefits of the single integrated approach, being promoted through the HE/FE strategy, are felt across the region. Research suggests, for example, that the lack of education, employment choices and lower salary levels in Powys and Ceredigion is causing significant out-migration of young people. Ensuring that technology and innovations are leveraged as best as possible to increase outreach across the region, and that the private sector is appropriately engaged in the delivery of the HE/FE strategy, and other relevant strategies, will be important. The development of the Digital Skills Portal by Creative and Cultural Skills in Wales provides a

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\(^{43}\) Figures are based on 2012 data (the most current available). New developments may have had a positive or negative impact on some sectors.
good illustration of how technology can be leveraged to increase outreach and inclusion, in this case to micro-businesses and Small and Medium Sized Enterprises (SMEs).

8.11 **Outside of ‘formal’ education, apprenticeship activity in SW&CW compares favourably to the Wales and UK averages**, with Swansea seeing the highest rate of activity in 2011/12, followed by Carmarthenshire and Pembrokeshire. However, the **number of learners following apprenticeships has fallen by 17% across SW&CW** over the last five years, and **high-level apprenticeship opportunities remain limited**. In addition, **apprenticeship opportunities are still restricted to a few sectors, notably healthcare, construction, and business administration**.

8.12 **Opening up apprenticeship opportunities in other sectors, and providing more high-level apprenticeships, will therefore be important going forwards.** Research suggests that there is strong appetite for this among employers, with both public sector organisations and businesses indicating they intend to recruit more apprentices in 2014. However, employer feedback also indicates that the current apprenticeship landscape is too complex and inflexible, both from the perspective of employers and learners. There is a need to dig deeper into these concerns, exploring with employers issues. So, for example:

- What is required to increase employer take-up of high-level apprentices (e.g. accelerated routes that blend practical competence with high-level academic knowledge)?
- What level of mentoring is taking place among employers, and how can mentors be better supported through CPD?
- Do employers feel that their demand signals are being recognised by HEI, FE and training providers?

8.13 Lessons from national projects, such as SEMTA’s Higher Apprenticeship for Advanced Manufacturing may be useful here.

8.14 **Developing new progression routes for students with non-traditional Level 3 qualifications** has been highlighted as another priority among HE/FE providers, for which there seems to be strong justification. To be financially sustainable in the long term, this will require strong input from employers. Non-traditional courses may also be of particular benefit to disadvantaged groups, and it is therefore recommended that such activity aligns with Communities First and other projects already with such groups.

8.15 **From the perspective of employers, a number of skills gaps have been reported that are currently inhibiting growth, including a lack of work readiness among new staff, and ineffective training.** The need to bolster employability and enterprise skills is not surprising. It is by no means unique to SW&CW. The UK Government has recently highlighted employability skills as a critical shortcoming across the UK, placing significant emphasis on the need to secure employer engagement and investment in developing such skills. Skills gaps caused by demographic challenges in the region that impact on succession planning also need to be considered. In SW&CW, the strong history of partnership working between public and private sector agencies will facilitate the delivery of interventions to address this shortcoming.

8.16 In terms of ineffective training being delivered, SW&CW performs relatively **well compared to the Welsh average in terms of the amount of on job training provided.**
Regional Delivery Plan for Employment and Skills for South West and Central Wales

Carmarthenshire, 43.2% of persons educated to NVQ 4 level and above have received job related training, which is far above the Welsh and UK averages. It is clear, however, that the training provided is not always ‘hitting the mark’ and needs to be developed further, in consultation with employers and training providers. Evidence from Private Sector respondents indicates that unnecessary duplication and fragmentation of provision combined with competition between providers has an impact on take-up. Feedback from training providers indicates that the lack of well qualified data on businesses and their needs reduces their ability to develop appropriate provision.

8.17 There is also evidence that the development of new products and services, is leading to skills and employment shortcomings among employers. This is concerning, as the economy becomes geared towards more innovative and ‘technology-rich’ sectors. Exploring where these skills gaps specifically lie, and what is being undertaken to address them already (e.g. overseas recruitment, CPD, developmental partnerships with universities) would be helpful in understanding how best to address them. Provision needs to be flexible enough to respond quickly to demand-led need for specific skills to target emerging regional, national and international markets.

8.18 More generally, it is vital that employer perspectives are factored clearly into the development of the Regional Delivery Plan, including what market and technological foresight might mean for future changes. What training will staff require to manage the increasing volumes of data stemming from growth in technology-risk sectors? What strategies are required to address the drive in the number of staff working from home? Is there appetite and a need for innovative support training? If so, how should it be tailored to specific sectors? How can technology be leveraged to address challenges associated with rurality? Such questions are not particularly well understood at present.

8.19 It is also important that skills and training provision are tailored not just to the sector or type of business, but the size and location of businesses. Given the on-going reduction in public funding, business development advice and guidance needs to encourage employers to understand the value of co-investing in staff development. While skills deficits appear to be more commonly reported among larger employers, skills related to business and financial management, international trade and other business functions are clearly lacking among micro-businesses, which need to be addressed given the strong role the micro-businesses play in the region, both in terms of employment and revenue. Learning from reports such as the UK Government's 'An Education System Fit for an Entrepreneur', the scope of the Swansea Bay City Region could be expanded to reflect the role of Local Enterprise Partnerships in English regions to achieve strategic priorities including those drawn from Ceredigion For All: Our Livelihoods, Our Economic Regeneration Strategy; and the Powys Regeneration Strategy 2011, whilst avoiding duplication. Developing the role of the Regional Entrepreneurship Hub to include relevant partners would also serve to strengthen existing delivery and expand the skills base of the region. Provision needs to encourage an understanding of entrepreneurship and wealth creation at an early age to ensure future entrepreneurs are more innovative, less risk averse and able to respond quickly to emerging opportunities. A better understanding of the skills challenges facing start-ups and micro-enterprises in the region and the provision already in place would be useful to determine whether shared resources could help to address gaps, as evidence is largely limited to at the national level at present.

49
8.20 **Tackling youth unemployment should also be a priority going forwards.** As reflected in current Welsh Government (WG) policy priorities, such as the Youth Engagement and Progression Framework and the Anti-poverty framework, youth unemployment comes up as a key priority underpinning much of the research on employment and skills in the region. Despite a reduction in recent years in the number of Year 11 Leavers who are NEET, evidence suggests that the proportion of 16 to 18-year-olds in Wales who are NEET has remained fairly constant since 1996, as it has among 19-24 years having increased during the recession. Effective careers guidance plays an intrinsic part in addressing the statistics. Findings included in the Estyn report *Informed decisions: The implementation of the Careers and the World of Work (CWoW) framework,* October 2012 suggest some key recommendations that would address some of the issues including:

- Developing systems to support the tracking of learner’s achievements in order to monitor progress in developing career planning skills;
- Making better use of labour market information to help pupils make appropriate career choices;
- Taking a partnership approach to the strategic planning of CWoW;
- Developing strategies to evaluate rigorously how well pupils are prepared for key transitions and the world of work;

8.21 Tackling youth unemployment and broader issues of inclusion (e.g. support to lone parents, low-income households) will require a collaborative approach, which includes working with employers to increase their awareness of young people NEET, educational institutions and training providers to meet their specific needs, and the young people themselves. The WG has a firm commitment to supporting disadvantaged groups, through personalised and tailored support, which involves early identification of young people at risk of disengagement, stronger tracking, and transitions through the system, better brokerage, and coordination of support, tailored support to reflect individual needs, and strengthening of employability skills, including better employer engagement with skills. Businesses in receipt of public funding or support need to be encouraged to offer employment opportunities to unskilled young people at risk of disengagement. **SW&CW should be well placed to follow these priorities, given the learning developed through programmes such as Communities First and Workways.** In SW&CW, Communities First projects cover a wide range of interventions across the region, from promoting digital inclusion, improving adult life skills, increasing financial literacy, and targeted careers guidance, providing a rich body of learning to draw upon.

8.22 Last, but in no way least, **reference should be made to Welsh language skills.** Although a higher proportion of the SW&CW's population can speak Welsh relative than Wales, the evidence shows a sharp decline in Welsh language ability from 20-24 years (only picking up again at around 75 years). The region’s FE and HE providers are committed to addressing this gap and maximising Welsh medium study, through the provision of bursaries, Welsh-speaking appointments at colleges, and other measures. **Complimenting this, in line with the Welsh Language (Wales) Measure 2011 and 2013/14 Action Plan, it could be helpful to gauge employers’ perspectives on these issues, and particularly whether there are any language gaps common in the workplace, which need to be addressed through specific interventions, to ensure the Welsh language is treated no less favourably than the English language across all sectors and all counties within the SW & CW region.**
9.0 Policy Context

Overview

9.1 The policy landscape provides an important backdrop to the development of this Regional Delivery Plan. It is quite comprehensive, covering a range of relevant themes at the European, UK, Welsh, and local levels, from economic growth opportunities to youth unemployment. A summary of some of the main policies is provided in Figure 0-1.

9.2 This Delivery Plan is based on the tenet that skills and training provision must align with the region's main drivers of productivity and prosperity. The plan also aims to support efforts to tackle poverty and inequality however, by increasing levels of demand and opening up new employment opportunities to the ‘hardest to reach’ groups, including young people NEET.

Figure 0-1: Overview of the policy landscape influencing SW & CW

The European Policy Agenda

9.3 At the European level, there are a number of key policy commitments of relevance to the development of this plan. In Europe 2020 and Horizon 2020, ambitious targets are set to stimulate economic growth that is ‘smart, sustainable, and inclusive’. Smart growth is premised on the need to encourage knowledge development and innovation; sustainable growth on the need for efficiency, competitiveness and being greener; and inclusive growth on delivering social and territorial cohesion. These are the key themes that the region will need to be alert to when delivering the Regional Development Plan, as they continue to exert a strong influence in the new round of EU funding 2014-20. Research and innovation, SME
**competitiveness**, renewable energy, and connectivity have been outlined as the core priorities of ERDF funding.

9.4 The priorities associated with the EU Rural Development Plan funding, a significant source of funding for regeneration and development projects in rural areas, also forms an important policy backdrop to the plan. Again, innovation and knowledge transfer, increased resource efficiency and a shift towards low carbon growth are among the key priorities. The three ESF priorities – tackling poverty through sustainable employment; skills for growth; and youth employment attainment – are also clearly oriented towards the need to build a confident, skilled, and entrepreneurial workforce, which is encapsulated in this Regional Delivery Plan.

**UK Policy Perspectives**

9.5 The UK’s policy direction also bears a strong influence on SW&CW. In the *Heseltine Review* and *Growth Plan*, focus is placed on competitiveness, flexibility and economic re-balancing, with an acknowledgement that growth in the past has been overly concentrated in particular industries and locations, namely the South East of England. Encouraging **business start-ups and supporting SMEs** are seen as key policy levers, as is an **educated workforce**, in terms of achieving flexibility in the UK economy.

9.6 The UK Government’s *Industrial Strategy* report identifies priority sectors that have the potential to make a greater contribution to future growth and employment. These include advanced manufacturing; knowledge intensive traded services; and enabling sectors, such as energy and construction. Sectors that the current UK Government has concentrated its efforts on supporting are stated in the plan for Growth as including: healthcare and the life sciences; advanced manufacturing; construction; digital and creative industries; retail; professional and business services; the space industry; and tourism, which show clear signs of growth in SW&CW. Facilitating their growth through skills and training provision will be crucial. A process needs to be developed to generate effective partnerships between employers, schools, FE and HE to ensure that the sector is aware of the realities of the current market and able to develop curricula to respond.

9.7 The UK Government’s *Rigour and Responsiveness in Skills* report emphasises current thinking in regards to skills. Published in April 2013, the report identifies six areas seen as essential in enabling provision that fulfils both employers and learners’ needs. These are:

- **raising standards** – including creating more awareness and transparency and around the quality of provision, increasing learner choice, and undertaking targeted interventions to address weak provision;

- **reforming apprenticeships** – including increased involvement of employers in design and delivery and more apprenticeship opportunities in STEM subjects;

- **creating traineeships** – including the introduction of the Traineeship programme, and greater engagement with employers;

- **meaningful qualifications** - including the need for qualifications to be relevant, rigorous and recognised whilst demonstrating employer input to ensure effectiveness;
Regional Delivery Plan for Employment and Skills for South West and Central Wales

- **funding improving responsiveness** – including increasing incentives for colleges and training providers to respond to students’ needs, and encouraging employer investment in skills provision;

- **robust information and data** – including a new role for the National Careers Service in promoting data-sharing and collaboration among stakeholders, and improved accessibility to data through data.gov.uk;

9.8 Developments in these areas, including the identification of best practice, will need to be carefully monitored by the region as the national skills policy landscape is shifting quickly. Organisations with a proven track record of effective partnership working should be key to informing the development of best practice.

9.9 Finally, changes to the welfare system, have already been shown to impact on the economic well-being of residents in Wales (particularly lone parents, and families in which neither parents are working). **Supporting disadvantaged groups**, through personalised employment support among other initiatives will be important. **Youth unemployment** is another issue at the forefront of UK policy.

Key Policy Responses in Wales

9.10 Policy development in Wales reflects the recurring themes in Europe and the UK, with a clear recognition of the role that sustainable employment and a skilled labour force can play in promoting both economic growth and poverty alleviation. This is emphasised in the *Economic Prioritisation Framework (EPF)* for Welsh European Funds, which draws on learning from strategies such as the ‘Vibrant and Viable Places’ report. Developed as a live document, the EPF makes firm reference to the need for personalised and integrated provision. Among the priority areas listed in the guidance document are **apprenticeships; linking graduate and higher-level skills to knowledge infrastructure; employability and work-based learning schemes, based on robust LMI; youth unemployment schemes to address specific barriers to work; and workforce development for the childcare and early years’ workforce.**

9.11 How the Welsh Government intends for national, regional and local bodies to deliver such aims is delineated in the Department for Education and Skills’ (DfES) *Skills Implementation Plan* (2014). The plan has been developed to inform future action in relation to post-19 skills and employment policy and follows from the policy statement on skills published by the Welsh Government in January 2014. The aim of the plan is to provide details of the actions to be undertaken by the Welsh Government working with employers, individuals, trade unions and delivery partners. The plan sets out the policy actions required in order to develop a sustainable skills system for the future. It aims to support Wales to evolve into a highly skilled nation and to create the conditions which will allow businesses in Wales to grow and flourish. To achieve this aim there must be responsible action from government, employers, providers and individuals. The responses to the consultation on proposals for post-19 adult skills delivery have provided a valuable insight into how these joint responsibilities can be taken forward through a policy of co-investment.

9.12 In February 2014 the Welsh Government consulted on the future arrangements for introducing a policy for co-investment in post-19 adult skills delivery, which will operate between government,
employers and in some instances, individuals. The responses to that consultation provided a valuable insight into the perceptions across employers and key stakeholders on how best to implement co-investment in Wales. A summary report of the consultation responses is available on the Welsh Government website44.

9.13 Co-investment is representative of the wider reform agenda required across the skills system in Wales to ensure it remains competitive and sustainable into the future. Implementing a co-investment policy is essential if we are to redress the financial pressures facing post-19 skills delivery in Wales. This includes the lag in employer investment in skills compared with the UK average, the dependency and grant culture this has created, and the longer-term availability of European funding post-2020. The detailed framework for co-investment in skills, published in November 2014 indicates the current intention to commence implementation from April 2015. Following this, further consideration will be given to those aspects of the co-investment arrangements which might be impacted by the Diamond Review of Higher Education and Student Finance Arrangements in Wales reporting in 2016.

The actions described will set the foundation for developing a sustainable skills system in Wales capable of responding to an increasingly global market for skills, and prepare the ground for conditions beyond the next round of European funding.

9.14 The emphasis on employment and growth also comes through in the Anti-poverty Action Plan, Child Poverty Strategy, and Welfare Reform Report, and in underlying programmes, such as Communities First and Families First. Where youth unemployment is specifically concerned, the 2013 Youth Progression Framework emphasises the need for more personalised and coordinated support for this target group, including extending the Youth Guarantee. A partnership-based approach is expected to be taken for the Youth Progression Framework, as it is with other WG policies, and for interventions to be evidence-based, people-based, and place-based, including strong collaboration with the private sector.

9.15 In terms of education, a number of significant reviews have been commissioned in recent years45; the findings of which will have an ongoing influence on education provision. The National Model of School Improvement, which was developed as a consequence of the Hill Review, and which will see responsibility for local educational delivery transferring from Local Authorities to Regional Educational Consortia (REC), is one such important policy change. The review of qualifications for 14-19 year olds, which will see the formation of a separate qualifications body (Qualifications Wales) to manage qualifications within Wales, will be another important change. It is important that the Delivery Plan is supported by improved teaching of basic skills at Primary level, in order for FE/HE to concentrate on improving skills and qualifications. It is recognised that in many instances support for this begins within the home and family environment, therefore collaboration with services that support the whole family is vital.

Local Policy Priorities

9.16 There is strong commitment within the region to partners working effectively across administrative boundaries towards a common goal. A clear example is provided by the RLP itself, which covers SWW, Ceredigion, and Powys, and brings together local colleges,
universities, local authorities and others around a common agenda. Other policies either emerging or in place include the forthcoming Swansea Bay City Region Economic Regeneration Strategy; Ceredigion for All and the, One Powys Plan, each tasking partners to work collaboratively to tackle priority issues. At the local level, regeneration and growth plans emphasise the regional commitment to joint working, and the importance pegged to employment and skills in achieving local economic visions. Supporting the local supply chain and delivering community benefits should be integral to all Public sector procurement resulting from the regeneration plans for the region. Collaboration with the Local Service Boards ensures alignment between Single Integrated Plans and the Regional Delivery Plan for Employment and Skills. Regional commitment to joint working continues to support the development of a culture that is more sustainable and efficient, learning from failure as well as success that leads to less reliance on external funding.

Framing the Policy Context

9.15 The employment and skills policy landscape is dynamic and fast-moving, and rightly so given how quickly developments in markets, technologies, funding and societal changes are taking place. Youth unemployment, an ageing population, localism and technological innovation, are among the issues of importance. Responding to them will require a collaborative and flexible approach, for which the region’s history of partnership working will help.
10.0 Making the Plan Happen: Implementation

To be developed and agreed with the Welsh Government (DfES), WEFO and other regional skills partnerships
11.0 Skills Performance Measures

11.1 As outlined in the Welsh Government guidance for Regional Skills Partnerships, the Regional Employment and Skills Plans will play a key part in identifying how regions will respond to and monitor progress against the Welsh Government’s skills performance measures, published September 2014. These measures have been developed with the aim of driving improvement in the overall skills base of Wales using a range of indicators. The measures will be used as continual reference point when evaluating Welsh Government policies and programmes as summarised within the Skills Implementation Plan.

11.2 The skills performance measures will also act as a method of assessing progress towards the long-term ambition for the skills system in Wales as presented within the Policy Statement for Skills.

In line with the Skills Implementation Plan, it is anticipated that by April 2015, the skills performance measures will be integrated within Welsh Government policies and programmes.

11.3 Skills performance measures will drive forward the delivery of the Skills Implementation Plan. Specifically this will include:

- using measures for jobs and growth to inform the future delivery of the Skills Priorities Programme and Flexible Skills Programme;
- reflecting on the measures for financial sustainability in monitoring the implementation of the policy of investment/co-investment between government and employers;
- working through the regional skills delivery model to drive up skills levels in all three regions of Wales, as defined by measures for international skills benchmarking;
- ensuring that the WG employment and skills offer, such as the new adult employability programme, provides equality of opportunity for those individuals with protected characteristics in support of measures for equality and equity;

11.4 Regional intelligence will supplement Welsh Government baseline regional skills and employment data and will be essential to informing regional core measures.

11.5 Further work will be undertaken between the Welsh Government and Regional Skills Partnerships to agree regional / local data sources and measures to evidence regional change and how they align to and supplement the skills performance measures.

11.6 The agreed measures for the Regional Delivery Plan for Employment & Skills for south west and central Wales will be outlined in the next version submitted to the Welsh Government at the end of March 2015.

11.7 It is intended that the Welsh Government will review the measures annually from April 2016.
Appendix 1: Emerging Regional Activities

Work to develop the emerging regional activities is on-going. The 139 EoIs that were submitted provided a clear picture of all discussions and activity ideas being developed, which informed the Brokerage group meetings between similar proposals that were held during August and September. Thematic group meetings to facilitate further collaboration and development of emerging regional activities will continue into early 2015. Final proposals will be included in the fourth version of the plan, which will be submitted to the Welsh Government by the end of March 2015.

Proposals in the process of being developed include the following:

- Regional Young People’s Programme;
- Regional Tenders (Engagement / Pre-employment, not work ready & work ready);
- Regional Adult & Employability Programme;
- Essential Skills in the Workplace II – regional bid submitted;
- Sector Specific proposals:-
  - Construction
  - Creative Industries
  - Food
  - Energy
  - Tourism
  - Social Care
- Regional Proposals on:-
  - Entrepreneurship
  - Employability
  - Leadership & Management
- Regional programme for Digital Inclusion;
- Regional approach to Widening Access and Higher Level Progression.
Appendix 2.a: Regional Delivery Plan Employment and Skills Framework
Appendix 2.b: Regional Employment and Skills Framework

The framework provides an overarching approach to the activity areas to enable the individual and employer to identify interventions to support the employment and skills challenges of South West and Central Wales. It is divided into four thematic areas for both the employer and individual. Please note that these do not relate directly to specific activities.

These are as follows:

a. Engagement – This area involves engaging with employers, providers and individuals, to understand their needs and identify channels to address them.

b. Pre-employment – This area ensures that individuals enter employment with sufficient technical and employability skills. This area also includes individuals who are in part time or full time education from 11 onwards.

c. In Work Support – This area ensures that staff are provided with sufficient in-work training to access and sustain jobs, and that employers have the knowledge and resources to do so.

d. Continuous Professional Development – This area ensures that staff and entrepreneurs are provided with ongoing access to training and development opportunities, in order to effectively respond to emerging market and employer needs.

It is the aim that the proposed activities included in the Regional Delivery Plan for Employment and Skills will be driven by the 4 thematic areas.
Appendix 3: Activity Mapping Documents

The mapping document outlines existing and proposed skills and employment initiatives (including DfES backbone projects, mainstream domestic provision etc). Please note this is a live document and will be updated as and when information becomes available.

Please click here to access the document on the RLP website.
Appendix 4: Employer Voice Report

The employer’s view is essential to ensure the plan reflects the current and future skills needs of the region.

The Employer Voice research commissioned by the RLP from Dr Grahame Guilford identifies regional skills demand drivers by drawing on existing data, research of skills development and discussions with business, industry groups, skills providers and Welsh Government. The Executive Summary, Conclusions and Recommendations drawn from the report are copied below. Feedback captured from employers during a range of regional events has also been used to inform previous chapters.

Executive Summary

South West and Central Wales has business and economic strengths in a number of the key sectors for Welsh Government (WG) such as Advanced Manufacturing, Life Sciences, ICT and Energy as well as areas key to the regional economy such as Tourism, Agriculture, Food, Construction and the Care sector. It has a strong and growing university and college base. Its connectivity has been enhanced by major infrastructure investments in roads and broadband and will be further enhanced by rail electrification. Many of the demand drivers that will increase in importance as the global economy comes out of recession are ones to which the region can respond.

However, that response will be strengthened if the region is able to address some of its structural economic issues. The fact that the region remains eligible for European Structural Funds (SF) means that the upcoming round of SF (2014-2020) may be helpful in that respect. Regional GVA continues to remain below the European average and studies show that a large part of the gap can be ascribed to lower than average productivity. A recent review of the manufacturing sector has shown that while much of Welsh industry performs well, there is a gap between where many companies are and where they need to be in order to compete at the global level necessary to bridge the productivity gap. Encouragingly, the review believes this gap is bridgeable.

Bridging it however, will involve a shift in approach from a largely reactive and complex supply side provision to a more proactive, demand led approach which identifies, and focuses bespoke support on, businesses with high growth potential in key sectors. In order to facilitate this approach there would also need to be adoption of a number of private sector practices in the way that data on providers of support and potential beneficiaries is collected and utilised. Companies in any of the key sectors in the regional economy could benefit from this approach and SF is well placed to support it.

Use of SF to fund more innovative and gap filling approaches is likely to fit well with the objectives of the new SF programme. Maintenance and development of the underpinning skills development provision in the region remains a key priority also of course. Employers continue to value a structure which provides clear and flexible progression routes from school, through the college, employment and university systems (the Economic Development Supply Chain). National and international studies and projections show that employment patterns and demands are likely to change dramatically in the next 15 years with increased demand for professional and managerial skills, higher level technical skills and IT literacy. These studies also show that the UK, including Wales, tends to have a lower level of work based and vocational learning within the overall provision mix and employers would clearly welcome a move to an increased ‘learn while you earn’ element. The studies also show that another area of future growth is that of personal services. The region already has a strong care and leisure sector, increased economic output has been shown to be linked to
increased demand for personal services and, as such, this area represents an opportunity for the micro business sector.

Effective links exist within the region between businesses and skills development providers, whether within the public or private sectors. Employers value these links and would urge that they are used to drive an increasingly flexible and demand led approach to skills development and one that, over time, becomes better integrated with overall business support. Although employers understand the importance of a robust qualification based education system, they are not always aware of the timescales associated with the planning, accreditation and funding of this structure. Employers would wish to see that this structure is aware of, and responsive to, best practice elsewhere, for example the increasing use of online training and distance learning.

Employers, in particular small companies, remain concerned about the level of complexity and apparent duplication within the system and would welcome efforts to simplify it and provide improved guidance to, and mapping of, overall regional provision. Regular communication, consultation and feedback to employers are vital to this but employers report that this communication system sometimes seems fragmented. Employers would welcome the increasing use of the type of online database technologies now available to centralise and simplify the communication process.

Conclusions and Recommendations

1. The traditional approach to seeking the ‘Employer Voice’ on skills development is based on a variety of survey methods which seek to establish skills gaps and needs plus training requirements. The outputs of these surveys are usually aggregated at sector level or the level of individual skills. The Regional Learning Partnership has carried out significant amounts of excellent work in this area and the resultant reports covering the key sectors in the region are available in the Data Observatory. This approach is, and will remain, an important element in the planning of skills provision particularly where that provision is accredited and qualification based and business clearly sees that type of training as remaining a key bed rock of provision. Continuing work in this area should include increasing integration of the skills needs with the three regional economic development strategies. The continuing development of the EPF may provide an appropriate vehicle for this work.

2. In the Swansea Bay City Region, key existing capability in Advanced Manufacturing, Life Sciences and ITC provides an important base for continuing investment in skills. A move towards an increased proportion of higher level skills and an increased proportion of vocational training will be valuable. Work should continue on the development of clear progression routes and the integration of institution based and work based learning. Continuing collaborative working between the HE and FE sectors will be important in achieving this as will continuing work on the mapping of regional provision.

3. The Financial and Business services and the Creative sectors likewise offer significant opportunities. These are key sectors also within SE Wales and the development of regional strategies in SW Wales should take account of these developments.

4. The Agriculture and Food sector offers significant opportunities within the region and, in particular in the four more rural counties. Integration of the skills and economic development agendas offers particular advantages in this area where linkage with demand drivers, market segmentation and resultant sub sector supply chain structures will be important in understanding sub sector skills needs.

5. The region has significant existing capability in the Energy sector both in conventional and renewable technologies. The impact of external drivers of demand, both economic and political, is key in this area and has significant implications for skills needs. Planning
timescales are also amongst the longest of any of the region’s key sectors. Effective communication between regional economic development teams, skills development teams, skills providers and WG should therefore be a key objective.

6. Throughout the region, Tourism and Leisure remains a key sector and, as the economy moves out of recession, should be capable of delivering increased regional value. As with the Food and Agriculture sector, close attention to market segmentation and the areas in which the region can be genuinely competitive will be vital to determining and prioritising future investment in business support and skills development. Ensuring the region’s tourism businesses and their staff have the necessary IT skills to effectively market and manage their businesses will be important.

7. The Personal Care sector already represents a key employer in the region. Currently this is driven primarily by the aging population. As with the Energy sector, many of the factors that underpin future demand are both economic and political and have lengthy timescales and high levels of uncertainty associated with them. Further reviews of these issues and their implications for the region may be of value.

8. After a number of difficult years the region is starting to see increased levels of infrastructure investment and this has resulted in increased demand within the Construction sector. Improved economic conditions may support this further. Employers report an increasing need for higher level skills in certain areas of this sector although basic craft skills remain a high priority. Again market segmentation and analysis of demand drivers is important as the opportunities within the major projects market differ from those in the private sector as do the skills requirements and, potentially, priority for investment. Developing an understanding of regional supply chains and building relationships with key turnkey contractors in the region will also be important.

9. In relation to the regional planning of skills provision, this report recommends that efforts continue on the effective integration of economic development planning and skills provision planning utilising the mechanism of the EPF, that the region recognises and responds to the global trend towards higher level skills and increased vocational learning in determining its skills provision mix and that efforts continue to understand the key supply chain mechanisms operating within the region.

10. However, evidence suggests that the recommendations above are not, in themselves, sufficient to drive the improvements in regional productivity, and thereby regional GVA, that are needed. To achieve this will require that the region devotes resource to the enhancement of business specific skills in order to identify and support those individual businesses with the potential to achieve significant growth within key sectors. The achievement of that growth would require the development and delivery of bespoke support packages.

11. This will require a more sophisticated and flexible process, one which operates and evolves in real time and gains meaningful engagement of the key stakeholders. These stakeholders will, of course, include regional businesses but will also need to include key elements of the support structures within the WG Department of Economy. It is likely that new regional structures would be required to deliver this capability and the report therefore recommends that consideration be given to the nature of these structures and the role that SF can play in their establishment.

12. In terms of understanding the importance of business specific skills, one only has to look at the fact that many of the key markets in which the region’s businesses compete (Food, Health, Energy, Construction, Engineering for example) are highly regulated globally. In order to participate in these markets, regional businesses would become part of supply chains with very specific accreditation and operating requirements. Achievement of these standards may require investment in addition to that normally needed.
13. A clear implication of this approach, which has been recognised by Life Science Wales and Industry Wales, is that it is resource intensive and, as such, the number of individual businesses that can be supported in this way is limited at any given time. However, evidence presented during the preparation of Innovation Wales suggests that if investment is focussed around the creation of critical mass in a particular sub sector or region, then frequently this will become self-sustaining in terms of subsequent growth.

14. For the process to have a good chance of gaining the stakeholder engagement needed for success it will need to demonstrate that it has an effective model of the regional economy in terms of linking demand and economic impact with the key inputs such as skills. An appropriate model might be something like the one shown below:

![The Economic Development Supply Chain Diagram](image)

Grahame Guilford and Company Limited, 2010

15. This model would seek to construct a ‘supply chain’ linking the key inputs (training, research, business investment) with demand and economic impact. The model would need to be based on, and supported by, improved sources of data and data management. This data would need to cover both providers and potential beneficiaries (individuals and businesses) in a way that would facilitate effective matching. There is significant expertise in the private sector on the construction of this type of database which could be drawn on. One of the key areas that emerge from that expertise is the understanding that to achieve meaningful and sustained participation, genuine incentives for use must be defined and implemented.

16. For the process to make most effective use of data, there would need to be a simplification in provision to seek to reduce the current levels of duplication. The process for establishment of data on beneficiaries would inevitably involve some form of segmentation, for example distance from the work place in the case of individuals and part of the matching of provider and beneficiary would involve a simple link between a particular user segment and the relevant provision.

17. A key recommendation of Investing in Growth and Jobs was the use of SF to construct portfolios of projects with shared impact objectives. It was assumed that many of these portfolios would be regionally located, based around existing regional capability and would include examples of the 4 types of economic activity described above. The creation of
effective data on potential beneficiaries, coupled with a simplified provider structure might make it easier to build these project portfolios and link them to regional demand drivers. The contribution of portfolios to the regional economic supply chain model above could then be visualised and mapped onto the structure of existing regional capability and infrastructure. This visualisation might then allow, in turn, an effective demonstration of the development of regional critical mass together with a simple means of identifying residual gaps and the type of intervention based placed to address them.

18. A basic database structure and economic model would provide the basis for building the process of business engagement. This would seek to build on the links already developed by the RLP on skills requirements within key sectors, develop links with the WG EST sector teams and engage individual regional businesses in the process of providing input to and deriving benefit from available provision. It would be preferable that, through the City Region Board for example, a single organisation with adequate competency in the area would be appointed to manage the process of business engagement and data base construction and management.

19. With the structures described above in place, it would be possible to begin the process of identifying high growth potential companies and constructing support packages. The database structures would also facilitate the monitoring of impact over time.

20. The processes proposed here represent significant changes and should be based around a phased plan over the next SF period so that they are sustainably established by the end.