



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

**Y Pwyllgor Menter a Dysgu
The Enterprise and Learning Committee**

**Dydd Mercher, 27 Chwefror 2008
Wednesday, 27 February 2008**

Cynnwys
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‘Skills That Work for Wales: A Skills and Employment Strategy’—A Welsh
Assembly Government Consultation

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Lorraine Barrett	Llafur (yn dirprwyo ar ran Jeff Cuthbert) Labour (substitute for Jeff Cuthbert)
Christine Chapman	Llafur Labour
Gareth Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Huw Lewis	Llafur Labour
David Melding	Ceidwadwyr Cymreig Welsh Conservatives
Janet Ryder	Plaid Cymru The Party of Wales
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Jo Banks	Pennaeth y Strategaeth Sgiliau a Sgiliau Sylfaenol, Llywodraeth Cynulliad Cymru Head of Skills Strategy and Basic Skills, Welsh Assembly Government
John Griffiths	Aelod Cynulliad, Llafur (y Dirprwy Weinidog dros Sgiliau) Assembly Member, Labour (the Deputy Minister for Skills)
Dr Dennis Gunning	Cyfarwyddwr y Grŵp Dysgu Gydol Oes a Sgiliau, Llywodraeth Cynulliad Cymru Director of Lifelong Learning and Skills Group, Welsh Assembly Government
Samantha Huckle	Pennaeth Cyflogadwyedd, Polisi Sgiliau, Llywodraeth Cynulliad Cymru Head of Employability, Skills Policy, Welsh Assembly Government
Stephen Martin	Cyfarwyddwr, O Fudd-dâl i Waith, yr Adran Gwaith a Phensiynau Director, Welfare to Work, the Department for Work and Pensions

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Dan Collier	Dirprwy Glerc Deputy Clerk
Dr Kathryn Jenkins	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil yr Aelodau Members' Research Service

Dechreuodd y cyfarfod am 9 a.m.
The meeting began at 9 a.m.

Cyflwyniad ac Ymddiheuriadau Introduction and Apologies

[1] **Gareth Jones:** Bore da i chi i gyd a chroeso cynnes i'r cyfarfod hwn o'r Pwyllgor Menter a Dysgu. Croesawaf yr Aelodau, tystion ac aelodau'r cyhoedd. Mae gennyf fân gyhoeddiadau i'w gwneud ar y cychwyn. Rhaid i mi eich atgoffa i ddiffodd ffonau symudol, os gwelwch yn dda, ac unrhyw ddyfais electronig arall. O ran y meicroffonau, ni fydd angen i chi eu cyffwrdd o gwbl. Nid ydym yn disgwyl ymarfer tân, felly os clywn larwm, bydd yn rhaid i ni adael yr adeilad o dan gyfarwyddyd y tywysyddion. Mae'r cyfarfod, wrth gwrs, yn ddwyieithog a darperir clustffonau i dderbyn y gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg. Cymeraf fod y gwasanaeth hwnnw'n gweithio'n foddhaol. Mae'r system hefyd yn chwyddleisio'r sain, sy'n ddefnyddiol. Rhaid i mi hefyd eich atgoffa y bydd cofnod o'r cyfan a ddywedir yn gyhoeddus ar gael.

Gareth Jones: Good morning to you all and a warm welcome to this meeting of the Enterprise and Learning Committee. I welcome Members, witnesses and members of the public. I have some brief initial announcements to make. I must remind you to please switch off mobile phones and any other electronic devices. There will be no need for you to touch the microphones at all. We are not expecting a fire drill and therefore if we hear any sort of alarm, we will have to leave the building, under the guidance of the ushers. Of course, the meeting will be conducted bilingually and headphones are provided to receive the simultaneous translation from Welsh to English. I take it that that service is operating satisfactorily. That system also amplifies the sound, which is useful. I must also remind you that a record of all that is said publicly will be available.

[2] Mae ymddiheuriad wedi dod i law gan Jeff Cuthbert, a bydd Lorraine Barrett yn dirprwyo ar ei ran. Estynnwn groeso iddi hi unwaith eto. Nid ydym wedi derbyn ymddiheuriad arall, hyd yma.

We have received an apology from Jeff Cuthbert, for whom Lorraine Barrett will act as a substitute. We again extend a warm welcome to Lorraine. We have not yet received any other apologies.

9.02 a.m.

‘Sgiliau sy'n Gweithio i Gymru: Strategaeth Sgiliau a Chyflogaeth’— Ymgynghoriad Llywodraeth Cynulliad Cymru ‘Skills That Work for Wales: A Skills and Employment Strategy’—A Welsh Assembly Government Consultation

[3] **Gareth Jones:** Trown yn awr at y prif sesiwn graffu, sef eitem 2 ar yr agenda. Dyma'r unig eitem sydd gennym y bore yma, ond mae'n eitem go bwysig ar 'Sgiliau sy'n Gweithio i Gymru', y strategaeth sgiliau a chyflogaeth. Yr ydym wedi derbyn dau bapur oherwydd, fel y gwyrddoch, y mae dwy ran i'r sesiwn graffu hon. Y mae'r papur cyntaf gan y Dirprwy Weinidog dros Sgiliau.

Gareth Jones: We now turn to the main scrutiny session, and item 2 on the agenda. This is the only item this morning, but it is quite an important one, on 'Skills That Work for Wales', the skills and employment strategy. We have received two papers because, as you know, there are two parts to the scrutiny session. The first paper is from the Deputy Minister for Skills.

[4] Os caf eich atgoffa, cefndir hyn oll yw i'r Dirprwy Weinidog lansio ymgynghoriad ar strategaeth sgiliau a chyflogaeth Llywodraeth Cynulliad Cymru ar 17 Ionawr. Teitl y strategaeth honno yw 'Sgiliau sy'n Gweithio i Gymru'. Dymuniad

If I may remind you, the background to all of this is that the Deputy Minister launched a consultation on 17 January on the Welsh Assembly Government's skills and employment strategy. The title of that strategy is 'Skills That Work for Wales'.

Aelodau oedd craffu ar y Gweinidog er mwyn cyflwyno ymateb ffurfiol i'r ymgynghoriad, sy'n cau ar 10 Ebrill. Gan fod polisiau cyflogaeth yn fater a gadwyd yn ôl gan yr Adran Gwaith a Phensiynau, gwahoddwyd yr adran honno i'r cyfarfod hwn hefyd i gyflwyno tystiolaeth ysgrifenedig ac ar lafar. Yr ydym yn falch o ddeall fod hynny wedi digwydd a down at hynny yn ail hanner y sesiwn graffu. Fel Aelodau, cawn gyfle i drafod ymateb drafft y pwyllgor i'r ymgynghoriad ar 12 Mawrth, er mwyn i'r ymateb gael ei osod gerbron y Cynulliad a'i gyflwyno i'r Gweinidog erbyn diwedd y tymor. Gobeithiaf fod y cefndir hwnnw o gymorth o ran sut yr ydym yn gweithio.

[5] Trown at y Dirprwy Weinidog, John Griffiths, ac yr ydym yn eich croesawu chi a'r tystion. Credaf mai hwn yw eich ymddangosiad cyntaf, John, gerbron y pwyllgor. Yr ydym yn ddiolchgar i chi a'ch swyddogion am y dystiolaeth ysgrifenedig. Yr ydym wedi cael cyfle i'w darllen ac fe'i dosbarthwyd i aelodau'r pwyllgor. Croesawn John Griffiths, y Dirprwy Weinidog dros Sgiliau; Dr Dennis Gunning, cyfarwyddwr y Grŵp Dysgu Gydol Oes a Sgiliau; Jo Banks, pennaeth y strategaeth sgiliau a sgiliau sylfaenol; a Samantha Huckle, pennaeth cyflogadwyedd. Croeso cynnes i chi i gyd. Cefais air byr gyda chi, Ddirprwy Weinidog, cyn i chi ddod i mewn i sôn y buaswn yn ddiolchgar pe baech yn dweud gair o gyflwyniad, tua phum munud o hyd a 10 munud ar y mwyaf.

[6] **John Griffiths:** Diolch yn fawr, Gadeirydd, a bore da, bawb. Diolch yn fawr am y gwahoddiad i ddod i'r cyfarfod y bore yma i drafod y materion pwysig hyn. Hoffwn ddweud ychydig o eiriau am y strategaeth.

Members wished to scrutinise the Minister before making a formal response to the consultation, which closes on 10 April. As employment policy is a reserved matter, reserved by the Department for Work and Pensions, that department was also invited to this meeting to present both written and oral evidence. We are pleased to understand that that has occurred and we will come to it in the second half of the scrutiny session. As Members, we will have an opportunity to discuss the committee's draft response to the consultation on 12 March, so that the response can be laid before the Assembly and presented to the Minister before the end of term. I hope that that background is of some assistance in terms of how we work.

We now turn to the Deputy Minister, John Griffiths, and we welcome you and the witnesses. I think that this is your first appearance before the committee, John. We are grateful to you and your officials for the written evidence. We have had an opportunity to read it and it was disseminated to committee members. We welcome John Griffiths, the Deputy Minister for Skills; Dr Dennis Gunning, the Director of the Lifelong Learning and Skills Group; Jo Banks, the head of skills strategy and basic skills; and Samantha Huckle, the head of employability. A warm welcome to you all. I had a brief word with you, Deputy Minister, before you came in to say that I would be grateful if you would give a brief introduction of about five minutes, and 10 minutes at most.

John Griffiths: Thank you very much, Chair, and good morning, everyone. Thank you very much for the invitation to attend the meeting this morning to discuss these important issues. I wish to say a few words about the strategy.

[7] I will be brief, Chair, as you suggested. I think that it is fair to say that we have made a considerable amount of progress in Wales regarding the skills and employment strategy, thankfully, but there are still considerable challenges that we must meet. Lord Leitch's report made it clear to the UK as a whole that we have a big job to do in terms of upskilling people if we are to meet the challenges of the global economy. The UK Government has made it perfectly clear that if we fail to upskill people in the way that we must, we will continue to lose jobs to eastern Europe, India and China, through the relocation of firms from Wales and the UK and the competition that is already based in those countries and regions. The challenge is clear: if we want to have full employment, which is our goal as an administration, if we want quality jobs, a strong economy and strong communities, and if we want people to

have the life chances that they deserve in Wales, we must achieve this upskilling.

[8] Economic inactivity remains a major challenge that we must continue to tackle. We have made some progress; in fact, we have halved the gap between Wales and the rest of the UK in recent years in terms of economic activity, but, obviously, there is some way still to go. ‘Skills That Work for Wales: A skills and employment strategy’ and the independent Webb review are about driving up standards and provision so that we can have the improvement that we need in skills provision, and employment and business services in Wales. So, there is much to do, but I think that it is fair to say that a lot is happening around these strategies and the consultation. Workshops are taking place across Wales at the moment and a public meeting will be held. We have received a lot of written responses to the consultation on ‘Skills That Work for Wales’, and the Webb review, and the committee’s input will be very important and valuable. Following the consultation, we will produce an action plan, which will wrap it all up, as it were, and set a clear way forward.

[9] There will be themed papers around the action plan. For example, there will be a paper dealing with those not in education, employment or training. We are conducting various other reviews that will result in papers on adult community learning, the youth offender learning strategy, and many other issues.

[10] Some of the headlines on how we intend to move forward and improve the situation are around making sure that skills and business support is much more demand led. The sector skills councils, the UK Commission for Employment and Skills and the Wales board will have major roles to play in ensuring that we have that demand-led system. We must integrate skills and business support within the Welsh Assembly Government and our department, and we have gone some way towards doing that and we will continue to do more. We must join up the employment service with skills provision, and the Department for Work and Pensions and its agencies, such as Jobcentre Plus, are very important in that regard. We have good working relations and a structure around that, which has stood us in good stead, and will do so in the future. We will have to make sure that funding and planning is more responsive to where the identified need is in Wales.

9.10 a.m.

[11] There will be a contributions policy around that, which is about shared responsibility. There will also be a reconfiguration of the learning network, on which Webb went into some detail in the report. There will be much discussion around that, and we will take that forward, building on what I think is quite a strong degree of consensus on the direction of travel, which has built up over a number of years in Wales.

[12] In conclusion, it is a very important agenda. It is important for individuals, for communities, for employers and the economy, and for the Welsh Assembly Government’s social justice agenda. I very much look forward to hearing the views of committee members as well as answering questions. The views of committee members will feed into this process.

[13] **Gareth Jones:** Diolch yn fawr iawn, **Gareth Jones:** Thank you very much, Ddirprwy Weinidog, am y geiriau hynny o Deputy Minister, for those introductory gyflwyniad. Yr ydym yn gwerthfawrogi’r remarks. We appreciate what you have said, hyn yr ydych wedi ei ddweud ac yn awyddus and we are eager to have the opportunity to i gael cyfle i ofyn cwestiynau. Hoffwn droi ask questions. I would like to turn first to yn gyntaf at Christine. Christine.

[14] **Christine Chapman:** You mentioned that this should be demand led, Deputy Minister, but when you talk about skills, I am aware that some employers are not at all interested in training. They are quite happy to take people on low wages, but they are not

bothered about whether people are skilled or not; they feel that they are okay as they are. How are you engaging with the employers whom you would like to have more of an ethos of training and increasing skills? Can you also say something about the Wales union learning fund, because there is huge potential for people in work? We know that a lot of training must now be for people who are already in work, not just young people going into work. That could make a huge difference. In certain parts of Wales, there is huge concern about those people who are not in employment or training, and the impact that these discussions are having on them. Economic inactivity is a huge problem for Wales. We need to start seeing some progress there. I wondered whether you have anything to say about that.

[15] **John Griffiths:** Thank you very much, Chris. It is probably fair to say that there is great variety in the attitudes of employers towards training in Wales, which is inevitable given the great variety of human nature. There are all sorts of attitudes, and some are more conducive to the upskilling and the high-skill knowledge economy that we want to see in Wales than others. All employers tend to value what we now call the soft skills. This involves having good basic skills, such as communication, English, numeracy, and information and communications technology skills. It is very much about being employment ready—being able to get there on time, to look the part, to communicate, and having problem-solving skills. Those are the basic skills that employers generally value. However, different sectors will have expectations in terms of education and training that are much more than that, some of which will be very specific to particular industries.

[16] When we talk about skills being demand led, we will continue to build the capacity of the sector skills councils in Wales because they are vital to this. Leitch was clear that they need to play a growing role. We have a dedicated unit in the Welsh Assembly Government that works with the sector skills councils to build that capacity and offer the support that they need. They have a pivotal role, and will have a big responsibility as we go forward. So, we need to ensure that they have the capacity. Some are better than others at the moment; it is a bit patchy. Some are very active in Wales, because they are UK bodies; others are a little weaker on what they do in Wales. There is some work to do there, because they have the task of telling us which skills they will need in future and of working up that labour market information, which is crucial. We need to take an intelligent approach to that so that we are working on the right lines.

[17] The UK commission is very important, and we will have a Wales board. The chair of that Wales board will be a member of the UK commission. All of this is very new and we have not yet appointed the chair of the Wales board, but that will happen very quickly now. Communication is a two-way process between the UK and Wales, as far as the Wales board and the UK commission is concerned, so that we learn from each other and work together. However, it is also the case that the Wales board of the UK commission will look at sector skills councils' capacity and the support that they need. All of the sector skills councils are going through a re-licensing process. Around that process, we can, with the board and the UK commission, ensure that sector skills councils are fit for purpose, that they allow us to be much more demand-led, ensure that the employers in their sectors have good communications and relations with them, and that they then feed through that information.

[18] We are also very keen on the Employer Pledge on basic skills, which, thankfully, many more employers in Wales are signing up to. When they do sign up to that pledge, they see improvements to their productivity as firms, and it is of benefit to the employees and our wider strategies in Wales. So, we are very keen to ensure that that is a big part of dealing with all of the issues that you mentioned, Chris, but certainly, we know that there is a big demand for good basic skills, and the Employer Pledge is part of that.

[19] Moving on to the Wales union learning fund, we are just going through a further round of WULF bids, which are being assessed at the moment. The scheme is being expanded

because it has been evaluated and has been seen to be very successful. We do know that the trade unions are very good at attracting people, who would not otherwise access such provision, into learning and upskilling. It is the so-called ‘Heineken effect’—reaching the parts that other whatevers cannot reach. The scheme is adding value, which is crucial in all of this, so we are keen on that expansion and the new rounds of bids. We know that the learning centres established in various companies have been effective on improving basic skills and upskilling people generally, and the union learning representatives have also undergone training and become enthused about this agenda. They have gone on to upskill and learn all sorts of new skills that have been useful to them in their roles. Many of them have already had roles as health and safety representatives and so on, and are clued up about communicating with the workforce, persuading people that they need to go down certain avenues for the good of the firm and for their own futures and careers, and so on. So, WULF has been a very positive story, Chris, and we are very determined to build on that success and drive it forward. It is a big part of the Welsh Assembly Government’s policies.

[20] People are becoming more familiar with the acronym NEET—not in employment, education or training—because we know that it is a very big problem for us, which is why we will have a distinct NEET strategy, under the umbrella of ‘Skills That Work for Wales: A skills and employment strategy’. We are working that up at the moment. In fact, Sam is our key official on this, and we could certainly give you a flavour of our thinking, Chris, if that is useful. Sam, would you like to tell the committee about current progress in general terms?

9.20 a.m.

[21] **Ms Huckle:** We are producing a NEET strategy, which is the first time that we have provided a policy focus on this distinct area. We are focusing primarily on the age group of 16 to 18-year-olds. ‘Skills That Work for Wales’ picks up the broader inactivity agenda, of course. We have done a lot of analysis on what works across the UK. We have looked at preventative measures and tackled the current stock of people in the NEET group whom we have been looking at. We have redefined the characteristics of those in the group, so that we have a better understanding of the barriers that they face. We have tried to develop a holistic approach by pulling together different services. That is particularly relevant where some members of this group have particular problems. For example, they may be homeless, so there are then links with social services. We are linking very strongly with our 14-19 agenda, and we have a programme called Keeping in Touch, which we are looking to develop further. We also have some proposals to work with LEAs on indicators that predict the characteristics of those in the NEET group, so that we can take preventative measures right from the school system. It is innovation that will help to tackle the current stock of NEETs that we have. We have an idea of the number of people in the group and where they are, which helps us in planning terms. How we provide motivational programmes that link to the needs and interests of these people is important in order to move them into further learning and training. It is a detailed strategy, which I am sure you will be very interested in, when it comes out.

[22] **John Griffiths:** We need to understand the composition of that group, because students taking a gap year to travel around the world are included, for example, but they probably do not need our help—at least not while they are doing that. So, we need to identify where the real need is. Many people have all sorts of problems, so we have to join up the services to deal with those problems.

[23] **Janet Ryder:** On the people in this group whom you have classed as NEETs, I appreciate that they are of different ages and come from different backgrounds, but a high percentage is lost from, or turned off by, the education system. It alarms me slightly that you are talking about identifying the characteristics of this group so that you can deal with it, because it is as though you are accepting that it is totally permanent. I accept that there may well be people who will always be in that category, for specific reasons, but surely much

more emphasis should be placed on why they are dropping out of the education system and on developing a range of courses that can be offered to them at the age of 14. Surely, we must look at their transition to secondary schools, which Estyn has identified is when we lose those people. How much of your work is being focused on dealing with this as a group of people who will never go away? Should we not be shifting the balance to focus on changing the curriculum, teaching practices, and the approach in schools, so that we do not lose them from the system in the first place?

[24] **John Griffiths:** Before Sam comes in on this, I wish to say that, if you start thinking about who is likely to be NEET—not in employment, education or training—you realise that there are some fairly obvious signs, are there not? They would include someone who is truanting, has considerable behavioural problems and is not interested in classes or education, or is involved in criminal activity or anti-social behaviour. So, at one end of the spectrum, those who might end up not in employment, education or training show some very obvious signs. We need to deal with those issues very early on. We know that there are many things that we can do, and are doing, to tackle general disengagement with education. We know that children, and boys particularly, often get bored with education quite early on. The foundation phase is designed to tackle that, because it is felt that children begin formal learning too early and that, some years down the track, they get rather bored with it and disengaged. Once they get into that mindset, it can be difficult to turn it around. So, the foundation phase, Flying Start, and all these early years and prime Assembly Government policies will all help to tackle disengagement.

[25] We know that vocational education is important and that we need to widen choice. If we can do that, I am sure that there will be greater engagement and more interest; fewer learners will be turned off education, and we should have much less of a problem with NEET. So, the Webb agenda, the 14-19 learning pathways, the Measure that we are proposing to widen choice and offer much greater support, and the Welsh baccalaureate, which offers that breadth and good all-round experience can all help to tackle the disengagement that you are concerned about. However, where there are clear signs of disengagement, it is important that we engage with those youngsters and their families, and take a multi-agency approach as quickly as possible.

[26] **Janet Ryder:** I do not think that anyone would argue with that. The foundation phase will succeed only if a new curriculum is designed for children aged from seven to 14 to follow it on and to pick up those skills. That needs a change in the curriculum, in the skills that we are giving to teachers, and in the way that we teach. There is a gap there, and I want to know what the Government is doing to address that gap. While the foundation phase is developing, that provides a basis to give children the right start, but there is a huge gap in the seven to 14 age range that needs to be addressed.

[27] From 14 onwards, again, the Government has the right plans in place, and yet the baccalaureate needs to be developed. What are you doing to develop the vocational side of the baccalaureate to respond to this agenda, to ensure that those children and young people who want to follow a vocational route are given that wide choice of courses and opportunities to access training, and that it is the kind of training that will interest them and keep them in the system? What is happening at that age? That is what Webb is all about, is it not? It is about creating those opportunities and ensuring that every child has access to as wide a choice as possible, and that we do not lose that child. Webb says that it is important that we look at that seven to 14 age group, and Estyn says the same thing, so what is the Government doing to look at that age group?

[28] **Gareth Jones:** Rather than going off on a tangent on the baccalaureate, could you confine your answers to that gap in seven to 14 provision? The baccalaureate will come up in further discussions.

[29] **John Griffiths:** Are there any volunteers to answer that?

[30] **Dr Gunning:** We have a new document, 'Skills framework for 3 to 19-year-olds in Wales', which was the subject of a consultation on the curriculum. That process is under way. In the later stages—from 14-year-olds upwards—we are piloting approaches to the Welsh baccalaureate to extend it to the early part of the school.

[31] You mentioned 14-19 learning pathways, and including a range of vocational options that can meet every young person's needs is a key element of that programme. So, the Assembly Measure, and the regulations that will accompany it, are trying to guarantee that entitlement to young people that, if their learning style is such that they prefer a practical approach rather than an academic approach, options will be available for them. It is about that breadth, and trying to get the curriculum to reflect that. Fundamentally, it is about putting learners first, rather than institutions first.

[32] **John Griffiths:** If it would be helpful, Chair, perhaps I could provide a more in-depth note to the committee on what is proposed regarding the issue of seven to 14-year-olds.

[33] **Gareth Jones:** That would be appreciated, Deputy Minister. Sam, did you want to come in on any of that?

9.30 a.m.

[34] **Ms Huckle:** Yes, I have one final point. When we have looked at the evidence and the strategy, we have covered an element of the preventative actions, particularly the tracking and how we get agencies to work as soon as individuals fall out of the school system. However, what is startling is the comparison between this group and the economically inactive groups that we look at, in terms of the concentration of where they are, and their characteristics. It will be interesting to see how we can build on family-centred approaches to resolve the issues of generational unemployment and inactivity.

[35] **Gareth Jones:** Diolch yn fawr iawn **Gareth Jones:** Thank you very much for am hynny. Symudwn ymlaen at David that. We will turn to David Melding. Melding.

[36] **David Melding:** I think that this is the first opportunity that the opposition has had to respond to the Welsh Assembly Government's skills strategy, or the consultation on it. I pretty much agree with the strategic objectives and I also agree that the challenge is a large one. There was an interesting article in the *Financial Times* a few weeks ago on vocational qualifications. It said that while we are making progress, the speed of improvement is slowing considerably. These are UK figures, but I think that they are indicative. The increase in 2003-04 was 17 per cent; that is, 17 per cent more had vocational qualifications. For the latest year, 2006, the figure is 8 per cent. I do not think that we will meet the Leitch agenda unless we power ahead. While you have not yet put forward your action plan, presumably that will come after the consultation has been fully considered. From reading the consultation document and the proposals for the Measure, I am not sure that we really know where the Government is going on some critical questions. So, although I have a series of questions, they are focused, Chair. I hope that I do not exhaust your legendary patience.

[37] Leitch said that the benchmark for intermediate skills should be raised from level 2 to level 3. I have yet to receive an answer on whether the Welsh Assembly Government agrees with that. That is a pretty core question, and I do not know whether you need to consult on something like that: you could say that you are minded to raise the benchmark, and then consult upon that. At the moment, we have not had much leadership in terms of a response

from the Welsh Assembly Government.

[38] I would like to know whether the chair of the Wales employment and skills board is likely to be a business person. Presumably, you can give us a hint by now. If we are to have a demand-led system, employers—and employees, incidentally; let us not forget that—need to be more engaged. This is a key part of Leitch. While, as a good Tory, I believe that we should pay for things that are of value to us, I also believe in shared responsibility. However, let us face it: it is a euphemism for charging the users of training services. If it is improving your productivity or your profit line, then that is no bad thing, but the Confederation of British Industry pointed out that the private sector in Britain pays about the highest percentage already in terms of training from non-governmental sources. So, that is already in the system. We already have a culture where employers pay a pretty fair rate for training.

[39] The major challenge, if you look at the Leitch review at the moment, certainly the first phase, is improving basic skills. Indeed, you started with this. I am not quite sure how viable that model is, if your model will be that employers have to pay a fair bit for that. It seems to me that you are asking employees to meet a basic failing in the education system in terms of presenting people who are fit for work. I would like some reassurance that they will not have heavy expenditure thrust upon them for basic training. I certainly think that once you are through that level it is quite appropriate to expect payment from employers and employees.

[40] I have a few further points. I thought that the Webb recommendation for employer entitlement accounts was interesting. I do not know whether that will be developed. Webb also wants an expansion of foundation degrees. There is some confusion in this area as to how responsive the Government will be, particularly in relation to work-based foundation degree programmes, some of which could presumably be delivered in the further education sector, if we were very radical. That sort of thing happens a lot in America, for instance. Will we go in that direction? At the moment, the principal focus in ‘Skills That Work for Wales’ is modern apprenticeships. I do not disagree with that, but I am not sure that it should be the single focus. It is an important focus, but there was another interesting article recently in the *Financial Times*, which suggested that perhaps the Government is getting too single-minded in its emphasis on modern apprenticeships and that we need to look wider. So, I have outlined some strategic issues where I think, although this strategy is out to consultation, we could expect some direction and leadership now on these fundamental points.

[41] **Gareth Jones:** Thank you, David. I have made a full note of all the fundamental points, including that about my legendary patience. [*Laughter.*]

[42] **John Griffiths:** England’s major upskilling programme ‘Train to Gain’ is very much about level 2, and as you say, Leitch has ambitions to move beyond that. In Wales, we have tried to take a more flexible approach so that we can address the needs of particular sectors and the particular economic make-up of Wales. We have not had that kind of generic approach that England has had up to now. Obviously, we want skills in Wales to be as high as possible. That is very much our aim, and everything that we do around this is with that in mind. However, we want to be flexible; we want to offer bespoke training and business support packages to firms in Wales and we want to ensure that it is properly joined up, as I said earlier. As you said, David, it is a shared responsibility and employers do pay for training now. It varies depending on the programme, sometimes, and depending on the priority that we attach as an administration to the training and the sector, and sometimes the firm in question. There is the workforce development programme and employers often pay around half of the cost of the training under that, but, as I say, it varies. The employer entitlement accounts that the Webb review mentions are quite similar to the sector priorities fund that we propose in ‘Skills That Work for Wales’ and it will be about identifying the priority sectors—that is self-explanatory, really—and ensuring that, in the First Minister’s words, we get more bang for

our buck in terms of making economic progress in Wales, upskilling and meeting the objectives and aims of the Assembly Government's relevant strategies and policies.

[43] What you said, David, is very fair with regard to the fact that employers should expect potential recruits or employees to have basic skills, and a great deal of what we are doing around education and training has that as a prime goal. Basic skills training is free, and it should be. We are also thinking of a statutory entitlement to basic skills training. It is an entitlement now, but making it statutory would firm up that commitment and not leave anyone in any doubt. I also agree with what you say about higher skills, but that is in a different category because the reward for firms and employees from those higher skills is of a different magnitude. Therefore, they should be expected to pay more towards the acquisition of those skills. That is what the contributions policy that we will be working up will be partly about—having that more intelligent approach to who pays for what and what the shared responsibility should be.

[44] On foundation degrees and awarding powers, there is not much doubt as to where we stand as an administration on that. We are keen for further education institutions to have those foundation degree-awarding powers. Some further education colleges are keener than others to acquire them, but, in any event, if they are there to be acquired and used, then it will be a matter of choice for colleges across Wales. It is a positive development to have those powers for further education in Wales.

9.40 a.m.

[45] We are also very keen on modern apprenticeships, which is why there is a great commitment in the Welsh Assembly Government's programme of government to expanding the number of modern apprenticeships. They have grown exponentially in recent years after almost dying off at one stage. There is a great deal of support for this programme. Apprenticeships are valued for good reason, because they provide good, practical skills that lead to good careers and are useful for many firms in Wales and for the economy in general. Small and medium-sized enterprises have struggled a little with modern apprenticeships for obvious reasons and that is why we have the shared apprenticeship pilot schemes running at the moment in construction and engineering, which allow small and medium-sized enterprises to come together to provide shared apprenticeships. That recognises that small and medium-sized enterprises are crucial in Wales, given how much of the economic activity and of firms in Wales they constitute.

[46] I welcome what you said, David, because it is positive that you think that we are on the right lines, although you have questions. You asked who the chair of the Wales board of the UK commission might be; I cannot divulge that at the present time. I can say that, in terms of employer involvement, around half of the board members will be employers, which is a big and important statement to make in terms of employer engagement and employer involvement. I am pleased to say that we have had an encouraging response to our advertisement for board members—we have had 109 responses. In the realm of these exercises that is a very good response, which augurs well for the future.

[47] **David Melding:** That is a pretty full answer in fairness, Deputy Minister, with one exception. Do you accept the Leitch recommendation that level 3 should now be the benchmark for intermediate skills at some point—not overnight, obviously?

[48] **John Griffiths:** That is not something that we have set at the current time, David, but what we will do is to look at the responses to the consultation exercise and the workshops, and the views of the committee, of course, and all of that will be set out in due course. We want to drive up skills as far as we can in Wales, but we know that we have a huge basic skills problem that we have to grapple with as an immediate priority. Dennis, did you want to

say anything on that?

[49] **Dr Gunning:** Just that that is the kind of issue that the new Wales board should look at. In Wales, rather than having a view of a fixed benchmark, our approach has tended to be to say that the benchmark should be that whatever level of skills individuals have, we are trying to move them to higher levels. So whether you pick level 2 or 3, there is always a degree of arbitrariness. The view would be that, for example, if someone is at a relatively minimal level of basic skills, achieving a level 1 qualification and then a level 2 qualification would be good going. If you are already on level 3, your personal benchmark should be level 4. However, I think that the Wales board will want to take a view on that, because it will want to try to prioritise the resources available to best use.

[50] **Gareth Jones:** Thank you. There is a follow-up point from Janet Ryder.

[51] **Janet Ryder:** On the skills issue, it has been said that a high benchmark for skills can be set, and that is what Ireland did. Ireland upskilled its population and then they all moved away, and it was not until it got the economy right that those skills moved back home. What you need to do is to hone those skills into the skills that your country needs to develop. In conjunction with that it has also been said that Leitch is very much a south-east of England agenda. It possibly has little relevance to Wales, and actually little relevance to the north, particularly the north-west, of England. How will you marry that up with only having a Welsh board of the sector skills council? How will you ensure that we get and develop the skills that Wales needs?

[52] **John Griffiths:** That flags up the importance of the board and the chair of the board, and, as I said earlier, Janet, the chair of the board is a member of the UK commission. So, one important aspect of the role that that chair will play is to represent the interests of Wales on the UK commission and to ensure that the reality of socio-economic life in Wales is fully understood by the UK commission so that everything it does reflects that. It is a big role for that individual, but all of the board members will inform the views of the chair, and there will be all sorts of exercises conducted by the board for it to be in a strong position to understand what Wales needs. We are moving to a demand-led system, as I mentioned earlier, so, of its nature, that system will understand what skills are needed to move Wales forward, as you mentioned, what skills are needed for the economy in Wales to progress and for us to tackle some of the longstanding issues that we have, such as economic inactivity and many others.

[53] If we can see that board operating as it should within the UK commission, we will not have a south-east-Wales-centric approach. It was a criticism of Leitch that it was very much concerned with south-east England, which, to be fair, is a huge driver of the UK economy, so it is very important in UK terms. We must understand that, but it is our role to ensure that Wales is not overlooked or neglected in any way, and that is a role for the Welsh Assembly Government, as well as the board and its chair.

[54] Dennis, I sense that you want to come in at this stage.

[55] **Dr Gunning:** I have a few comments. We have to get the identification of skills needs done at a national level in Wales by working, for example, with the Department for the Economy and Transport, which identifies key economic sectors, and also working through the sector skills councils, because that is one of their key roles. That will help us to position ourselves nationally to know where to put skills attention.

[56] We also need to work through local agencies, such as the local FE colleges and local service boards, so that we can also meet local skills needs. If we do those two things, we will direct the skills attention to those areas that are very Welsh in focus.

[57] **John Griffiths:** I have one other point, because Janet mentioned Ireland. One thing that Ireland did very well was to use its European funding to upskill its people for the good of the economy, and for the general good. We will have major bids in for the new round of European funding to try to ensure that we add to the pot that is available for that upskilling and economic advancement in Wales.

[58] **Kirsty Williams:** John, one of the most difficult problems that your Government faces is levels of economic inactivity. Relatively, we are worse off today than we were a year ago, so we are not improving—we are going backwards. I know that the First Minister says, ‘Oh yes, but we are closer to England than we were’; I know that, but the fact is that we are worse off now than we were a year ago. There seems to be a distinct lack of urgency in any of this; if we are waiting for this to deliver a step change in how we are tackling these problems, we are going to have to wait even longer. Halfway through this administration, before you have got your action plan, your resources and your board and before your board has identified the skills that we need, one wonders how much more work we need to do to understand that we have high levels of economic inactivity and low levels of skills. ‘Wales: A Vibrant Economy’ identified the areas that were meant to be central to driving the economy forward, so how much longer must people in communities wait, while more needs strategies are devised and more board meetings are held, before we do something? I appreciate that I am grumpy and impatient, but when we had the Webb report, whatever you thought of its recommendations, it did not pull its punches and it said where we should go and when we should do it. However, what we get is this document that we, supposedly, had to wait for because we had to wait for what Webb was saying, and it has huge discrepancies between what it says and what Webb said. Is this your answer to Webb? If it is not, when will we get your answer to Webb, because we were told that we had to wait for this document for your response to Webb?

9.50 a.m.

[59] Secondly, how do you square up the discrepancies between this document and the Webb review? Page 3 of the consultation lists the range of how we will judge your, and your Government’s, success on delivering on the agendas of progress towards our ambitious goal of full employment. When will you reach the target of 80 per cent? I have not yet been able to get an answer from Ieuan Wyn Jones on when you will reach 80 per cent. You say that you want the skills and qualifications of the Welsh workforce to improve—that is like Mom and apple pie, because we all want the skills of the Welsh workforce to improve, but when will that happen? How are we, as a scrutiny committee, supposed to judge you on whether or not you have done your job with regards to delivering on this agenda?

[60] You have said some scary things in answer to other questions, John. You are putting huge emphasis on the sector skills councils, as does the document. However, Webb identified huge issues of capacity with those councils. Evidence to our review into higher education’s impact on economic development raises huge questions about the ability of the sector skills councils to drive forward what you expect them to do.

[61] On basic skills entitlement—you are making it statutory—what assessment has your Government done on the availability of people to perform that function? If anecdotal evidence from my constituency is anything to go by, you cannot get people to take on the jobs to deliver this. Your answer to David on foundation degrees was frightening, because you said, ‘It is up to the colleges; we do not mind. Some might want to do it, some might not want to do it and whatever they want to do is fine by us’. My goodness—are you or are you not the Deputy Minister? Do you not have some role in dictating to publicly funded bodies what you expect them to deliver, rather than saying, ‘Well, if they want to do it, that is fine by me’? It is like saying to a child, ‘If you want to do your homework, do it, but if not, that is fine—the choice is up to you’. That is very frightening.

[62] Finally, on the employment entitlement account recommended by Webb, alongside what he recommends as a workforce development account and a services to employer fund, you said, 'That is kind of the same as our sector priority spend'. Does that sector priority fund cover all those three funds that the Webb review recommends?

[63] **Gareth Jones:** Those are fairly straightforward questions.

[64] **John Griffiths:** Absolutely, Chair. I do not normally frighten people, Kirsty, so I am sorry if I have alarmed you.

[65] **Kirsty Williams:** It is your answers that are frightening.

[66] **John Griffiths:** I am quite pleased that you want me to be a dictator—

[67] **Kirsty Williams:** I do not want you to be a dictator; I want you to lead.

[68] **John Griffiths:** You asked when we will see progress, but we have already seen much progress. We are seeing much progress now and we will see much progress in the future. For example, the unemployment rate is 5.1 per cent in Wales, which is lower than the UK average. Many thought that it would be a long time before that situation came about and yet it has occurred.

[69] On economic inactivity, you mentioned the First Minister's answer to you yesterday and you will not be surprised to know that I agree with what he said. Halving that difference in economic inactivity between us and the UK is a significant achievement—the gap was six points and is now three points, but we must close it completely and, hopefully, forge ahead. We should recognise that we have come a long way and, again, many people would not have forecast that; I remember many people saying that it would not happen. We need to recognise that. When you look at the Estyn report on further education standards in Wales you see that there are issues, but there has been considerable and substantial improvement. If we are going to take stock of where we are in Wales, we need to do it in a fairly objective and realistic way, and if we do that and look at the inspections and statistics, then it is not the negative and slightly alarming picture that you have attempted to paint—

[70] **Kirsty Williams:** However, we are getting poorer—

[71] **Gareth Jones:** Kirsty, you will be allowed to respond. I do not wish to sound like the Presiding Officer—

[72] **David Melding:** You are far more benign.

[73] **Gareth Jones:** Thank you, David; that is the second compliment.

[74] **John Griffiths:** Any objective assessment of the standards of living in Wales today would clearly show that they have improved substantially and significantly over recent times and I am sure that we will continue to make that improvement. The target of 80 per cent, to get to full employment, is a very important goal around all of this. We have said that it is a long-term target and, given the magnitude of the task, that must be the case. We have not set a time limit on it, Kirsty, so you are not going to get an answer from me on that, just as you have failed to get the answer that you have wanted in the past.

[75] On foundation degree awarding powers, we are quite clear: we think that it is a good thing for further education in Wales to have that ability. Many institutions are very keen to get on with it apace, but others are not and I think that that is quite reasonable. Further education

institutions have autonomy, we have our overall strategies and priorities and we work together. It is a partnership. We give a clear lead and we have expectations. We want further education to work very well with higher education and we want there to be progression from further education into higher education; all that is very clear.

[76] Sector skills councils have a big role to play. They do have capacity issues and that is why we have a dedicated unit in the Welsh Assembly Government to work with them and to support them. I do not think that that is the case in any of the other component countries of the UK, so we are ahead of the game in that respect. The Wales board of the UK commission, through the re-licensing process and through its general activities, will have a responsibility to make sure that those sector skills councils are fit for purpose. As the Welsh Assembly Government, we will want to work with the board and the commission to ensure that that happens. Some of the sector skills councils are already performing very well in Wales, but we need to make sure that those that are not quite that good lift their performance.

[77] On a shortage of basic skills tutors, would any of my officials like to comment on that?

[78] **Ms Huckle:** The basic skills strategy primarily tries to tackle the issues around the infrastructure for basic skills, particularly looking at tutor training. We have put new qualifications in place. As you know, it generally tends to be part-time work and there is a high turnover in the tutor base. However, there is quite a lot of effort going on in moving forward to professionalise the industry and broaden the base, not only to have specialised basic skills tutors, but also for vocational teachers or tutors to have basic skills training so that they are able to embed that in some of their delivery. We are working on a new European project that will really drive the capacity across basic skills and we are introducing innovation, looking at how we bring forward basic skills tutors in the voluntary sector, for instance. We have consulted on some of those arrangements and I am sure that we can prepare a note for you on that.

[79] **John Griffiths:** Finally, Chair, do we, as an administration, have the required sense of urgency around all of this? Yes, we do. Has it taken some time to get 'Skills That Work for Wales' brought forward for consultation? Yes, it has. However, with the timescale of Adrian Webb's work and the others involved, it was important to tie it all up. 'Skills That Work for Wales' is really a preliminary response to Webb. As I said earlier, we want to tie it all together in the action plan. The consultation on 'Skills That Work for Wales', and Webb as a part of that, closes on 10 April. We would expect to get on with things, and we will get on with things, with a sense of urgency, thereafter. The board that Kirsty mentioned will be up and running in April and that is going to be a very significant development. So, there is a lot happening. It is an urgent agenda and I believe that we do have a sense of urgency about it. However, there are processes that need to be gone through; due process is important to all this.

10.00 a.m.

[80] **David Melding:** I heard what you said about the 80 per cent target for employment being a long-term target—I am just an old-fashioned Keynesian, so I assume that that means more than five years—but the Leitch review sets targets for 2020. Is that the kind of timescale that you envisage for reaching 80 per cent? Would you hope to reach it within two Assemblies? Some sort of indication would be helpful, particularly for those who will potentially enter employment, which we all know is hugely beneficial for people. I hope that we have been balanced in announcing this target, which is shared by the UK Government, incidentally. I applaud the fact that it goes beyond the Lisbon agenda, which sets a target of 75 per cent, I believe, but we cannot just say that it is a long-term target, with the long term defined as being more than five years. Some kind of dimension should be put on it.

[81] **Kirsty Williams:** It must be credible.

[82] **David Melding:** Yes, otherwise it is just an aspiration. It is like saying that we all hope that the average age will increase to 100—

[83] **John Griffiths:** I am hoping for 120.

[84] It is a long-term target, David, and that is how we have set it. It is hugely ambitious; I think we have about 72 per cent employment now, and we are talking about 80 per cent. We have all sorts of strategies and policies to drive towards that, and that is an important point, is it not?

[85] However, it is a long-term target. We can all remember the years of very high unemployment indeed, not so long ago, when any sort of full-employment target would have been dismissed out of hand as not possible for the foreseeable future. So, it is encouraging to think of the strides that we have made since those days of very high unemployment. It has been a huge achievement to get the unemployment rate in Wales down to around the UK average, and below it. So, we should be reasonably positive about what has been achieved so far, and what can be achieved in the future. Setting a timeline would be fairly artificial and unhelpful.

[86] **David Melding:** So, a timeline does not really exist.

[87] **John Griffiths:** It is a long-term target.

[88] **Gareth Jones:** There are two further questions, from Huw and Lorraine, but I just want to ask for clarification on foundation degrees. It is an issue that arises quite often, and there have been various enquiries, and so on. You said that FE institutions are autonomous in that sense. My understanding is that some FE institutions award these foundation degrees themselves, whereas others do so by arrangement, through a franchise, with a HE institution, I believe. What are the barriers or challenges for an FE institution that wants to go it alone and award these foundation degrees directly? What must they do to acquire that status?

[89] **John Griffiths:** Legally, they are unable to award foundation degrees at the moment, and it has to be done through an arrangement with a higher education institution. However, we want to move to a situation where further education institutions have the power to award those foundation degrees themselves.

[90] **Gareth Jones:** Have they that power in England?

[91] **John Griffiths:** Yes.

[92] **Gareth Jones:** So, we are moving towards that.

[93] **John Griffiths:** Yes.

[94] **Kirsty Williams:** The Government did not ask for the necessary powers.

[95] **John Griffiths:** The Chair did not ask why we did not have those powers—he asked if we were moving towards acquiring them.

[96] **Gareth Jones:** We have an understanding as to where we stand with foundation degrees. As a committee, we will have an opportunity to refer to your point, Kirsty, but the Deputy Minister has explained the situation as it stands. I must move on now to Huw Lewis.

[97] **Huw Lewis:** Is David Melding an old-fashioned Keynesian? I do not think that I have heard a Tory admit to that since the days of Ted Heath. It is quite a revelation.

[98] First, I want to congratulate John on this hefty and ambitious piece of work. He is quite right to point to the Government's track record thus far, which has been impressive. I think that the fear at the back of everyone's mind is that we might stall. If you look at a community like the Gurnos estate in my constituency, where we have been working in partnership with Communities First, the wider 3Gs partnership, the Department for Work and Pensions, and the Heads of the Valleys programme—every partner that you could shake a stick at—that work has been enormously successful, driving down youth unemployment, for instance, to levels that we would not have imagined possible just a few years ago. However, if you talk to the people who are involved in that sort of work, one of the worries that they have is that, although we are quite good at getting people back to work, and we need to continue doing so, those people then tend to be stuck in low-skilled, low-paid employment. Although things have improved, that leads to a kind of stalling of progress, where a community is locked into the least rewarding types of employment.

[99] With that in mind, I wanted to ask about a specific point in your document, which is the career ladders item that is outlined from page 27. At the risk of boring everyone rigid, Chair, I will just give you a quick history of the career ladder idea, at least from my perspective. I feel proprietorial about this, as you know, John, because I steered the career ladders idea through the long, convoluted Labour Party policy-making process. The upshot was that a career ladders pledge appeared in the Labour manifesto last May, and I was tremendously pleased about that. It then disappeared with the 'One Wales' document, which caused some of us some dismay, but has now reappeared in your consultation document, which is in front of us today. When I read the heading, I thought, 'Hip hip, hooray—it is back'.

[100] Unfortunately, although the term 'career ladder' is back, the substance of the idea is not there. In fact, the idea that is worked through on page 27 is a back-to-work programme, like Want2Work, or one of the similar programmes. Such programmes are necessary programmes, and the Assembly Government is very good at them, but that is not the original career ladder idea, which was to address the problem of people being trapped in low-paid, low-skilled jobs. Career ladders were to begin in the public sector, and it was an idea that was partially pinched from the Scottish NHS, where low-skilled, entry-level workers were mentored quite intensively to ratchet up their skill levels and their earning potential within the organisation. The pledge that we made as a party was that we would do that right across the public sector—it was a commitment to a sea-change in in-work training, with employers, trade unions and training providers working alongside each other to up people's skills, beginning in the public sector, but not confined to the public sector. This was intended to ensure that people were not trapped on the bottom of the rung of the ladder. The Scottish NHS, for example, homed in on cleaning staff, security staff, porters, and so on—people who had been helped back into work, but who were then expected to know their place, stay in the same job, and never move on. In fact, within five or six years, the Scottish NHS was taking cleaning staff to graduate nurse level—those were the best results, and not everyone went that far, but it was a successful programme, and we hoped to emulate it.

[101] What has happened? The career ladder idea on page 27 is not the idea that I have just outlined. Has the name just been pinched for a hollowed-out version of the original idea? That might make me personally a little annoyed, but that does not amount to much in the grand scheme of things. What really matters is that the idea has been hollowed out, and we are applying a new label to a back-to-work programme. Has the idea been misunderstood by the officials developing it? That would be rather worrying, because I know that Assembly Government officials have been to Scotland to check it out, and I have had discussions with

special advisers about what the idea means.

10.10 a.m.

[102] I hope that is not the case, John—I hope that this is not a case of smoke and mirrors. That would disappoint those of us who believed in an in-work training revolution in the Welsh public sector, which would have been unique across the UK. I hope that the intention is not to somehow try to convince people that that is happening when, in fact, it is not. I do not understand what this document is saying about career ladders, because this was never the formulation of the idea. Perhaps someone has just come up with the name independently—I hope so. What is going on?

[103] **John Griffiths:** I know that, as you say, Huw, you have long pursued this idea of career ladders. In fact, I can remember you mentioning it on the Committee on Equality of Opportunity, as well as in many other fora. What we have in the document is, as you say, an idea for getting people out of economic inactivity and into work. However, that encompasses the idea of supporting them once they are in work, and helping them to progress. So, we want to achieve something broader and all-encompassing. Within that, there are some interesting aspects that will hopefully achieve what you want to see in terms of in-work training, support and advancement. If we look at the ambitions programme—and, obviously, all of this involves us working with the Department for Work and Pensions—it is about entry-level employment. Some of it will be around major employment projects, looking to get people out of economic inactivity and into work. There will be a pilot around the national health service.

[104] One of the things that we want to do as part of all this is to refocus individual learning accounts, and that is aimed at people already in work, to enable them to access the training that they need in order to progress once they are in work. So, we are trying to broaden the career ladders idea that you have always pursued, so that it is about getting people into work, supporting them once they are in work, and ensuring that they progress.

[105] We could certainly meet officials to discuss in more detail our proposals around career ladders, as well as this joint working with the DWP, which has been quite successful, as you said. Want2Work is a good example, and it worked very well in Merthyr Tydfil. Pathways to Work is another example. There is a lot of proven success to build on, and we feel that we can make this all-encompassing by using the career ladders approach suggested in this document. However, I would be happy to meet you, with officials, to discuss how you would like to see these career ladders strengthened, given your long-standing involvement with the policy. I have been told that the experience in Scotland does not offer the kind of clear lessons that we would like about the best way forward. I suspect that you might have a different view on that, Huw. However, I think that a meeting would be useful, and coming out of that, perhaps we would all be clearer about where we are headed around your original idea.

[106] **Gareth Jones:** Before Huw comes in on that, this is an important area for identifying pathways for the advancement of the individual, and it is likely to be an important component of the committee's work, so the committee must acquire any information that comes out of a meeting so that we can feed it into our report to you, Deputy Minister. I understand the reason why the invitation was made to Huw, but I ask that, somehow or other, the committee has a mechanism that shares that information and good practice, so that we can—

[107] **John Griffiths:** Absolutely, Chair. If Huw is amenable to holding such a meeting, we could do so and provide a briefing note on that for the committee.

[108] **Gareth Jones:** Thank you.

[109] **Huw Lewis:** You are quite right, Chair. Although I would be happy to meet with

John at any time to discuss any issue, this is a scrutiny committee, and the committee as a whole is taking part in that work, so it is not for me to go off on a private personal crusade over issues in this document.

[110] It is not possible to copyright a political idea, and I am not so precious that I think that this idea has become the intellectual property of any individual Assembly Member. However, there was a kernel of an idea that was discussed at length in various fora. I am interested in your choice of words when you say that the idea has been 'broadened'. It is an interesting turn of phrase, but I cannot see how you could possibly say that the idea has been broadened unless you mean that it has been broadened in the same way as jam is broadened when it is spread so thinly that it does not have any taste anymore. It has not been broadened; it has been emasculated.

[111] It says in the document that there would be some in-work training, and that people would be able to access flexible support funds for training during their first few months of employment, perhaps following a long period of unemployment. That is fine, but we already do that, to some extent. We can always do it better, and we can always increase the term that that support is available for. However, that is not a feature that does not already appear in various back-to-work programmes. Career Ladders Wales was never intended to be a back-to-work programme; it was a now-you-are-in-work, let-us-see-how-you-can-develop-your-life-skills programme, so that people could crank up their earnings potential.

[112] You mentioned a pilot under the ambitions programme on page 29, but of course we have already had a pilot, in the North Glamorgan NHS Trust, and, originally, in Scotland, as well. I drew very different lessons from those pilots than some of your officials seem to have drawn.

[113] I am happy to meet and talk about all this, but let us move away from this proprietorial feeling around the career ladders idea. What is the document saying about in-work training that does not put the onus just on the employee, but also on the employer, the trade union, the training provider and, critically, the public sector, which is such a crucial employer in areas of deprivation? If we are not to go back to the original career ladders idea, I cannot see what this document is saying to people in such areas. I cannot see what hope it offers them, unless their motivation is such that they get themselves into some kind of part-time training, or whatever.

[114] **Gareth Jones:** Thank you, Huw. We have run out of time, Deputy Minister, and so I ask you to respond very briefly. I will be asking Lorraine to come in. Huw has made a key point for us, as a scrutiny committee, about the difference between an in-work scheme and a back-to-work scheme. That may well be a theme that we would wish to incorporate in some way in our report to you, Deputy Minister, and we would appreciate your brief response to Huw Lewis.

[115] **John Griffiths:** Hopefully, we can thrash it out at that meeting, which will be fed back to the committee. I mentioned the refocusing of individual learning accounts, which I think is quite significant, because they will be refocused on those already in work, to give them training to progress in that work. The entire strategy is relevant to those already in work. It is not just about upskilling those in economic inactivity so that they can get into work, important though that is; it is very much about upskilling those already in employment. So, the generality of it applies, as far as that is concerned.

10.20 a.m.

[116] The pilot scheme that I referred to is in the NHS. As Huw said, we have had a pilot previously, but I think that another would nonetheless be valuable, to ensure that we

understand how all this can best be taken forward. The public sector is pretty vital in all of this, and we have a working group of officials from the Department for Work and Pensions and the Welsh Assembly Government to better understand how the public sector, and the opportunities within it, can help us to tackle economic inactivity. That progression in work is a very important factor. Chair, it might be useful if we were to incorporate the generality of what we hope to achieve through the public sector in upskilling and tackling economic inactivity in the note of the meeting that we have with Huw.

[117] **Gareth Jones:** That would be very useful. Finally, we turn to Lorraine Barrett to talk about legendary vocations. *[Laughter.]*

[118] **Lorraine Barrett:** As I am here only as a stand-in today, I do not necessarily need a long, detailed response, so perhaps the Deputy Minister could provide a note covering the two issues that I want to raise. The first is on tackling basic skills and supporting communities. I am thinking of the English for Speakers of Other Languages programme, and how we engage with people from ethnic minorities. Certain ethnic groups have more challenges than others in engaging with the education and employment service. So, that is one point on which I would like more information, and a note to the committee would suffice.

[119] The second issue is the Young Builders Trust. Many years ago, I opened Bowley court in Splott, which was built in partnership by the Young Builders Trust, the local housing association and a building firm. It was wonderful. The young people there were taken off the streets, quite literally: a couple of homeless young people with no education learned skills and were given apprenticeships. They also had first refusal, if you like, on the homes that were being built. Projects like that are holistic, and reach the parts that others cannot reach, as you said. I have not heard much in recent years about the Young Builders Trust or any of those kinds of partnership programmes, but perhaps that would be useful to feed into your review, Chair. As I said, I am not too bothered about getting a full response today, but I think that those two points are useful.

[120] **John Griffiths:** That Young Builders Trust sounds spot-on for much of what we want to achieve, Lorraine. It makes some very good links and joins things up, which is always extremely important in driving things forward.

[121] On English for Speakers of Other Languages, we would be very interested in the consultation responses. There is a lot of concern about ESOL: it did not have a particularly good report in Estyn's annual inspection, which was publicised yesterday; there are problems with finding enough good tutors; the courses have a high drop-out rate; there are all sorts of issues as to whether it should be considered a basic skill; and many people think that employers, and, indeed, employees should make a greater contribution towards the cost for migrant workers. So, there is much to consider around ESOL. It has burgeoned dramatically in recent years, as you would expect, so there has been a considerable cost to the public purse, and we need to think very carefully about all of that. The Department for Children, Education, Lifelong Learning and Skills is making a bid for European funding, which includes money for ESOL, and Brian Gibbons, my ministerial colleague, is putting forward a European bid, as part of the refugee strategy, around inclusion, which would also involve ESOL provision. So, there is, in fact, a good deal of issues surrounding ESOL. I know that you will be keenly aware of all of them from your constituency, Lorraine, so I am not at all surprised that you have raised the matter. However, given the time constraints, perhaps, as you suggested, we could provide a note to the committee on that.

[122] **Gareth Jones:** Diolch am yr ymateb hwnnw, Ddirprwy Weinidog. O ran unrhyw nodyn pellach a ddaw i law'r pwyllgor, ni allwn ei ymgorffori yn ein hadroddiad, ond **Gareth Jones:** Thank you for that response, Deputy Minister. As far as any further note that you send the committee is concerned, we cannot incorporate that into our report, but

bydd yr wybodaeth yn ddefnyddiol i ni ym mha drafodaethau bynnag yr ymgwymerwn â hwy. Felly, fe'ch gwahoddir i anfon nodyn pellach atom, ond ni allwn ei gynnwys yng nghorff yr adroddiad; er gwybodaeth i ni yn unig y byddai, a honno'n wybodaeth ddefnyddiol.

[123] Ar ran aelodau'r pwyllgor, diolchaf i chi, Ddirprwy Weinidog. Mae hon wedi bod yn sesiwn fywiog ac adeiladol. Mae wedi bod yn help mawr i ni rannu'r wybodaeth â chi. Gwyddom y cefndir, ac edrychwn ymlaen at gyflwyno'r adroddiad i chi yn hwyrach y tymor hwn. Fel y dywedodd un o'r Aelodau, dymuniadau gorau i chi hefyd â'r holl waith pwysig yr ydych yn ymgymryd ag ef. Mae'n dipyn o waith, ac mae'r her yn enfawr. Felly, dymuniadau gorau i chi, Ddirprwy Weinidog, ac i'r swyddogion sydd yn eich cynorthwyo.

[124] **John Griffiths:** Diolch.

[125] **Gareth Jones:** Symudwn ymlaen yn awr at ail ran y sesiwn graffu, a phapur 2. Croesawn y cynrychiolydd o'r Adran Gwaith a Phensiynau, sef un o'r rhanddeiliaid allweddol y bu Llywodraeth Cynulliad Cymru yn ymgynghori ag ef wrth lunio'r strategaeth. Yr ydym yn hynod falch o groesawu Mr Stephen Martin, cyfarwyddwr O Fudd-dâl i Waith.

[126] Yr ydym eisoes wedi cyfeirio at yr adran hon, a gwyddom bod y cydweithio rhwng Llywodraeth Cymru, yr adran yn Whitehall, ac elfennau gwahanol yr adrannau hyn yn allweddol bwysig os ydym am symud pethau ymlaen yng Nghymru. Felly, mae'r bartneriaeth rhyngom a'r Adran Gwaith a Phensiynau yn hollbwysig.

[127] Felly, croesawaf Mr Stephen Martin. Yr ydym yn ddiolchgar am y papur, ac yr ydym wedi cael cyfle i'w ddarllen. Gofynnaf i chi wneud cyflwyniad cryno o ryw bum munud.

[128] We are pleased to see you, Mr Martin. We welcome you most warmly, and we are impressed by the close co-operation between the Welsh Assembly Government and your department at Whitehall. You know what it is all about, so it is over to you.

[129] **Mr Martin:** Thank you, Chair and everyone. Thank you for the invitation to come along and speak to you today. It is very welcome, from our point of view. I agree with the Chair's opening remarks on the importance of our partnership with the Welsh Assembly

that information that you provide will be useful to us in whatever discussions we have, as committee members. Therefore, you are invited to send us a further note, but we cannot incorporate it in the report; it would be just for information, though it would be useful information.

On behalf of committee members, I thank you, Deputy Minister. This has been a lively and constructive session. It has been of great assistance to us to share this information with you. We now know the background, and we look forward to presenting the report to you later this term. As one Member said, we also wish you well with all the important work that you are undertaking. It is a great task and a huge challenge. Therefore, best wishes to you, Deputy Minister, and to the officials who are assisting you.

John Griffiths: Thank you.

Gareth Jones: We will now move on to the second part of the scrutiny session, and to paper 2. We welcome the representative from the Department for Work and Pensions, which is one of the key stakeholders that the Welsh Assembly Government has consulted in formulating the strategy. We are extremely pleased to welcome Mr Stephen Martin, the director of Welfare to Work.

We have already referred to this department, and we know that the collaboration between the Government of Wales, the Whitehall department, and the various elements of these departments is crucial if we are to progress this agenda in Wales. Therefore, the partnership between us and the Department for Work and Pensions is crucial.

So, I welcome Mr Stephen Martin. We are grateful for the paper, and we have had an opportunity to read it. I ask you to make a brief presentation of some five minutes.

Government, both to our objectives around employment in Wales, but also to the Welsh Assembly Government's objectives for your citizens. So, first of all, I very much agree with that sentiment.

10.30 a.m.

[130] I have a few opening remarks. First, we have some success to build on in terms of the relationship between us and Wales, and also in terms of some of the impact that we have had on the labour market and the life chances of people in Wales over the last few years. You will be aware that, since 1997, in Wales, as in the UK as a whole, the number of people on jobseekers allowance has halved. Over that period, the employment rate in Wales has improved a little quicker than the employment rate for the UK as a whole, so there is some really good news to build on. There is also a good relationship between the Department of Work and Pensions and the Department for Children, Education, Lifelong Learning and Skills at a departmental level, and a strong working relationship at the Welsh national level, and locally within Wales, between Jobcentre Plus and Welsh institutions. Jobcentre Plus is our principal delivery agent in Wales, so it is an active participant in policy debates in Wales, in local Welsh partnerships, such as the community strategic partnerships and the new local service boards, and also participates in joint projects with the Welsh Assembly Government, such as Want2Work and other projects. We view all of that as extremely important. So, as I said, there are some really good things to build on, but we are ambitious about achieving much more. Again, you will be aware that our headline ambition in this area is the same as the one that the Welsh Assembly Government has set itself, which is to aim, in the long run, for an 80 per cent employment rate.

[131] The memorandum that we have provided essentially tries to summarise the key policy commitments that we have made recently, which set out our programme of policy change for the next two or three years. They are set out in more detail in a document that we published in December, 'Ready for work—full employment in our generation'. That set out the overarching principles that underpin the approach that we are taking to welfare reform going forward: a stronger framework of rights and responsibilities, a personalised and responsive approach, a focus on not just getting someone into a job, but into a job that pays and has opportunities for progression, partnership between the public, private and third sectors, mechanisms for targeting areas that have particular concentrations of worklessness, and ways of devolving to and empowering local communities.

[132] In terms of the range of policies set out in the memorandum, there are quite a few of those. Given the request to stick to five minutes, I will skim over them briefly, but if you have follow-up questions on those, I will be happy to answer them. To summarise, the key ones for incapacity benefit customers are as follows. First, completion of the roll-out of the pathways programme by April. Then, in October, the introduction of a new work-capability assessment for new claimants of what will become a new benefit, the employment and support allowance, which will replace incapacity benefit. For lone parents on income support, over time, we will lower the age of the youngest child up to the age of which someone will be eligible for income support on the grounds of being a lone parent. That will begin in October, when the age will come down from 16 to 12, and by 2010 a lone parent's eligibility for income support will end when the youngest child reaches the age of seven. However, along with that, there will be a strengthened package of pre-and post-employment support for lone parents, both before that transition takes place and when they are moving across to become active jobseekers. From 2009, there will be a roll-out of a reformed New Deal for people on jobseekers allowance, which we have labelled the flexible New Deal. There will be a new strategy for how we want to work with our contractors from the private, voluntary and public sectors, which is a set of issues that we have had out for consultation. That has included consultation with Welsh stakeholders, obviously, and it will be launched tomorrow. There will be local employment partnerships, which is a new way of trying to structure our

relationship with some employers in order to increase the availability of opportunities for disadvantaged jobseekers in particular. There are also the city strategy pathfinders, which are the main initiatives that we are taking forward to try to work differently at a local level. We have two pathfinder schemes operating in Wales at the moment, in Rhyl and the Heads of the Valleys.

[133] That is a quick overview. The last thing that I want to emphasise, because I know of this committee's interest in the skills agenda in particular, is the fact that, in our recent publications, one of the things that we have signalled is an increased ambition for the department to do more about helping people, not just into any jobs, but into jobs that will last and offer progression over time. We have also made a number of statements recently under the general heading of 'integrating employment and skills'. We had another command paper, which was only directly applicable to England but which set out a number of principles around how we want to integrate the employment and skills agendas. We are actively taking forward the same conversation with Welsh Assembly Government colleagues on the skills agenda in Wales. So, we have agreed with them a set of principles that will underpin how we want to work together. The next step for us is to agree a delivery plan for integrating employment and skills in Wales. That is about ensuring that Welsh people are able to get the maximum benefit from our combined employment and skills strategies.

[134] **Gareth Jones:** Thank you. We appreciate the memorandum and how it has been presented to us; it is clear, succinct and spells out the changes, even in terms of culture, in many ways. We are particularly pleased to have you here because the role of the DWP and how it works and relates to the Welsh Assembly Government is crucial if we are to get to grips with the skills agenda. We welcome your presence here today. Christine Chapman has the first question.

[135] **Christine Chapman:** Thank you for the paper. I want to touch on one issue that is mainly to do with employers. I know that you talked about local employment partners, Mr Martin, which is a welcome development. One concern that I have always had is that the majority, I would guess, of job vacancies are never advertised through job centres. Quite often, jobs are advertised through word of mouth, and so on. That is fine, but I think that it excludes an awful lot of people. Point 4.2 of your report refers to the fact that there will be changes from 2009, and that customers will largely be expected to manage their own job search at stage 1. In terms of working with employers, I want to know what that actually means, because I had visions of people going into job centres and being told to find jobs on their own. That concerns me a bit, because a lot of work needs to be done with staff to ensure that they go out and proactively find vacancies. I know that unemployed people need to do that as well, but there needs to be this support because this is a huge problem in our most disadvantaged areas. How much work is being done in job centres to proactively find vacancies and, as you said, well-skilled jobs and not just poorly paid vacancies?

[136] Could you also say something about the issues that people have? Obviously, we want to encourage as many people as possible back into work, but there are real problems, such as transport. In my area, I know that one big company is concerned because, although there is a pool of unemployed people in the area, it is quite difficult for them to reach the company's site because the transport is so bad. Those sort of things need to be factored in as well.

10.40 a.m.

[137] **Mr Martin:** I will try to answer that in two parts, the first being about employers and the second about jobseekers. In terms of employers, we continue to offer a universal vacancy-taking function to employers, which is an important part of Jobcentre Plus's operation. That continues to be a key feature of how we work. Jobcentre Plus also proactively develops its relationships with employers. Local employment partnerships are probably the most intensive

example of that, because, within that conversation, we are asking employers to change some aspects of their behaviour, particularly in respect of their willingness to join up with the pre-employment preparation that Jobcentre Plus can deliver and their willingness to consider candidates from disadvantaged communities. As a result, the benefit to us of working with the employer is greater and we therefore put more effort into developing that relationship. However, both Jobcentre Plus's account management function and local offices maintain good relationships with local employers and encourage them to post their vacancies with Jobcentre Plus. That continues to be an important part of what we do.

[138] In relation to the reference in the memorandum to there being a stage at which we ask people to manage their own job search, one of the things that we need to do through Jobcentre Plus and our employment programmes is to offer different levels of support to the different groups of customers who come through the door. Again, at one level, Jobcentre Plus also offers a universal job search service for the individual. That can be for people who are currently in work and are looking to switch jobs. They are welcome to come in, browse the job points, and look at the Jobcentre Plus jobs database. However, because our principal objective is to help disadvantaged people back into work, we provide the least intensive service for that group.

[139] The part of the memorandum that you referred to relates to our proposals around jobseekers allowance and the flexible New Deal. This essentially describes a stage in the process by which, over time, as people spend longer on jobseekers allowance, the level of support that we provide intensifies. Again, that is partly for the good and simple reason that very large numbers of people claim jobseekers allowance, but most stay on it for only a short time. There is a high turnover. We cannot provide an intensive service to everyone, so we focus our more intensive support on those who have been out of work for longer and clearly face steeper barriers to getting back to work. So, during the phase when we talk about people managing their own job search, we encourage them to be proactive: to browse the job points, to self-refer to employers, to apply, to cold call, and so on. There is contact with someone in Jobcentre Plus on a regular basis, but, during later phases, that support becomes more intensive.

[140] **Lorraine Barrett:** I think that it is great that lone parents, or any parent or adult who wants to better themselves for their own sake and for their own self-esteem, but also to support their family as the family grows, can do so. However, I have huge concerns about the plans for lone parents. First, what does the phrase 'lone parents who can work' mean? If you have a child aged 12, you may also have four other children—I can think of a number of my constituents who have five, six or more children. There is nothing here about childcare. You talk about in-work support and pre-work preparation, but I do not know what I would do if I was on my own and had one child, let alone three or four, during the six-week summer holiday from 4 p.m. until I got home from work at 6 p.m. or even later, or if I worked in a job that required shift-work.

[141] I am disappointed that there is nothing here that says what will be done to support these families with regard to childcare, which is very expensive. Far more grandparents now work. We talked about this in the Chamber yesterday with the First Minister. Many of the team of grandparents and other relatives, who would not have been working in generations gone by, are working now. Can you reassure us on this, because it really worries me? Seven-years-old is such a vulnerable age at which to be left with friends or neighbours, and not to quite know who is picking up Johnny or Jill on a Monday or a Friday. Can you give us some assurances about the work that is being done with regard to childcare?

[142] **Mr Martin:** There are a few issues there that I will pick up on, if that is okay. The first thing that I would like to say about the set of changes, as an important bit of context, is that an important part of the reason why our Ministers have decided to go down this route is

the Government's ambitious objective to eliminate child poverty in the longer term. Therefore, from our point of view, it is self-defeating if the effect of these policy changes is not to get more people into work that they can sustain and which will give them a better income than when they were on benefit. So, in terms of the outcomes, we are trying to get to the same place.

[143] We have set out, in 'Ready for Work: Full Employment in our Generation', a range of measures that we intend will offer effective support to lone parents, both pre-employment and post-employment. That includes things like extended work trials, group seminars with lone parents to help prepare them for the transition, job interview guarantees, work-focused pre-employment training and post-employment support, such as the national roll-out of in-work credit, which will provide an additional income supplement for a year, and the national roll-out of an in-work emergency discretion fund—if a lone parent has a particular financial issue, maybe the breakdown of childcare arrangements, that puts their employment at risk in the short term, we are able to address that issue.

[144] On the wider point about childcare, again, the policy position that our Ministers have taken reflects the improvements that have been made over recent years in the availability and affordability of childcare. It is important, for the success of this policy, that those improvements continue over time, but we are aware of the issue. One of the specific changes that we announced in 'Ready for Work' is that we will be amending the job seekers' allowance regulations, so that if someone is unable to take a job because they are genuinely unable to find suitable and affordable childcare, they will not suffer a benefits sanction as a result. So, we are introducing a specific provision that seeks to address that point. Obviously, our preference would be not to have to use it too often; we would like to work with childcare providers to get as much childcare in place as possible, but it is something that we have considered specifically with that measure.

[145] Chair, you referred to culture change in your opening remarks and this is an area where there are some significant implications. One thing that we looked at in developing this policy is some of the international comparisons and, at the moment, in the UK, our framework on this is rather out of step. In Australia, typically, lone parents on benefits begin to come under conditionality requirements when the youngest child reaches the age of six. In the Netherlands, it is five years of age, and in France and Germany it is just three years of age. In part, we are responding to long-term changes in social attitudes about our expectation as to whether parents can work.

[146] **Christine Chapman:** I am glad that you brought up international comparisons, because we are slightly out of step with places like Finland and Sweden; I know that some of the committee members have visited such places. However, the big difference is affordability. The children centres there are much cheaper than what we have in the UK, and they are much more flexible. That is the difference. It is not just an issue of introducing these regulations, which I think that people would be reasonably content with, but it is an issue of backup. That is the vital lesson that we should learn from other countries.

[147] **Lorraine Barrett:** It is all down to childcare, which is a partnership with the Welsh Assembly Government. I know for a fact that to have a childcarer pick up a four-year-old at 3.30 p.m. and keep that child until 5.30 p.m. or 5.45 p.m. costs £15 a night, if you can get a childcarer to do that.

[148] **Gareth Jones:** There is possibly a Welsh dimension to this, which the Welsh Assembly Government would discuss further with you, hopefully, if there are any adjustments to be made. I think that that is the important point being made by Lorraine.

10.50 a.m.

[149] **Mr Martin:** I certainly recognise the role of the Welsh Assembly Government in respect of childcare, so that is a conversation that we would want to pursue further.

[150] **Janet Ryder:** The other aspect to this is that you said that you have the provision for courses to prepare people to go back into work, but it is childcare provision that prevents many people, particularly young single parents, from returning to work, because the provision does not exist. To what extent have you considered not sanctioning training courses unless they provide crèche facilities? Is that a possibility that your department could look at so that, as training courses and everything else is provided, you are also ensuring that providers work with other suppliers or ensuring that that crèche provision is there?

[151] **Mr Martin:** That is an interesting suggestion. As far as I am aware, it is not something that we have made a requirement in the way that you described. We are keen to see more provision across the range of training and employment programme support that fits the needs of Jobcentre Plus customers, including those who have caring responsibilities. So, it would include more part-time provision, more flexible provision, flexibility of starts and stops, modular provision, and those kinds of things. There is probably a question for us about what sanctioning a training course means, and one of the roles of Jobcentre Plus is to signpost people to available provision, but not necessarily to tell them, 'You must go on this'. Being able to give people good advice about how they might be able to secure childcare provision while learning—if that is with the training provider, so much the better—is something that we should be doing.

[152] **Janet Ryder:** Thank you. In paragraph 6.3 of your report, you talk about something that was raised with the Deputy Minister earlier, namely the UK Commission for Employment and Skills. You say that the commission

[153] 'brings an unprecedented level of employer leadership to the employment and skills systems'.

[154] We heard from the Deputy Minister that he believes that a number of the sector skills councils are English-biased and do not look at the Welsh market. We know that this body is very much centred in England, so how satisfied are you that, with one person on the board, we will get the needs of Wales represented and the skills that Wales needs developed?

[155] **Mr Martin:** I hope that we will, but if Wales has concerns that that will not be the case, the commission needs that feedback. I am sure that the new chair and the chief executive will want to respond to that. Welsh Assembly Government colleagues have been involved at every step in the set up of this body, and all the major decisions that have been taken around the recruitment process, composition, governance, structure, and so forth, have been agreed with the Welsh Assembly Government. In some ways, I feel that it is more of a matter for the Welsh Assembly Government to assure itself that the commission meets the needs of Wales than it is for me to do so.

[156] **Gareth Jones:** The point was made, and you have responded marvellously. Thank you.

[157] **David Melding:** My first question is a potential googly, so I will put it into context for you. We have had the Deputy Minister for Skills here this morning, and I asked for some detail on the goal of having 80 per cent of the population in employment. It is a long-term aim, so I asked if he could put some parameters around that—I did not expect a date, such as 1 June 2016, or whatever, but I wanted some idea. We talked about the skills agenda and the Leitch report, which looks at 2020, for example. The UK Government obviously has responsibility for this particular target in England, so have any parameters been set on it, or is

it just an 80 per cent long-term target without further definition? Incidentally, I welcome the target and it is more ambitious than the one set out in the Lisbon agenda, so I hope that I am being balanced. However, I would like to know what attitude the UK Government has taken, and whether or not it has set some sort of parameter for seeing this target being achieved, so that we can get some measure of whether or not we are progressing towards it, rather than just having a vague aspiration.

[158] My second question is analogous to the one posed to you on childcare. In paragraph 6.2, you talk about the commissioning strategy, due for publication at the end of February, that will set out a new approach to sourcing, procuring and managing employability provision. If we are looking at increasing the employment rate, we all know about the skills agenda, particularly those with low skills and lone parents, but another key group are disabled people and people with long-term chronic illnesses. Taking the specific example of people with mental health problems, such as depression or anxiety, the literature is pretty firm in saying that their health would improve if they were employed, as much as anything else. So, I share this aspiration to get them into work as much as possible, but it will require a certain type of employer—a larger one, possibly public sector, I suspect—and occupational support. Is anything being developed on that at this stage?

[159] **Mr Martin:** On the 80 per cent employment ambition, I welcome the fact that you recognise how ambitious it is. You referred to it a few times as a target, and we deliberately do not refer to it as a target.

[160] **David Melding:** That is probably my language rather than the Government's.

[161] **Mr Martin:** Part of the reason for that is that it is not currently time bound. That partly reflects the wide range of factors that impact on the employment rate. It is clearly not a measure only of the Government's performance in this area; for example, it is very much subject to what happens with the economy. So, on our shorter timescale performance management—even our current published public service agreement targets, which include objectives around the employment rate—we have not set a specific quantum even over shorter time periods. So, this is probably a similar answer to the one that you got from the Deputy Minister for Skills, but there is no formal position on when we expect to achieve this.

[162] On the commissioning strategy, disabled people and people with long-term health conditions, I agree with you on the increasing importance of the mental health aspect of this. It is certainly the case that mental health is an increasingly important feature of reported conditions that are bringing people to claim benefits and keeping them out of work. That is one of the changes that we seek to make by replacing the current medical assessment for incapacity benefit with the new work capability assessment, because, in updating that, we are putting more of an emphasis within it on an assessment that addresses mental health issues effectively and on mental health issues being part of the conversation and part of the expertise that is brought to that assessment.

[163] On our programmes, the principal one that we expect will enable us to make progress on mental health issues is pathways, within which there is an element called condition management, which is essentially a new service for us. It is a specialist service delivered in tandem with healthcare professionals, providing individuals with specific advice on what they can do to help manage their condition in the workplace and what kind of adaptations it might make sense for them to discuss with a prospective employer, whether that is around working patterns, part-time working or other forms of support. Again, that will need to address the range of physical conditions that remain important, but certainly it is also designed to address mental health.

[164] **Huw Lewis:** I want to recognise the track record of the Department for Work and

Pensions. You are right, in your document, to point out—and this certainly reflects the reality with the Heads of the Valleys pathfinder, of which my constituency is a part—that we are at a 30-odd year high in terms of the bare employment figures. They are the best that they have been for around 30 years. It is the people at the pointy end of the DWP, in most cases, who have delivered that kind of track record. So, if no-one has thanked you since you came to Wales—someone just did.

[165] **Mr Martin:** Thank you.

11.00 a.m.

[166] **Huw Lewis:** However, we are now talking about the next stage of welfare reform. I wanted to hone in on page 2 of your document, which not only refers to jobs, but jobs that pay and offer opportunities for progression. I do not know if you were able to hear the scrutiny of the Deputy Minister, who was with us a little earlier.

[167] **Mr Martin:** No.

[168] **Huw Lewis:** I will therefore try to summarise very quickly. I am wondering, particularly when we talk about your progress-in-work ideas, how people will progress in work through a renewed focus on skills support. In other words, they will be upskilled after they have got an employment position; it will not solely concentrate on getting people through the doorway of a job, but it will stick with people. How is that going to work in Wales? Just prior to you joining us, to my mind, the Deputy Minister comprehensively dumped his own in-work training programme. We just do not have one at a Welsh level. We did have a very ambitious pledge to provide one, but it seems to have been shot down in flames. How is this going to work in Wales? Will it be different in England and Scotland? Will you have to do this entirely yourselves, without a Welsh partner? How is it going to play out?

[169] **Mr Martin:** I think that there are a couple of aspects to this. The first thing to say is that this will be different in England, Scotland and Wales because, when it comes to pursuing the objectives that we share with other parts of Whitehall and the devolved administrations around employment and skills, we are not looking to do everything. I said earlier that one of the next things that we are looking to do with respect to integrating employment and skills in Wales, is to move from an agreed set of principles to some kind of delivery plan about how what we do on the employment side will fit with what is delivered in Wales on the skills side. Broadly speaking, that is the same kind of approach that we have in England between ourselves and the Department for Innovation, Universities and Skills, and it is broadly the same approach that we will be taking forward in terms of Scotland. I think that there are some things that we can do, on our side, around signposting individuals to sources of ongoing support for their upskilling, from Jobcentre Plus, and making sure that people understand what kinds of provision are out there. However, in terms of firming up that proposition, in many respects, we are looking to the outcome of the ‘Skills That Work for Wales’ consultation for a clearer understanding of how the skills strategy will work in Wales and therefore how we can plug into it, if that makes sense.

[170] **Huw Lewis:** I can see the logic of your answer, completely, but that really does make me worry because the document that you are referring to, which we discussed earlier this morning, does not really have anything to say on the issue. If we are looking to at least match the DWP’s efforts at a Welsh level—we should be looking to magnify them as much as possible in terms of the engagement of devolved Government in the work that you do—then be forewarned that, at the moment, there is not much to play with. We cannot come out, at the end of this process, still in that situation.

[171] **Gareth Jones:** Thank you, Huw. As I said previously, in-work training is a very important aspect for us. The take-up of that in Wales and how it is going to happen—or according to what Huw has identified, possibly not happen—is something for us as a committee to focus on, even as a headline, because we are very concerned about it. There is some kind of disparity there and further development is needed.

[172] I believe that that concludes all the questions for this session, so I would like to draw this meeting to a close. I thank you, yet again, Mr Martin, for your ready co-operation in joining us and sharing with us the new look, as it were, from the DWP, which is obviously vital if we are going to tackle the skills agenda in Wales. I can assure you, on behalf of the Members who are here, that we value your input into our deliberations and that will help us in formulating our final report.

[173] Diolch yn fawr ac estynnwn ein Thank you very much and we extend our best
dymuniadau gorau i chi. Dyna ddiwedd y wishes to you. That brings the meeting to a
cyfarfod. close.

Daeth y cyfarfod i ben am 11.05 a.m.
The meeting ended at 11.05 a.m.