

## **Education and Lifelong Learning Committee**

### **New Arrangements to Replace National Training Organisations**

#### **Purpose**

1. This paper is for information only. At the Committee's meeting on 17 October the Minister for Education and Lifelong Learning promised to provide members with a note on the future of National Training Organisations (NTOs).

#### **National Training Organisations**

2. NTOs are UK-wide bodies that provide a link between employers and education and training systems. There are 73 of them, mostly relating to employment sectors, eg EMTA for engineering, LANTRA for agriculture and CITB for construction, though there are some cross-sector ones such as the e-skills NTO. Their main function is to promote training and skills in their sectors, eg they design the training frameworks for Modern Apprenticeships. Core funding is provided by the DfES. The Assembly helps fund Cynfor NTO Cymru which co-ordinates and supports NTO activity in Wales, and much of our £500,000 Skills Development Fund goes to support Wales-specific NTO activity.

#### **NTO Review**

3. In January 2001 the Assembly joined DfES, the Scottish Executive and the Northern Ireland Department of Higher and Further Education, Training and Employment in undertaking a review of NTOs. This found that while many NTOs had made progress and there were some strong NTOs, the network as a whole has not delivered the fundamental and wide-ranging change to skills development that was needed. It concluded that NTOs are unlikely to deliver the step-change required in the future.

#### **New UK Arrangements**

4. On 17 October, the four departments jointly issued a policy statement "Meeting the Sector Skills and Productivity Challenge". This announced a number of changes to strengthen the sector network and bring employers more centre-stage in addressing skills issues across the UK. The main changes are:
  - NTO recognition to end by April 2002 and all funding by August 2002;
  - Employers to be invited to submit bids for new Sector Skills Councils (SSCs). These will

be employer-owned, private sector bodies that will have a real impact on tackling skills issues in their sectors, with more clout than existing NTOs. They will do labour market research, analyse issues and take the lead in developing the sector workforce. DfES will provide up to £1m each of core funding; no fixed number but likely to be significantly fewer than current number of NTOs;

- A new Sector Skills Development Agency to be established to fund and support the SSCs;
- The above changes to be phased in from December 2001, with most SSCs licensed by August 2002.

## **Arrangements in Wales**

1. ELWa will take a leading role in the new arrangements in Wales. This will build on our partnership approach with a minimum of bureaucracy and will help ELWa to strengthen its links with employers. Cyngor NTO Cymru is likely to dissolve itself when its parent body, the NTO National Council, winds up probably in March 2002. ELWa will have responsibility for supporting SSCs in Wales and funding Wales-specific activities such as boosting labour market research.
2. We are also ensuring that the new arrangements are closely linked to the Future Skills Wales Partnership. This will be strengthened by setting up a new Employers Group, on which SSCs and other business organisations will sit, to advise partners on employer views of skills development.

## **Compliance**

3. Powers to support the new arrangements are contained in sections 2 and 5 of the 1973 Employment and Training Act which have been transferred to the Assembly and delegated to the Minister for Education and Lifelong Learning.

## **Financial Implications**

4. Funding for the new arrangements can be accommodated within existing and planned budgets.

## **Action for the Committee**

5. To note.

## **Contact Point**

Training, Skills and Careers Policy Division