

# Agenda



## Delegated Decisions - Cabinet Member for Education & Skills

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Date: Friday, 29 March 2019

Time: Time Not Specified

To: Councillors G Giles

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Item		Wards Affected
1	<u>European Social Fund Bids Priority Axis 2: Skills for Growth, Skills at Work Operation (Pages 3 - 272)</u>	All Wards

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# Report

## Cabinet Member for Education and Skills

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### Part 1

Date: 29 March 2019

**Subject** European Social Fund Bids Priority Axis 2:  
Skills for Growth Skills at Work Operation

**Purpose** Update and seek approval from the Cabinet Member to commence formal delivery of the European Social Fund (ESF) Skills at Work Operation within the South East Wales region. The Operation will commence delivery upon approval of the formal Business Plan by the Welsh European Funding Office (WEFO).

**Author** ESF Central Lead Manager

**Ward** City Wide

**Summary** In October 2015 a Cabinet Member Report was approved supporting Newport City Council's application to the European Social Fund for the Inspire 2 Achieve, Inspire 2 Work, Journey 2 Work and Skills at Work Operations on behalf of the associated Joint Beneficiaries (partner organisations) within the South East Wales region. Newport City Council is the Lead Beneficiary (lead organisation) for the Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work Operations and is proposing to be the Lead Beneficiary for the Skills at Work Operation, managing the delivery and performance of the Joint Beneficiaries across the region.

Newport City Council has gained approval from the Welsh European Funding Office (WEFO) to begin delivery of the Skills at Work Operation from the 1<sup>st</sup> January 2019.

The Skills at Work Operation led by Newport City Council will include the following Joint Beneficiaries (delivery partners):

- Newport City Council
- Cardiff City Council
- Monmouthshire County Council

The Central Lead Team, employed by Newport City Council is 100% funded through the ESF Grant and currently consists of the following roles that manage the delivery and monitor performance of the Joint Beneficiaries within each Operation:

- Central Lead Manager
- Central Lead Finance, Monitoring & Governance Officer x 3
- Central Lead Administrator

The Skills at Work Operation will provide funding for a new Central Lead Coordinator post and contribute to the existing Central Lead Team salaries, providing the below structure:

- Central Lead Manager
- Central Lead Finance, Monitoring & Governance Officer x 3
- Central Lead Administrator
- *Central Lead Coordinator*

All Central Lead Team posts will be 100% funded by the ESF Grants provided through the Inspire 2 Achieve (45.72%), Inspire 2 Work (20.57%), Journey 2 Work (18.18%) and Skills at Work (15.53%) Operations and recruited on a fixed term contract up until the end of the Operations in December 2022.

As the Lead Beneficiary for Inspire 2 Achieve, Inspire 2 Work, Journey 2 Work and Skills at Work Operations, Newport City Council will be responsible for managing the performance of the Operation and overseeing the delivery of each Joint Beneficiary. This includes:

- Managing performance of Joint Beneficiary progress towards operational targets as agreed with the Welsh European Funding Office (WEFO).
- Completion of regular monitoring and compliance checks ensuring Joint Beneficiaries adhere to WEFO guidance.
- Reporting and submission of participant outcomes and financial expenditure to WEFO Project Delivery Officers and via WEFO online.
- Collation and storage of required documentation to evidence participant outcomes and financial expenditure.
- Correspondence with WEFO to resolve queries and distribution of information to Joint Beneficiaries.
- Communication with all Joint Beneficiaries on a regular basis ensuring WEFO updates and guidance are received.
- Preparations for WEFO claim verifications and European Funding Audit Team inspections.
- Development of legal agreements between Newport City Council as the Lead Beneficiary and the individual Joint Beneficiaries.
- Creation of a regional procurement framework where appropriate and monitoring of Joint Beneficiary procurement activity.
- Ensure the Operation is adequately promoted and all marketing adheres to WEFO guidelines.

**Proposal** Update and seek approval from the Cabinet Member for Newport City Council to commence delivery of the Operation with Newport and act as Lead Beneficiary for the regional European Social Fund Skills at Work Operation.

**Action by** Head of Regeneration Investment and Housing

**Timetable** In December 2014 the consortium of South East Wales Regional partners submitted Operational Logic Tables (provide in the background papers) to the Welsh European Funding Office (WEFO) for the Inspire 2 Achieve, Inspire 2 Work, Journey 2 Work and Skills at Work Operations.

The OLTs provided a basic specification for each Operation, acting as an expression of interest to progress the development of a more detailed application. In 2015, the Welsh European Funding Office asked the regional partners to submit further detail in the form of business plans, which have been developed in several stages and in consultation with delivery partners and WEFO Officers.

Following Cabinet Member approval in October 2015, financial and delivery proposals for the Operations were submitted to WEFO.

WEFO have provided Newport City Council with an agreed start date for Skills at Work Operation of the 1<sup>st</sup> January 2019, the Funding Agreement was received on the 16th January 2019.

The report was prepared after consultation with:

- Cabinet Member
- Strategic Director - Place
- Head of Regeneration, Investment and Housing
- Head of Law and Regulations – Monitoring Officer
- Head of Finance – Chief Finance Officer
- Head of People and Business Change
- LSKIP (Learning Skills and Innovation Partnership)
- SEWDERB (South East Wales Directors of Regeneration Board)
- Local Authority Partners
- FE Institutions
- Registered Social Landlords
- Third Sector Organisations
- WEFO (Welsh European Funding Office)
- SWYP Group (Skills, Work and Young People)
- Welsh Government (DfES)
- Careers Wales
- YPEET Group (Young People Education, Employment and Training)
- Cardiff City Region Employment and Skills Board
- PSB Right Skills Board

**Signed**

## **Background**

The Council's Improvement Plan, Regeneration, Investment and Housing Service Plan and Economic Growth Strategy all highlight the need to increase the skills levels, including work relevant skills, of those in the workforce with no or low skills. This is a key priority within the European Social Fund (ESF) Operational Programme that NCC are either delivering currently or developing for future delivery.

The priorities highlighted by Newport City Council are also key priorities for other Local Authorities across the region as identified by the Learning Skills and Innovation Partnership (LSKIP) South East Wales document (provided in the background papers)

European Social Funding across Wales is split into two distinct funding regions, West Wales and the Valleys and East Wales. Categorisation of each area is derived from GDP per capita compared to the EU average, and denotes the level of funding available.

The West Wales and the Valleys areas have access to greater levels of European Funding due to the area having higher levels of deprivation. The breakdown of Local Authority areas covered in South East Wales within the West Wales and the Valleys and East Wales regions is as below;

- West Wales and the Valleys: Caerphilly, Torfaen, Blaenau Gwent, Merthyr Tydfil, Bridgend, and RCT.
- East Wales: Newport, Cardiff, Vale of Glamorgan, Monmouthshire.

A South East Wales ESF working group was established by NCC, with the purpose to identify need across the region and develop potential proposals for funding to address this need. Through the working group, it was agreed that 4 proposed Operations would be developed to address the priorities identified by LSKIP and WEFO.

It was also agreed that each Joint Beneficiary would be responsible for providing the required match funding and the evidence proving its eligibility for use on an ESF Operation. All Joint Beneficiaries will be responsible for monitoring their expenditure and ensuring the match funding is recorded appropriately and in line with WEFO guidance (this will be identified in a Relationship Agreement between all Joint Beneficiaries and Newport City Council as the Lead Beneficiary). Newport City Council as the Lead Beneficiary will be responsible for monitoring and validation of the information supplied by the Joint Beneficiaries before it is submitted to WEFO, the Central Lead Team have been recruited for this purpose.

All partners have identified eligible sources of match funding, however as discussed with WEFO the Operation is unable to secure this funding for the full 4 years of the Operation (due to external funding being used as match that is agreed annually). The Operation has been advised by WEFO to identify match funding that will be available for year 1 and make assumptions for years 2 and 3. Match funding sources and time scales will therefore be subject to change throughout the lifetime of the Operation. If during the Operation a Joint Beneficiary has to withdraw their match funding and are unable to secure an alternative source they will be required to scale back their Operation accordingly, re-profiling their financial expenditure and outcomes. All Joint Beneficiaries (including NCC) are required to provide evidence approving the use of their match funding for the Skills at Work Operation.

## **ESF Programmes**

### **Skills at Work**

This Operation led by NCC aims to increase the skills levels, including work relevant skills, of those in the workforce with no or low skills across the South East Wales region. Skills at Work aims to increase the ownership of generic, transferable skills at all levels from NQF Entry Level 1 to NQF Level 2 across the workforce of the East Wales region through community based provision, thereby improving the opportunities for currently low skilled workers to sustain employment and increase earnings potential.

Through a 'person centre' approach, the Operation aims to engage, support and enable low skilled individuals in employment to gain a range of skills and qualifications to ensure they have sustainable employment and are no longer at risk of in-work poverty. Community based provision will focus on supporting reluctant learners to engage with flexible learning opportunities outside of the workplace and will offer a range of provision including literacy, numeracy, ICT and other generic transferable skills resulting in an eligible qualification from NQF Entry Level 1 to NQF Level 2. Basic literacy and numeracy skills acquisition will form a key area to improve the mobility of the workforce and sustainable employment.

The Operation has been designed to ensure that individuals living or working in both non Communities First areas and Communities First areas have access to support and interventions which will help overcome barriers preventing them from increasing their skill level and gaining sustainable employment.

The proposed outcomes for Skills at Work are as follows:

### Regional Delivery

The operation aims to support 1516 participants over 4 years, and will focus on achieving the programme level result indicators as set out in the table below:

Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving - male	237
Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving - female	297
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving - male	255
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving – female	266

The regional Skills at Work operation total value is £3,592,371.80 over the 4 years and consists of £1,939,880.77 ESF grant and £1,652,491.03 of match funding. It is proposed, based on data provided by the Joint Beneficiaries that the Operation will support 1516 participants, leading to 1055 outcomes across the South East Wales region as broken down in the table above. The Operation is proposing a unit cost of £2370 per participant.

Participant targets and outcomes have been determined by Joint Beneficiaries through local consultation, data gathering and statistical research. The level of impact required to increase the skills levels of those in the workforce with low/no skills in the region has also been gathered through wider consultation, source documentation and engagement with the Cardiff City Region Board, Jobcentre Plus, Further and Higher Education Institutions, Careers Wales and LSkip.

### Newport Delivery

The Newport City Council delivery team aims to support 571 participants over 4 years and will focus on achieving the programme level result indicators as set out in the table below:

Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving – male	104
Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving – female	92
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving - male	112

Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving – female	92
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Based on the funding rationale the Newport delivery team will engage with 571 participants achieving 393 outcomes over the 4 years as detailed in the table below. The Operation in Newport will have a total value of £1,363,832.23, consisting of £696,269.92 ESF grant and £667,562.31 match funding.

Newport City Council are able to commit match funding for years 1 and 2 of the Operation but have made assumptions at WEFO's request for years 3 and 4 due to funding commitments and restraints within the Local Authority. If we are unable to meet the level of match funding in additional years then the delivery model will be scaled back proportionately to satisfy the value of funding available.

A summary of the match funding available for the Skills at Work Newport delivery for year 1 is shown below. As detailed in the table, the majority of the match funding has been provided from revenue funding at a value of £100,000 per year for a three-year period. The revenue funding has been approved by Cabinet Members to support a "community delivered skills based project which will attract match funding and be spent over a three-year period. This funding has been used since April 2018 to employ members of the Work and Skills team to undertake the necessary preparatory for the Skills at Work Operation. The match funding will continue to be available up until March 2021.

Alternative sources of match will be sought to replace the revenue funding when it expires in March 2021. If no alternative sources of funding can be found, Newport Skills at Work delivery will be scaled back from April 2021 onwards to reflect the reduced match funding available.

The remaining match funding is sourced from core-funded posts that will support the delivery of the Skills at Work Operation in Newport. If future MTRP savings affects any of these posts, the Newport Skills at Work delivery will be scaled back accordingly to reflect the match funding available.

The contribution required to be provided by the Newport Delivery Team to the Central Lead Team costs in years 3 and 4 equates to a total of £19,491.53. If this can no longer be provided through the ESF Grant due to the reduction of match funding, this will need to be covered through core funding or an alternative external funding source.

### Year 1 – Summary of Match Funding

Match Funding source	Availability of Match	Value	Rationale
Cabinet Member funding – Skills Based Project	Annual	£41,606	1.0 FTE x Contract, Partnership & Delivery Manager
	Annual	£60,967	2.0 FTE x Economic Inactivity Workers
Regeneration, Investment & Housing Core Funding	Annual	£6,432	0.1 FTE x Community Regeneration Manager
	Annual	£10,012	0.1 FTE x Adult Education Curriculum Manager
	Annual	£4,417	0.2 FTE x Data Systems and Accreditation Officer
FR 40 Model		£45,467	WEFO Simplified Costs Option Model
Total		£168,901	



Financial and participant outcome data provided is based on accurate and up to date information, however this can be subject to change until the Operation is formally approved by WEFO. These changes will be communicated through cabinet member briefings and further reports.

## Bid Approval

WEFO have agreed an operation delivery start date of the 1<sup>st</sup> January 2019, the Funding Agreement was received on the 16<sup>th</sup> January 2019.

## Financial Summary

As the Lead Beneficiary NCC will be responsible for submitting the expenditure and outcomes achieved by the Joint Beneficiaries but will mitigate any risk by indemnifying ourselves against any undesirable actions by the Joint Beneficiaries through a robust legal agreement (Relationship Agreement, produced and currently being used on the Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work Operation). The Relationship Agreement will place the responsibility of eligibility of match funding, outcomes and all financial expenditure with each individual Joint Beneficiary. The costs associated with NCC being Lead Beneficiary and employing the Central Lead Team will be fully recovered from ESF and contributions made by the Joint Beneficiaries.

As noted in 1.7, all Joint Beneficiaries have identified sources of match funding that will be eligible for years 1, 2 and 3 of the operation, but may not have been able to confirm this match for years 2 and 3. Therefore, match funding sources and time scales may be subject to change throughout the lifetime of the Operation. If during the Operation any partner has to withdraw their match and is unable to secure alternative funding they will be required to scale back their Operation accordingly, re-profiling outcomes and expenditure. Any surplus ESF, if appropriate can be redistributed to other Joint Beneficiaries, subject to them providing additional match funding.

## Total regional value and Match Funding breakdown

### Regional Delivery

S@W Operation	Year 1	Year 2	Year 3	Year 4	Total
Total value	902,555.62	938,536.53	958,904.00	792,375.65	3,592,371.80
Match Funding	415,175.59	431,726.80	441,095.84	364,492.80	1,652,491.03
ESF	487,380.04	506,809.73	517,808.16	427,882.85	1,939,880.77

The Skills at Work Operation will provide a total of £216,326.61 in ESF grant to the Lead Beneficiary with £154,518 contributing to the salary costs of the Central Lead Team posts over the 4 years, with the remaining £61,807 used for project delivery costs. The Central Lead Team is fully staffed with the exception of the new Central Lead Coordinator that will be recruited following approval of the Operation by WEFO and NCC cabinet members.

The Relationship Agreement will ensure there is a contractual agreement between the Lead Beneficiary and each Joint Beneficiary to abide by the profiled contribution for the Central Lead Team costs.

## Total Newport value and Match Funding breakdown

### Newport Delivery

S@W Operation	Year 1	Year 2	Year 3	Year 4	Total
Total value	345,065.60	357,484.91	368,040.22	293,241.50	£1,363,832.23
Match Funding	168,901.12	174,980.06	180,146.63	143,534.50	£667,562.31
ESF	176,164.48	182,504.85	187,893.59	149,707.00	£696,269.92

The Skills at Work Operation will contribute £696,269.92 in ESF to Newport Delivery over the 4 years of the Skills at Work Project, contributing £432,237 to the salary costs of the new posts required to deliver Skills at Work, with the balance of funding required to cover other project delivery costs. The new posts required for Skills at Work are: -

1. Work & Skills Tutor (Grade 7) – this post will deliver vocational training and work relevant certification to participants engaged through the Skills at Work Operation, supporting the qualification target for participants set by WEFO. The post will be funded 100% by the Skills at Work Operation; recruitment for this post is pending approval of the business case.
2. Curriculum Tutors (Grade 9) – these posts will deliver accredited training to participants engaged through the Skills at Work Operation, providing a flexible framework of tutors to meet the training needs of the participants engaged. The tutors will be completing time sheets as required by the operation dependent on the number of hours of training delivered.
3. Economic Inactivity Workers x 2 (Grade 5) – these posts will provide 1 to 1 support to the participants engaged by the Skills at Work Operation. The posts will be re-deployed from within the Work and Skills department and be funded 100% by the grant received through the Skills at Work Operation.

## Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Unavailability of Match Funding	H	L	Identification with Joint Beneficiaries of current and potential match funding sources.  Production of a legally binding relationship agreement indemnifying Newport City Council against all risk.	Work/ Skills & Performance Manager
Reduction in Match Funding value due to further austerity actions	H	M	Clean, eligible sources of Match Funding have been indicated in the I2A Business Plan to WEFO. The sources have been approved for use by WG and the authority.  Scenarios have been provided in 2.1.10, dependent on changes to match funding availability to mitigate the risk.	Community Regeneration Manager
Insufficient resources available to approve Business Plan applications	H	L	Working with service managers and partners to gain relevant support at the correct levels.	Work/ Skills & Performance Manager
Duplication with other ESF operations/WG Programmes	H	L	Communication with other proposed ESF operations and existing alternatively funded programmes to ensure	Work/ Skills & Performance Manager

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
			delivery is not duplicated within the Region.  Approval of Business Plans through the CCR Regional Proofing Panel	
Underachievement against operation targets	H	L	Targets have been set at realistic levels based on quantifiable need that already exists within Newport.  Robust monitoring processes will highlight any early underachievement that can be addressed and resolved	Work/ Skills & Performance Manager
Non-compliance with WEFO requirements – risk of claw back	H	L	Robust management arrangements, regular reports to CM and a Relationship Agreement detailing the Joint Beneficiaries responsibilities	Work/ Skills & Performance Manager
Refusal or inability by Joint Beneficiaries to provide the required data or documentation as evidence	H	L	Relationship Agreement produced that clearly states requirements of Joint Beneficiaries	Work/ Skills & Performance Manager
Lack of communication regarding amendments to guidance provided by WEFO	H	L	Regular updates for the cabinet member, briefing on changes and updates made with in the project design, finances, and governance.  Quarterly review meetings with WEFO Project Development Officer	Community Regeneration Manager
Late submission of claim information by Joint Beneficiaries	H	L	Schedule of claim dates provided for full lifetime of operation and reminder each quarter of claim deadlines	Work/ Skills & Performance Manager

## Links to Council Policies and Priorities

The Skills at Work operation provides interventions that address the Newport City Council well-being objectives and will seek to maximise the contribution to the achievement of the seven Well-being Goals for Wales by;

- Improving the skills, educational outcomes and employment opportunities (Objective 1)
- Promoting economic growth and regeneration whilst protecting the environment (Objective 2)
- Enabling people to be healthy, independent and resilient (Objective 3)
- Building cohesive and sustainable communities (Objective 4)

The Skills at Work operation will link to the above four Well-being Objectives through the below activity;

- Identify employed individuals most at risk of in-work poverty
- Provide better brokerage and coordination of support
- Strengthen tracking and transitions for employed individuals with low/no skills into sustainable employment
- Ensure provision meets the needs of individuals most at risk of in-work poverty
- Provide greater accountability for better outcomes for employed individuals with low/no skills

## **Options Available and Considered**

Commence delivery of the Skills at Work Operation when formal approval is received from Welsh European Funding Office.

This option will provide Newport City Council with additional European Social Funding resources to identify, support and increase the skills levels, including work relevant skills, of those in the workforce with no or low skills.

To not commence delivery of the Skill at Work Operation

Newport City Council will not access the available ESF grant to increase resources and deliver interventions to individuals within the workforce with low or now skills who may also be at risk of in-work poverty.

## **Preferred Option and Why**

Option 6.1 is the preferred option as this will allow us to shape the delivery of projects to meet Newport City Councils corporate objectives as set out under the One Newport plan.

Skills at Work will create further resources funded externally through ESF. Leading on the operations across the South East Wales region will ensure that Newport receives £952,796 in ESF funding between the operational delivery and the regional management of the programme over a four-year period supporting the Skills and Work agenda.

## **Comments of Chief Financial Officer**

European Social Fund grant is in place to fund operations up until December 2022 which means match funding arrangements will need to continue over this period. A HM Treasury guarantee is in place to secure funding post Brexit up to December 2023 in the unlikely event that the European Commission withdraws support from the arrangement. Joint Beneficiaries are responsible for providing the required match funding and will be responsible for monitoring their expenditure and ensuring the match funding is recorded appropriately and in line with WEFO guidance. Newport City Council as the Lead Beneficiary is responsible for monitoring and validation of the information supplied by the Joint Beneficiaries and there is a specific team in place to carry out this function.

Revenue budget of £100k is included within the Community and Regeneration area and a legal agreement is in place so that if, during the operation, a Joint Beneficiary, including Newport City Council, has to withdraw their match funding and are unable to secure an alternative source they will be required to scale back their operation accordingly, re-profiling their financial expenditure and outcomes, removing the risk of any adverse impact to the Council's revenue budget.

## **Comments of Monitoring Officer**

The proposed Skills at work scheme is in accordance with the Council's social and economic well-being powers under section 2 of the Local Government Act 2000 and meets the Council's well-being objectives under the Future Generations Act and the Corporate Plan objectives. The Cabinet Member has previously agreed to the Council acting as Lead Beneficiary in applying for ESF grant in relation to this scheme and WEFO funding approval has now been received. Therefore, the Cabinet Member is now required to approve the implementation of the scheme upon the terms previously agreed. A Relationship

Agreement will be required, on the same terms as the previous Inspire 2 Achieve and Inspire 2 Work Schemes, to ensure that the other partners fully indemnify the Council, as the Lead Beneficiary, in relation to their match-funding and other grant obligations. This joint Relationship Agreement will, again, have to contain flexibility to scale back the level of operation in the event that the match funding cannot be secured for years 2 and 3. Because the Council will be the employer of the Central Lead Team and the additional Skills at work staff, then there may be redundancy implications when the funding is discontinued, and provision will need to be made for these costs as part of the business case and the joint agreement with the other partners.

### **Comments of Head of People and Business Change**

There are no staffing implications to this report.

This report fully considered the sustainable development principle of the Well-being of Future Generations (Wales) Act 2015 which is evidenced in the appropriate section of the report.

### **Comments of Cabinet Member**

Cabinet Member has been briefed on this report.

### **Comments from Non-Executive Members**

#### Councillor Joan Watkins:

I am supportive of this project but important that all posts and costs are funded by the European social funding stream.

#### Response:

I can confirm that all posts and costs are funded by the funder, outside of match funding.

### **Scrutiny Committees**

N/A

### **Equalities Impact Assessment and the Equalities Act 2010**

The Equality Act 2010 contains a Public Sector Equality Duty, which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The newly created single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better-informed decision-making and policy development and services that are more effective for users.

In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not.

The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

### **Children and Families (Wales) Measure**

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations

are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

## **Wellbeing of Future Generations (Wales) Act 2015**

The “Sustainable Development Principle” – 5 Ways of Working within the Wellbeing of Future Generations (Wales) Act 2015 have been considered through the Inspire 2 Achieve operation. The below demonstrates how the operation has considered and addressed those 5 principles:

**Long term:** The operation will aim to ensure that employed individuals with low or no skills are identified and supported so that they can gain qualifications, skills or work relevant certifications to sustain and progress in employment. This will reduce the likelihood of future or continuing in-work poverty amongst these individuals but will also ensure that short term needs are met without compromising the ability of future generations to meet their own needs. Additionally, the operation will aim to ensure long term improvements in the individual’s health, well-being and skill level as well as instilling a work ethic that will improve aspiration levels throughout their lifetime. Consideration will be given to the seven well-being goals within the Wellbeing Act when delivering activity.

**Prevention:** The operation will identify those employed individuals who have low or no skills and are at risk of in-work poverty. It will seek to improve health and well-being, raise aspiration levels, improve skill levels and qualifications, increase engagement with society and their local community and reduce the likelihood of the individual disengaging from the labour market.

**Integration:** The operation will ensure that delivery will align and impact on the Newport City Council wellbeing objectives:

- To improve skills, educational outcomes and employment opportunities
- To promote economic growth and regeneration whilst protecting the environment
- To enable people to be healthy, independent and resilient
- To build cohesive and sustainable communities

The operation will also ensure that delivery will align and impact on the following wellbeing goals:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales and other objectives and those of other public bodies.

To sustain this and continue alignment, the delivery team are active members of strategy groups and forums such as the PSB Right Skills Board, the Cardiff City Region Employment and Skills Board and the Community Resilience Board. Where possible the operation will also seek to ensure that delivery will align with the PSB wellbeing objectives:

- People feel good about living, working, visiting and investing in Newport
- People have skills and opportunities to find suitable work and contribute to sustainable economic growth
- People and communities are friendly, confident and empowered to improve their well-being
- Newport has healthy, safe and resilient environments

**Collaboration:** The operation has completed extensive consultation to ensure it has considered how acting in collaboration with any other person, any other part of our organisation or stakeholder could help meet our wellbeing objectives. Please see the below summary which notes collaboration and consultation with our external Joint Beneficiaries partners and internal council departments.

Involvement: The operation has considered the importance of involving employed individuals with an interest in achieving the wellbeing goals with continual consultation and evaluation planned, ensuring that those individuals reflect the diversity of the City we serve. We value the feedback of our workforce participating in our programmes and have a robust mechanism for ensuring where possible, employed individuals facing in-work poverty will lead it. Wider consultation and evaluation protocols are embedded within our organisation to drive change and improve services across the City.

## Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

## Consultation

The Skills at Work Operation forms an integral part of an overall strategy and model to address economic inactivity across the East Wales area, by providing the confidence and training necessary to overcome skills deficits and thereby reduce economic inactivity.

We recognise the need to work with other operations in the region and have worked closely with our West Wales and Valleys partners to ensure a complimentary approach to delivery across the East Wales region and both EU Programme areas.

The Operation has been designed to work in conjunction with other programmes and Welsh Government backbone operations and will not duplicate but compliment and add value, filling gaps in provision where there is a specific need. Meetings have been held with the FE/HE network to discuss the operation within the Skills for Growth priority. These discussions have clarified that the Skills@Work operation will only engage with employees; however, we will continue to develop referral routes and coherent pathways of support between the various proposed operations. The Skills@Work operation will only engage with individuals and not target engagement with employers.

The operation has engaged in detailed discussion with partners including Working Skills for Adults 2 WWV partners and has engaged with a number of stakeholders:

- P2 Upskilling@Work: This operation, led by Coleg Gwent in East Wales aims to increase the skills level, including work relevant skills of those in the workforce with no or low skills. We will engage with colleagues in this operation, to consider how it may provide additional support for participants exiting the Skills@Work operation who are interested in gaining further qualifications above NQF Level 2.
- Communities for Work Plus: This programme aims to help those adults furthest away from the labour market into employment but will also support a small number of individuals facing in work poverty.

The following partners have been consulted, with their level of engagement set out below:

Organisation	Involvement
Monmouthshire County Council	Proposed Joint Beneficiary
Cardiff City Council	Proposed Joint Beneficiary
Vale of Glamorgan County Council	Consulted on proposals
Monmouthshire Housing Association	Consulted on proposals
Coleg Gwent	Consulted on proposals
Cardiff and Vale College	Consulted on proposals
Neath Port Talbot College Group	Consulted on proposals
Torfaen CBC	Member of SWYP group, Lead for WWV Working Skills for Adults 2
FE/HE Network (SEW)	Member of SWYP group
FE EU Managers Network	Consulted on proposals

DfES	Member of SWYP group
DWP	Member of SWYP group
Public Health Wales	Member of SWYP group
South East Wales Specialist European Team	Member of SWYP group
South East Wales Directors of Environment & Regeneration Group (SEWDER)	Endorsement of proposals
Learning, Skills & Innovation Partnership (LSkIP)	Endorsement of proposals
South West and Central Regional Learning Partnership	Endorsement of proposals
Powys County Council	Endorsement of proposals
Gwent Adult Community Learning Partnership	Endorsement of proposals
Cardiff and the Vale Adult Community Learning Partnership	Endorsement of proposals

In addition, the following engagement and consultation activity has contributed to the development of the operation:

Local Authority partners

- Attendance and participation in regional meetings for Skills, Worklessness and Young People
- Participation at regional monthly meetings of the East Wales ESF working group.
- Regular communications with the Working Skills for Adults 2 WWV lead partner through meetings, email, and telephone.
- Reports and Communication with Cardiff and Vale Community Learning Partnership
- Reports and Communication with Gwent ACL Partnership Strategic Group

Non LA partners

- All five Local Authority Local Service Boards
- Presentation and discussion at the regional FE/HE Network meetings
- Attendance and participation in regional meetings for Skills, Worklessness and Young People
- JobCentre Plus
- Careers Wales
- Public Health
- DWP
- Coleg Gwent
- Cardiff and Vale College
- Neath Port Talbot College Group

The Skills, Worklessness and Young People (SWYP) group is multi-disciplinary in its make-up which has given a balanced, regional approach to the development of the operation. Partners have drawn on existing good practise and used the gaps identified through the Work and Skills Strategy to develop this operation. Therefore, the operation takes a consistent approach to identifying and supporting employed people in need of up skilling, but allowing flexibility to meet local need.

**Background Papers**

Please see below as appendices the following documents:

- Skills at Work Business Plan
- LSkIP Employment and Skills Plan
- Equality Impact Assessment
- WEFO Funding Agreement

Dated: 29 March 2019







## Equality Impact Assessment Form (updated March 2016)

This is where you evidence how a policy or practice, or a decision relating to a policy or practice, complies with the general equality duty to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations

This form is intended to guide and prompt you about the questions and evidence that you need to think about. As indicated in the guidance, this assessment takes into consideration each of the “protected characteristics” listed in the Equality Act 2010 – race, age, gender etc. This assessment should be used to inform any relevant decision about the policy or practice. Please state policy options in the assessment.

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<b>Service Area:</b> Regeneration, Investment & Housing	<b>Head of Service:</b> Keir Duffin	<b>Person responsible for the assessment:</b> Lana Pearce	<b>Date of Assessment</b> August 2018	
<b>Name of the policy/practice to be assessed:</b> Economic Inactivity Programmes that are currently being delivered by Community Regeneration.			<b>Is this a new, existing or policy/practice under review?</b>	Existing

<p><b>1. Briefly describe the purpose of the policy/practice</b></p> <p><b>If the policy/practice is under review, please list any options under consideration</b></p>	<p>The Community Regeneration department delivers a number of employment and training Measures, which include supported employment, training, Work Clubs, Work Experience, Skill Development, and Enterprise Initiatives. Our aim is to create a framework in which Advisers can focus on delivering results, activity and processes, and have a wide range of partners to draw support for customers. This framework will allow a more accessible, effective and personalised programme of support to be delivered to our customers. Our framework will include:</p> <ul style="list-style-type: none"> <li>• A minimum policy requirement, including face-to-face meetings;</li> <li>• Flexible adviser support delivered by advisers according to need.</li> <li>• A flexible menu of support options.</li> </ul> <p>These points will assist the team to deliver and;</p> <ol style="list-style-type: none"> <li>1. Engage people into mainstream provisions and employment related activities.</li> <li>2. Improve people skills and educational achievement with relation to employment and further education.</li> <li>3. Support people into employment.</li> </ol>
<p><b>2. Name any associated policy, legislation, corporate objective etc.</b></p>	<p>DWP - Welfare to work Reform  Worklessness and Skills agenda  Community Strategy  Economic Growth Strategy  Wellbeing of Future Generations Act  Welsh Government Employability Plan  Youth Engagement and Progression Framework</p>

<p><b>3. Who are the main stakeholders in relation to the policy/practice?</b></p>	<ul style="list-style-type: none"> <li>• Newport City Council – Deliver services, employ all staff who deliver services and coordinate activities with partners.</li> <li>• DWP/ JCP – Provide referrals and benefit guidance for customers and workers delivering the service.</li> <li>• Resilient Communities – Supporting the service by providing recourses such as venues, volunteers and support staff.</li> <li>• Public Service Board</li> <li>• ESF (WEFO)</li> <li>• The people taking part in the programmes delivered</li> <li>• Employers and business in Newport that benefit from a better skilled workforce</li> </ul>
<p><b>4. Who performs the service?</b></p>	<p>Newport City Council provides this service through their Community Regeneration Team. (Work &amp; Skills, Youth Service, Resilient Communities, Families First, Flying Start, Play Development)</p> <p>Working in partnership with the stakeholder partners to create an environment of delivery that is well resourced, financed and professionally delivered.</p>
<p><b>5. What outcomes are wanted from this policy/practice?</b></p>	<p>Create an engagement tool that delivers effective communication, Accessibility, Capability and effective processes.</p> <ul style="list-style-type: none"> <li>• Engage people into mainstream provisions and employment related activities.</li> <li>• Support people to remove barriers to employment such as child care, accommodation, budgeting etc.</li> <li>• Improve people skills and educational achievement with relation to employment and further education.</li> <li>• Support people into work experience placements.</li> <li>• Support people into employment.</li> </ul>

<p><b>6. What factors could contribute to/detract from the outcomes (risks/opportunities)?</b></p> <p><b>Please list the factors for each separate policy/process option under consideration</b></p>	<p>Risks</p> <ul style="list-style-type: none"> <li>• Reduced income will affect the level of resources.</li> <li>• Changes in legislation and welfare reform will affect customer circumstances.</li> <li>• Further dip in the economy would detract against those looking for employment.</li> <li>• Programmes/Funding ending.</li> </ul> <p>Opportunities</p> <ul style="list-style-type: none"> <li>• Changes in welfare reform could push people back to employment or into activities.</li> <li>• Continued good performance will create further income to invest in further resources</li> </ul>
<p><b>7. Describe the steps you have taken to carry out this assessment e.g. consultation and involvement</b></p>	<p>We have take a 4 step approach to the assessment and considered feedback;</p> <ol style="list-style-type: none"> <li>1. Partners and Stakeholders</li> <li>2. Staff</li> <li>3. Community members (customers)</li> <li>4. Employers</li> </ol> <p>We have completed consultation events with all 4 groups. For stakeholders and staff we have completed meeting where we have asked a series of questions and created discussion groups to collate the information.</p> <p>We completed consultation with customers by completing surveys one to one.</p>
<p><b>8. Give a summary of the information the council has taken into account for this assessment</b></p>	<p>Community Surveys – We have completed a survey across our communities asking a series of questions that provided us with peoples perceptions of employment, skills and education in the city, from this we are able to target specific projects and programmes that will directly deliver community needs.</p> <p>Consultation events – We have completed consultation events with employers and partners. At which a series of points were discussed and all information was collated again informing the projects that we put in place.</p>

**9. Does the policy /practice eliminate discrimination and promote equality and good community relations due to:**

- **Age**
- **Gender**
- **Disability**
- **Race**
- **Religion/belief**
- **Welsh language**
- **Gender reassignment**
- **Marriage/civil partnership**
- **Sexual orientation**

All support consciously provides specific support based upon each persons Age, Gender, Disability, Race, Language, and Gender. We will provide specific support based on specific needs.

All people will be entitled to access the Work Based Learning Academy programme that support work placements and employment opportunities.

**Age** – Delivering services to people aged 16 – 70. This age range has been delivered in line with DWP welfare legislation and DWP guidance for working age. Using this guidance we do target project specifically 16 – 19 year olds and 18 – 24 year olds through specific projects.

**Gender** – Working inclusively to deliver all services to all gender groups. We monitor the ratio of delivery to this group and will actively promote.

Customers will be referred to the team irrespective of gender; we expect our delivery to benefit all customers in finding employment and improving skills. The team will issue guidance to advisers on referrals, ensuring that all referrals are made on the basis of suitability for the provision.

Women are more likely to have caring and childcare responsibilities than men. To mitigate any potential impact, we will provide support to all carers and those with childcare responsibilities to help them to improve skills, look for and sustain work. Our teams will also be signposting parents to more specialist services, where necessary. We will make parents aware of local provision of services of which they might not previously been aware.

**Disability** - We will ensure that our provision is accessible to disabled claimants. For example, by continuing to train and provide supervision to advisors so they are able to work flexibly with claimants with hidden and complex needs; and producing materials in accessible formats. Where appropriate, advisers will proactively consider whether reasonable adjustments might benefit claimants with disabilities. Referrals to appropriate partners will continue to take place for claimants facing complex barriers to employment, with the highest support needs. For example the introduction of ESA and activities to support this customer group will see more customers entering employment.

**Sexual Orientation** - All customers will be treated fairly and equally regardless of sexual orientation. Greater flexibility will allow advisers to focus on and take account of the employment support needs of individual customers.

**Religious Belief** - All claimants engaged into activity will be treated fairly irrespective of their religion or belief and will not be asked to undertake any activity which goes against their belief and allowances will be made to reflect religious

**Race** – Customers will be engaged regardless of race, Language poses a barrier to employment for some claimants from ethnic minorities. Claimants will be offered fully funded English for Speakers of Other Languages (ESOL) provision. Additionally the promotion of projects will take into consideration customer's race. We are expecting to see a greater impact on services with relation to language especially with Newport being a Hub for immigration in Wales. We are preparing further resource to support ESOL and basic skills.

**Welsh language** – All information relating to our projects are available in Welsh also dialogue with adviser is also available in Welsh if requested.

Gender reassignment – There is no impact on this group

Marriage/civil partnership – There is no impact on this group

Accessibility - Considerations - Is there any mobility issues that may affect the client's ability to access the support offered? Are there caring issues that need to be taken into account to allow the client to attend?

**Mitigation** - Discussion initiated with the customer at outset to understand any equality issues to be taken into account. Support arrangements agreed with customer to facilitate access to intervention/support. Time is allocated based on agreed individual requirements of customers.

**Communication** - Consideration – Translation requirements, Learning disabilities, Mental health, Other health considerations.

Mitigation - Focuses initially on individual need, mapping out extra support or reasonable adjustment requirement.

Ensure appropriate method of contact is in place to provide most appropriate level of service. External support options are considered based on client need.

**Capability** - Consideration - Are there knowledge and capability gaps that will prevent advisers applying processes appropriately? Mitigation - Discussion initiated with the customer at outset to understand any equality issues taken into account. Support arrangements agreed with client to facilitate activities. Discussion with customer focuses initially on individual need, mapping out extra support or reasonable adjustment requirement. Ensure appropriate method of contact is in place to provide most appropriate level of service. Advisers are regularly assessed via the Quality Assessment Framework and Performance Management Framework and personal development targeted as required.

**10. Summary of the impact of the policy/practice on the general equality duty**

The implementation of this policy will assist the local authority to eliminate unlawful discrimination by ensuring that all staff familiarise themselves with the policy. The implementation will ensure that the authority mitigates any possibility of discrimination. Also if the authority is challenged, the policy will provide evidence of a process that is followed within the organisation to eradicate any form of discrimination.

The policy will also actively improve the quality of the offer of opportunities that we offer to local residents. Ensuring that the local residents are adequately informed and regardless of circumstance.

The policy will finally provide a consistent message across all groups of people ensuring that the information is relevant and informative.





Equality Action Plan –		
Key Actions	Actions (with dates) Any associated performance measures	Lead Officer(s)
Further actions to eliminate discrimination, promote equality and good community relations on the grounds of:-		
Age Gender Etc	<p>When determining the level of support a customer requires, have processes been assessed to ensure they meet legislative requirements?</p> <p>Due regard is given to all methods of managing interventions with clients to ensure fairness and parity.</p> <p>We measure the success of contact with customer groups by counting the number of customers that we engage with, measure the number of people employed against those we have engaged with.</p> <p>We will also measure our success against National performance and local performance as provided by the Department of Work and Pensions.</p> <p>Every customer that engages into activities completes an equality survey that will ascertain their age, gender, Race, Religion, and disability to ensure that we are prepared to provide an accessible service to the customer.</p> <p>As highlighted in section 9 we have a concern with regards to specific groups and plan to put in place the following interventions.</p> <p>Disability – We ensure that all venues are DDA compliant and that customers are able to communicate in any format they require. We have also invested in training for staff to ensure they are equipped to provide support for both mental and physical disabilities.</p> <p>Language – We have ensured that we have suitable provision available to support customers through both translation and the learning of English as a second language. We work closely with the BME partnerships in Newport to provide translation solutions and work closely with local colleges to provide suitable ESOL provision.</p> <p>All inductions and greetings are conducted in the medium of Welsh, and</p>	David Price

	the opportunity is provided to all residents to continue their activities in the medium of Welsh as stated in the Welsh Language Standards.	
If there are decisions pending that will affect this policy/practice please state when and how the decision will be taken	NA	
How will the policy/practice be: <ul style="list-style-type: none"> <li>• Monitored</li> <li>• Performance assessed</li> <li>• reported</li> </ul>	<p>We will monitor performance based on a single number count of customers who engage into services and are affected by the service, i.e. training, education and employment.</p> <p>We will assess performance against a number of Key Performance Indicators that are used in performance monitoring.</p> <p>We will report performance using the Wellbeing Objectives, and the key performance indicators.</p>	

Does the EIA need to be revisited in 6 months/a year?	Annually	
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Signed (lead officer) \_\_\_\_\_

Signed (Head of Service) \_\_\_\_\_

Date \_\_\_\_\_

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# Business Plan for 2014 – 2020 Operations European Social Fund – East Wales

Priority Axis 2: Skills for Growth

ESF Theme 2A: Adaptability, Growth & Progression

Specific Objective 1: To increase the skill levels,  
including work relevant skills, of those in the workforce  
with no or low skills

## Skills@Work

Newport City Council

Version 1.4

1

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## Operation and Beneficiaries

The Lead Beneficiary for the Skills@Work operation in East Wales is Newport City Council. The Joint Beneficiaries are as below:

- Cardiff City Council
- Monmouthshire County Council
- Newport City Council (as a delivery partner)

## Executive Summary

The Skills@Work Operation is seeking funding from the East Wales ESF Programme, Priority Theme 2A; Adaptability, Growth and Progression. The operation is targeted at Specific Objective 1; To increase the skills levels, including work relevant skills, of those in the workforce with no or low skills. The operation is proposing to start in January 2019, and run for 47 months to December 2022.

The Skills@Work operation will deliver across the Local Authority areas of Cardiff, Monmouthshire and Newport bringing together a collaborative partnership between the South East Wales Local Authorities to provide a comprehensive package of support. The operation will seek to engage those target groups as set out in the ESF Operation Programme for East Wales, with the aim to increase the skills levels, including work relevant skills, of those in the workforce with no or low skills.

The operation aims to support 1516 participants, and will focus on achieving the programme level result indicators as set out in the table below:

Employed, including self-employed participants with no formal qualifications – male	339
Employed, including self-employed participants with no formal qualifications – female	421
Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) – male	376
Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) – female	380

### Description, outputs and activities

The Skills@Work operation aims to increase the ownership of generic, transferable skills at all levels from NQF Entry Level 1 to NQF Level 2 across the workforce of the East Wales region through community based provision, thereby improving the opportunities for currently low skilled workers to sustain employment and increase earnings potential.

Community based provision will focus on supporting reluctant learners to engage with flexible learning opportunities outside of the workplace and will offer a range of provision including literacy, numeracy, ICT and other generic transferable skills resulting in an eligible qualification from NQF Entry Level 1 to NQF Level 2. Basic



literacy and numeracy skills acquisition will form a key area to improve the mobility of the workforce and sustainable employment.

The proposed delivery model looks at a number of headline interventions (further details are provided in section 2)

- Activity 1 – Regional LMI/Employee Liaison
- Activity 2 – Engagement and Enrolment
- Activity 3 – Initial Assessment and Action Plans
- Activity 4 – Support and delivery of qualifications
- Activity 5 – Career Progression
- Activity 6 – Tracking and Monitoring

### Operation Strategy and Resources

The Skills@Work operation will be led by Newport City Council and has the following co-financing Joint Beneficiaries:

- City of Cardiff Council
- Monmouthshire County Council
- Newport City Council

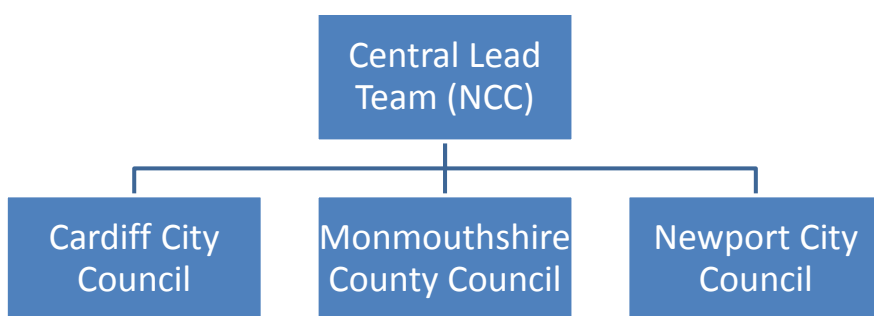
The operation will be directed by a Strategic Management Board, chaired by a nominated officer from a Joint Beneficiary partner, which will provide strategic direction through quarterly meetings with the lead officers from the other Joint Beneficiaries and the Central Lead Manager. These meetings will be utilised to establish operational issues that need to be addressed and ensure performance is reported to the Senior Responsible Officers for each Joint Beneficiary.

The operation governance will be detailed through a Relationship Agreement between the Lead Beneficiary and Joint Beneficiaries. The quarterly claim, claim verification, audit and reporting functions are the responsibility of Newport City Council as Lead Beneficiary.

The operations performance will be managed and delivered through the below arrangements:

1. The Central Lead Team Manager will represent the Skills@Work operation at the P2 Network meeting coordinated by the Regional Engagement Team. Representatives from other ESF operations within the region and WEFO will seek to share best practice and identify strategic joint working opportunities.
2. The Skills@Work Strategic Group will meet quarterly and consist of the Senior Responsible Officers from each Joint Beneficiary and the Lead Beneficiary and will oversee the strategic management, including performance, delivery and procurement of the operation.

3. The Skills@Work Operational Group will meet quarterly, chaired by the Central Lead Team Manager, and consist of the local delivery team managers to discuss performance and any operation issues that may arise. The Operational Group will feed into the Strategic Group any performance issues and conflicts of interest.
4. Joint Beneficiary local delivery teams will oversee and undertake the day to day delivery of the operation within their area and will receive individual quarterly “Health Checks” from the Central Lead Team.



An existing ESF Central Lead Team is in place, within the Regeneration, Investment and Housing service of Newport City Council, and is responsible for the strategic delivery of the Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work operations. It is planned that this team will be expanded to take on the management of the Skills@Work operation. The Central Lead Team will be responsible for managing the performance of the operation and overseeing the delivery of each Joint Beneficiary. This will include responsibility for the following activities:

- Managing performance of Joint Beneficiary progress towards operational targets as agreed with the Welsh European Funding Office (WEFO).
- Completion of regular monitoring and compliance checks ensuring Joint Beneficiaries adhere to WEFO guidance.
- Reporting and submission of participant outcomes and financial expenditure to WEFO Project Delivery Officers and via WEFO online.
- Collation and storage of required documentation to evidence participant outcomes and financial expenditure.
- Correspondence with WEFO to resolve queries and distribution of information to Joint Beneficiaries.
- Communication with all Joint Beneficiaries on a regular basis ensuring WEFO updates and guidance are received.
- Preparations for WEFO claim verifications and European Funding Audit Team inspections.
- Development of legal agreements between Newport City Council as the Lead Beneficiary and the individual Joint Beneficiaries.

- Creation of a regional procurement framework where appropriate and monitoring of Joint Beneficiary procurement activity.
- Ensure the Operation is adequately promoted and all marketing adheres to WEFO guidelines.

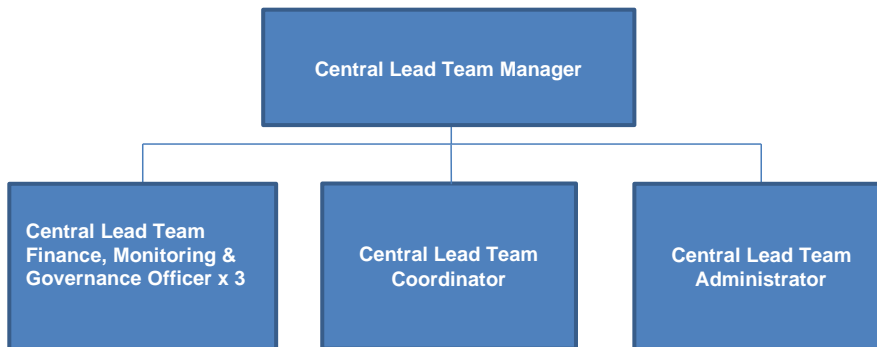
A new Central Lead Team Coordinator post will be created to support the Skills@Work operation and the additional operations. This post along with the existing Central Lead Team posts will be apportioned across all 4 operations based on total participant numbers of each. The cost for delivering the central function for Skills@Work will be covered by the ESF grant and contributions from all Joint Beneficiaries, on an apportionment basis. This methodology has been adopted for the approved Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work operations.

A centralised function will create greater synergy between the four East Wales ESF operations led by Newport City Council, allowing for stronger management and a more strategic approach to delivery across the region. The Central Lead Team posts proposed are as below:

- Central Lead Team Manager – Responsible for managing the regional operation including, but not restricted to: liaison with Joint Beneficiaries and WEFO, regional procurement and management of outcomes, outputs and funding, monitoring and verification. This post will be apportioned across all 4 operations based on participant numbers.
- Central Lead Team Coordinator – Responsible for coordinating the operational delivery including, but not restricted to: liaison with Joint Beneficiaries and WEFO, management of outcomes, outputs and funding, monitoring and verification, marketing and publicity. This post will be apportioned across all 4 operations based on participant numbers.
- Central Lead Team Finance, Monitoring and Governance Officer – Responsible for tracking of Joint Beneficiary outputs and outcomes, implementation of monitoring systems; ensuring that participants are all eligible for support and outcomes are not duplicated; monitoring of all eligible spend for Joint Beneficiaries, management and implementation of monitoring and reporting systems. To reduce overhead costs and to provide a service in line with the scale of the operation, these posts will be apportioned across all 4 operations based on participant numbers.
- Central Lead Team Administrator – Responsible for the presentation of reports and information for management, ensuring that databases and recording systems are updated correctly and consistently. To reduce overhead costs, and to provide a service in line with the scale of the operation, this post will be apportioned across all 4 operations based on participant numbers.

**Commented [WM(-W1):** We will have to re-profile all four Operations once S@W is approved to amend the allocation methodology. Do I take it that all other staff will be time-sheeting?

**Commented [h2]:** Yes, once approved and the participant numbers finalised we will amend the allocation methodology. In terms of all other staff, is this in reference to staff employed by the Joint Beneficiaries? Most JB's will be using fixed percentage contracts as staff will be working a fixed number of regular hours every week.



The operation is seeking a delivery start date in January 2019. We do not foresee the need for a mobilisation period. Newport City Council is already delivering on 3 ESF operations, with a number of transferable processes and procedures already in place, and therefore will be ready to commence delivery upon approval:

- Project management processes have been established and are being implemented successfully, including claim submission and claim verification procedures and quarterly Joint Beneficiary Health Checks.
- Legal agreements referred to as Relationship Agreements have been developed and are in place with our three approved operations. These agreements have been constructed by NCC's legal department with comments from the relevant Joint Beneficiary legal teams, and can be easily amended for the Skills@Work Operation. The final version of the Relationship Agreement will be available for prior to operational approval with signatures gathered alongside those required for the WEFO Grant Offer Letter.
- Specific guidance and documents for the operation such as participant paperwork are being developed by the Central Lead Team during the business planning stage and will be reviewed by the Skills@Work development group.
- The Central Lead Team posts are apportioned across the three currently approved operations, through a methodology based on participant numbers. On approval, the above posts including the Coordinator post once recruited will be apportioned across all four operations.

#### Key barriers & risks

Through the development of both the Operational Logic Table and the Business Plan, a number of risks and potential barriers have been identified. A full list of all risks and barriers is outlined further on; however the following highlights some of the key risks, and the five categories under which we identify risk:

Risk	Example	Mitigation
Operational	Fluctuations in demand/ need	The operation targets have been determined through analysis at a local level. This will be kept under constant review as part of the claims and monitoring process and ongoing Health Checks. Adjustments may be able to be made across Joint Beneficiaries to ensure demand (and outputs) are met. Continual engagement with WEFO will identify early any areas of concern, with an opportunity for the operation.
	Duplication	The Operation will continue to engage with the Upskilling@Work and other potential operations within the region to ensure that delivery is coordinated and duplication is avoided.
Legislative	Local government re-organisation and reductions to core services	It is expected that any new entity formed as a result of local government reorganisation will take on the responsibilities of its predecessor preventing any significant changes to the operation.
	EU Referendum: 'Brexit'	There has been a commitment from UK Government to guarantee funding for operations approved whilst the UK is still part of the EU. Updates will be sought from WEFO/Welsh Government and cascaded to Joint Beneficiaries.
Procurement	Non-compliant procurement of training delivery	The majority of delivery will be undertaken directly by Joint Beneficiaries, with limited procurement expected. Guidance regarding procurement has been written into the Relationship Agreement, and will require prior approval of the Central Lead Team. Should a greater level of procurement be identified, we will look to develop a Regional Procurement Framework specifically for the Operation.
Project Management	Leadership and control	Lead and all Joint Beneficiaries have experience of working with target group, and of delivering similar activities. The Lead Beneficiary has extensive experience of delivering ESF operations and is currently delivering a P1 and two P3 operations within the East Wales region.

**Commented [WM(-W3):** I am also PDO for U@W so am well aware of these Operations activities.

A number of barriers to potential participants have been identified. The operation recognises that not all individuals will experience all of these barriers and has ensured that the delivery model is both flexible and focussed to identify and overcome the

barriers faced by that individual. The barriers identified can be grouped into the following main categories:

<p>Personal Development: How and why people act – their drive</p>	<ul style="list-style-type: none"> <li>• Confidence</li> <li>• Motivation</li> <li>• Vision/Aspirations</li> <li>• Socialisation / Social Isolation</li> <li>• Expectations</li> <li>• Participation</li> </ul>
<p>Community Support (or lack of): Where and how people live – their environment</p>	<ul style="list-style-type: none"> <li>• Dependent Care</li> <li>• Transport</li> <li>• Society – Social Exclusion</li> <li>• Local Economy</li> <li>• Opportunity (or lack thereof)</li> </ul>
<p>Employment Skills: What people can do – their skills</p>	<ul style="list-style-type: none"> <li>• Experience (quotable work ethic)</li> <li>• Personal presentation</li> <li>• Work Specific experience</li> <li>• Literacy</li> <li>• Numeracy</li> <li>• ICT</li> </ul>

Operation costs and co-financing package

The ESF specific Flat Rate 40% (FR-40) Simplified Costs Option methodology has been selected by all beneficiaries within this operation. This method will be applied to all Joint Beneficiaries as well as the associated costs for the Lead Beneficiary due to the management of the operation.

Using the FR-40 Model the total cost of the Skills@Work operation is £3,592,371.80 with £1,939,880.77 ESF grant required at an intervention rate of 54%. The operation will engage with approximately 1516 participants giving a unit cost of £2,370 per participant.

Total Staff Costs	£2,565,979.86
FR40	£1,026,391.94
Total Claim Value	£3,592,371.80
ESF @ 54%	£1,939,880.77
Match Funding	£1,652,491.03

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Match Funding

Match funding has been provided by Joint Beneficiaries as a combination of Simplified Costs and core budgets, as noted below and detailed within the submitted financial profile. The Central Lead Team will continue to monitor the Match Funding sources and value through quarterly Health Checks with Joint Beneficiaries required to confirm their match funding annually and on submission of the quarterly claims.

Joint Beneficiaries have confirmed match funding as follows:

1. Monmouthshire County Council Community Learning Grants
2. Newport City Council core funding
3. Cardiff Council core funding

## Section 1 – Core Criterion: Strategic Fit

### Alignment with EU Programme and Priority

The Skills@Work operation is seeking to contribute towards ESF Priority Theme 2A Adaptability, Growth and Progression, Specific Objective 1; To increase the skills levels, including work relevant skills, of those in the workforce with no or low skills.

Skills@Work will deliver across the Local Authority areas of Cardiff, Monmouthshire and Newport and brings together a collaborative partnership made up of Local Authorities to provide a comprehensive package of support to those individuals with low or no skills. The target groups will be those as set out in the ESF Operation Programme for East Wales:

- Employed, including self-employed participants with no formal qualifications – male
- Employed, including self-employed participants with no formal qualifications – female
- Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) – male
- Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) – female

The operation will deliver a coherent programme of interventions that add to the economic growth within the region by promoting sustainable employment and developing a skilled and responsive workforce. The Tackling Poverty Action Plan recognises that the best route out of poverty is through employment. The Skills@Work operation will help employed people to improve their skills and enhance the relevance of their qualifications.

Actions that the operation will take in support of Specific Objective 1 will include:  
(from p70 of East Wales Operational Programme)

- Actions to provide basic and essential skills provision at ISCED Levels 1 (primary) and 2 (lower secondary education) for employed individuals with low skills (qualifications up to and including lower secondary education ISCED Level 2) or with no formal qualifications
- Actions to provide technical or job specific vocational qualifications at ISCED Levels 1 (primary) and 2 (lower secondary) for employed individuals with low skills (qualifications up to and including lower secondary education ISCED Level 2) or with no formal qualifications
- Developing skills at ISCED Levels 1 and 2 to break down barriers to engagement with technologies, such as digital skills, reducing social isolation and increasing access to work progression opportunities on-line.

The Skills@Work operation aims to increase the ownership of generic, transferable skills at all levels from NQF Entry Level to NQF level 2 across the workforce of the East Wales region through community based provision, thereby improving the opportunities for those employees with low or no skills to sustain employment and



increase earnings potential. The operation will work alongside the employer based operation Upskilling@Work to ensure synergy between operations across the region and avoid potential duplication.

The operation will encourage and support skills progression up to NQF level 2 particularly for those with low or no skills, to maximise the benefits skills can have on supporting in-work poverty. The Skills@Work delivery model will balance the need to support access to higher level skills, through referrals to other operations and services, which can increase competitiveness and help bridge the productivity gap.

Community based provision will focus on supporting reluctant learners to engage with flexible learning opportunities outside of the workplace and will offer a range of provision including literacy, numeracy, digital literacy and other generic transferable skills resulting in an eligible qualification from NQF Entry Level 1 to NQF Level 2. Basic literacy, numeracy and digital literacy skills acquisition will form a key area to improve the mobility of the workforce and sustainable employment.

In order to enhance long term sustainable employment participants will be supported to access further learning opportunities that will enhance their qualification levels above NQF Level 2, supporting their career potential in the faster growing occupational groups. The operation will advise participants on exit of potential progression routes to access qualifications and training above NQF Level 2 such as the Upskilling@Work operation. We understand that this operation engages with the employer rather than the employee directly but envisage that the referral could provide further options to the individual if the employer can be engaged.

The skills profile in East Wales has improved in the last few years but it remains on average weaker than in the UK, a significant proportion of working age people have low or no skills. The operation is aware of the Learning Skills and Innovation Partnership Regional Skills Plan and Cardiff City Region Employment and Skills Plan will ensure where possible that provision meets the needs of the economy and employers in South East Wales.

The Cardiff Capital Region Employment & Skills Plan 2017<sup>1</sup> published in August details a number of major investments that will have an influence on the labour force and skills demand in the South East Wales area, these investments include the below;

### Rail including the Metro

Transport for Wales (TfW) is progressing procurement for the South Wales Metro and Wales and Borders Rail franchise (supported by an ethical procurement panel including the Wales Council for Voluntary Action). Initial skills needs are:

- rail engineering e.g. signalling, electrification, track and rolling stock engineers;
- ICT/digital systems and software engineers, data analysts and cyber security;
- project management skills – cost planning, risk analysts, managers;
- financial, commercial and procurement specialists;
- train operational staff, on-board, customer, station and planning staff.

<sup>1</sup> Cardiff Capital Region Employment & Skills Plan 2017

**Commented [h4]:** The participant will be made aware of the U@W operation if they would like to progress further, however it will at this point be explained that their employer would need to be made aware and engage with that operation before training/support can be provided.

**Commented [WM(-W5)]:** How will it do this and do you have endorsement of the proposal from those concerned.

**Commented [h6]:** Possibly should be amended to note that the operation is aware of the Learning Skills and Innovation Partnership Regional Skills Plan and Cardiff City Region Employment and Skills Plan and will liaise with any future projects to avoid duplication of delivery and where possible align to the priorities noted in those plans.

Some existing staff can meet these demands; however, a paper produced for Transport for Wales indicates that an ageing workforce will result in 800-1,000 replacement staff being needed within the rail sector across South Wales, with about half in infrastructure and half in train operational staff.

**Other transport infrastructure investment creating skills demand:**

- South Wales M4 corridor relief road;<sup>13</sup>
- A465 dualling (see LSKIP's 2016 Employment and Skills Plan)<sup>14</sup> Heads of the Valleys to M50, M5 and Midlands;
- Electrification of the railway from London, Swindon and Bristol.

**Social Housing and 21st Century Schools and Education Programme**

The Welsh Government has committed to 20,000 new houses across Wales to meet social housing need. Skills training is needed for improved efficiencies, quality and accelerated delivery. The Government is looking at potential off-site construction and utilisation of Building Information Modelling (BIM).

**Valleys Taskforce**

Led by the Minister for Lifelong Learning and Welsh Language, the Taskforce remit is to maximise investment across valleys areas looking at improving delivery of public services and creating better jobs closer to home, to increase employment.

**Superfast Cymru - ICT/Digital**

ICT/digital connectivity delivered through the Superfast Cymru broadband network has the potential to drive ICT, digital creativity and technology skills for the wider digital economy. These will have a cross-sector impact on skills demand, key to economic development.

**Enterprise Zones**

Cardiff Airport and St Athan Enterprise Zone focuses on aerospace, automotive, defence, engineering and manufacturing:

- Cardiff International Airport has a major British Airways presence;
- development of the former defence establishment of St Athan with Aston Martin is a high-profile inward investment;
- involvement of Cardiff and Vale College with an on-site campus offering bespoke training and support for apprenticeships;
- Transport infrastructure is a priority.

Central Cardiff Enterprise Zone's main driver is business and financial services (FPS) and digital:

- New office accommodation is being constructed for the BBC and financial, business and legal firms.
- Central Square has Cardiff Central Railway Station and Cardiff Bus Station (under construction).

- The Enterprise Zone has excellent broadband connectivity and is developing a skills base around fintech and digital services.

Ebbw Vale Enterprise Zone is a centre for manufacturing and engineering enterprise:

- improving connections to the Midlands automotive industry by dualling the A465;
- a number of key supply chain automotive manufacturing organisations;
- strong life science presence in pharmaceutical manufacturing;
- Local State-of-the-art further education college facilities and access to university research.

In terms of the Economic Opportunities identified in South East Wales, the region is identified as the most populous, and economic activity is focused on the capital and other major employment centres in the region. As the key economic regional driver for Wales, it is critical that the supply, in terms of quality and type of skills being delivered, meets the demand for the region to succeed. Employment in the Cardiff Capital Region economy shows growth in employment in construction, health and social work, finance and insurance, ICT/digital, professional and support services. However, there are a number of skills shortage vacancies (SSVs) highlighted in East Wales in sectors such as manufacturing, construction, wholesale and retail, hotels and restaurants and transport and communications.<sup>2</sup>

The operation will utilise Local Authority Partnerships to determine employment needs and to develop linkages with local opportunities ensuring participants are engaged in appropriate education and training that aligns with employment growth and highlighted SSVs for the region. Local Authority Joint Beneficiaries are well placed to work with their Economic Development and Regeneration teams, whilst our Registered Social Landlords work closely with their Local Authorities.

Within Newport for example, the Lead Beneficiary sits within the same service area as both Economic Development and Work & Skills - with links to business and inward investment programmes. The Work Based Learning Academy has strong links to local employers supporting them to recruit employees and work placements as well as workplace training requirements.

Where possible the operation will promote entrepreneurship and self-employment to allow people to move out of in-work poverty and engage with the labour market. This will allow this operation to make linkages that will compliment ERDF and the supporting of SME's.

The operation will therefore contribute to the Programme level common result indicators of:

Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving - male	237
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<sup>2</sup> Skills Gateway, Regional Labour Market Intelligence Report – South East Wales

Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving - female	297
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving - male	255
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving – female	266

### Contribution towards EPF for Welsh European Funds

The Economic Prioritisation Framework (EPF) refers to support for demand led skills activity and it is clear that the provision of a skilled workforce is key to underpinning many of the EPF Economic Opportunities.

With the proximity of all 10 Local Authorities across the region, taking into account travel to work patterns, development of the Metro, work of the Cardiff City Region board and employment opportunities, contribution to the EPF should be seen on an East Wales regional basis, considering both East Wales and West Wales and Valleys programme areas.

The Skills@Work proposal aims to increase the number of transferable and job specific skills at all levels from NQF Entry Level to NQF level 2 within the workforce of the East Wales Region through community based provision. The provision of support to address and overcome barriers and training opportunities will allow currently low skilled workers to sustain employment and increase earnings potential.

The Skills@Work operation will work in partnership with the Regional Learning Partnership, Cardiff City Region Board, Regional Business and Employment & Skills Partnerships such as Business Improvement Districts, Enterprise Zones and Sector Skills Councils. This will align with growth activity to engage individuals who face in work poverty or a barrier to career to find the appropriate training and gain the necessary skills, utilising Labour Market Intelligence (LMI) to ensure that this reflects areas of employer growth and demand and develops linkages with local opportunities and new investments. Developments in the EPF will be periodically reviewed and monitored throughout the life of the operation to ensure that it is flexible in its approach in delivering demand-led skills activity to meet the immediate and future labour market requirements.

This will contribute to meeting wider EPF Thematic Opportunities, notably under the Advanced Manufacturing, Life Sciences, Digital Marketplace, Health and Tourism, Recreation and Leisure strands, which will require suitably qualified staff.

The Advanced Manufacturing Demand Driver of having large companies with considerable employment footprints retained as a base in the area will be supported by the increased availability of locally available employees, which will may be

**Commented [WM(-W7)]:** Do you have letters of support from any of these?

**Commented [h8]:** Not currently, representatives from NCC's Regeneration Investment and Housing Service, which the Skills@Work operation sits within, attend meetings with these and will hopefully receive and provide information that supports the operation delivery. The S@W operation is also due to present to the CCR Regional Proofing Panel on the 20<sup>th</sup> September.

participants of the Skills@Work operation that have been up skilled. The St Athan, Cardiff and Ebbw Vale Enterprise Zones and associated supplier industries demonstrate a clear regional demand driver that will provide sustainable employment opportunities for participants engaging with the Skills@Work operation.

The Life Sciences and Health Thematic opportunities note that there will be jobs at either end of the skills spectrum necessary for the development of the sector. The proposed £220m Investment in health and social care can provide sustainable employment and career progression opportunities for many participants of this operation. The Skills@Work operation will take account of the demand for skills in growing sectors such as this to provide non-statutory training to be delivered to participants accordingly and to provide access to further learning opportunities.

The exploitation of ICT assets and opportunities of the digital marketplace are expected to provide a significant opportunity to the region. Anticipated growth will have a direct impact on the skill demands of the region and will have an indirect impact in stimulating growth in other sectors e.g. construction. The development of the BBC drama village and Pinewood Studios investment will provide employment opportunities for participants in this operation. The Skills@Work operation will support employer demands for skill provision.

The EPF also notes that Tourism, Recreation and Leisure sectors have the opportunity to provide significant growth and jobs within the construction industry and supply chains and in tourism businesses themselves. Dependent upon which strategic destination management proposals are progressed, there may be associated employment opportunities in East Wales, such as in the planned retail and hotels at the Circuit of Wales, the Wales National Convention Centre in Newport, and in the regional capital, Cardiff. The operation will also consider opportunities for further growth in tourism in areas such as the Glamorgan Heritage coast and Wye Valley Area of Outstanding Natural Beauty.

In terms of the Economic Opportunities identified in East Wales, the region is identified as the most populous, and economic activity is focused on the capital and other major employment centres in the region. As the key economic regional driver for Wales, it is critical that the supply, in terms of quality and type of skills being delivered, meets the demand for the region to succeed.

Specifically, the Enterprise Zones focussing on Financial and Professional Services and Advanced Manufacturing are noted as Demand Drivers for the region. The aim to maximise the Enterprise Zones dictates the need to ensure that there is a suitably qualified and skilled workforce and that there is a continuing supply of suitably qualified labour coming through and developed within the workplace. This is where operations such as Skills@Work will help to deliver the numbers required and support progression into further learning.

Agglomeration effects of the City Region are noted as offering a major opportunity for economic growth and the development of assets to meet the demands of a growing City Region. This includes improving physical (South Wales Metro, M4 relief road, Cardiff Airport improvements, etc.) and digital connectivity (superfast broadband, broadband delivery and Newport data centre). The Skills@Work operation will align

to the opportunities of the region where this is not provided through other European Programmes

The operation will develop a structure of support that will assist participants to broaden their horizons by making links and accessing training to further career progression and reduce skills shortages within the East Wales region. Links will be made to support the growth of the Thematic Economic Opportunities set out in the EPF, both supporting the core demand driver of the East Wales region and its desire to increase the GDP of the area, as well as those other key sectors and cluster developments which can be more local in nature. The operation is working closely with our West Wales and Valleys partners, the Regional Learning Partnerships and other proposed ESF operations in the region to ensure maximum opportunity and impact across East Wales.

The Skills@Work operation and the West Wales and Valleys operation support the priorities highlighted in the EPF. The operations have the ability to provide and up skill the human capital to support the infrastructural and sector developments that make up the genuine economic opportunities that the wider European Structural Funds can support.

The operation acknowledges that there are other operations working to address this objective and will work towards establishing clear processes for referral and support to avoid duplication.

### Alignment with relevant Welsh Government Policies

The operation clearly aligns itself against a number of Welsh Government policies. The following demonstrates key links being made, providing an initial outline to the national and local policies.

Strategy	Priorities/Outcomes/Linkages	How The Operation will contribute
Wellbeing of Future Generations Act 2015	To ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.	<p>The operation expects to contribute towards the achievement of the following National Indicators<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>• Gross Disposable Household Income per head</li> <li>• Percentage of people in employment</li> <li>• Percentage of people in education, employment or</li> </ul>

<sup>3</sup> Welsh Government: How to measure a nation's progress? National Indicators for Wales as required by section 10(1) of the Well-being of Future Generations (Wales) Act 2015.

		training, measured for different age groups
<p>Welsh Government Employability Plan</p> <p>Responding to current and projected skills gaps</p>	<p>Whilst there is a need for a very clear national direction on the high skills that will be necessary to drive a successful high tech economy in Wales, we will need a more tailored approach to the complexity of the labour market at a local and regional level. We also need to make sure that we have the skills available locally to support the Foundational Economy.<sup>4</sup></p>	<p>The plan notes that “We need to train people for jobs which exist and provide them with the skills and adaptability to respond to future jobs markets.”</p> <p>The operation will aim to achieve this target and enable those who are suffering in work poverty to retrain and up skill increasing income and job security creating further employment opportunities.</p>
<p>Welsh Government Taking Wales Forward 2016-2021</p> <p>Ambitious and Learning</p>	<p>Promote and enhance both academic and vocational routes into and through further and higher education, and the national, international and civic roles of our educational institutions. This includes both full and part-time opportunities that will benefit learners of all ages, employers and communities.<sup>5</sup></p>	<p>The Skills@Work Operation will provide additional routes for employed individuals to complete accredited and vocational training courses, whilst also promoting access to further and higher education.</p>
<p>Welsh Government Prosperity for All: the national strategy</p>	<p>Skills and Employability: the better people’s skills, the better their chances of getting fair, secure and rewarding employment, and the stronger the skills base is in Wales, the more chance we have of attracting new businesses and growing existing ones to improve prosperity.<sup>6</sup></p> <p>We will enable people to develop the skills they need</p>	<p>The Skills@Work operation will allow individuals to develop the skills they want outside of their workplace by offering easy to access training opportunities within their local community.</p>

<sup>4</sup> Welsh Government Employability Plan, page 27.

<sup>5</sup> Welsh Government Taking Wales Forward 2016-2021, page 9.

<sup>6</sup> Welsh Government Prosperity for All: the national strategy, page 4

	to get the jobs they want, supporting businesses to start, innovate, and grow, creating decent, secure employment.	
Welsh Government – Vibrant and Viable Places, New Regeneration Framework Visions and outcomes (page 4)	<p>National Outcomes;</p> <p>Prosperous communities; A range of activities at the regional and local level.</p> <p>Learning communities; Regeneration is intrinsically linked with the skills and capacities of individuals, families and communities.</p> <p>Healthier communities; The health and wellbeing of residents are central to the vitality of places.</p>	<p>The Skills@Work operation will join up delivery across 3 local authorities to contribute to the national outcomes. The operation can contribute to the following outcome indicators</p> <ul style="list-style-type: none"> <li>• Improved levels of economic activity</li> <li>• A skilled and confident existing and future workforce</li> <li>• A belief in a better future</li> </ul>
Policy Statement on Skills (2013) Skills that respond to local need (page 10)	<p>Skills that respond to local need.</p> <p>Wales must develop a skills system that is effective at delivering joined-up employment and skills support which reflects the needs of local communities and can work seamlessly alongside national support programme.</p> <p>Stimulate demand for employment and skills support by providing the flexibility to develop responses based upon local and regional need.</p>	<p>The Skills@Work Operation will support the development of skills that are locally responsive by delivering packages of employment training directly linked to current recruitment needs, either through allowing an up skilling of an employer's current workforce or enabling mobility between employers.</p>
Policy Statement on Skills (2013) Skills for employment (page 17)	<p>Skills for Employment.</p> <p>Wales may develop a skills system that can provide the employment support necessary to assist individuals while supplying the tools to enable individuals to take responsibility for improving</p>	<p>The Skills@Work Operation will develop a programme of support that will not overlap any existing or planned provision at a National level.</p>



	<p>the value of their skills within the economy.</p> <ul style="list-style-type: none"> <li>• Assist individuals who are looking to change employers to have access to appropriate employment support programme with in Wales</li> <li>• Provide individuals with access to the information they need to improve their skills</li> </ul>	
<p>Wales: A Vibrant Economy Raising earning (page 12)</p>	<p>There is a strong link between levels of qualifications and levels of earning.</p>	<p>The Skills@Work operation will provide opportunities for people to improve their levels of qualifications which will in turn improve their earning potential, resulting in their contributing to their local economies and local community regeneration.</p> <p>The operation will concentrate on community-based provision for skills training in a variety of curriculum areas, leading to further/higher education, aiming to directly meet local employer demand by supporting individuals to meet employer need</p> <p>Specified employment sector skills are in line with City Strategies identified needs, the National Skills Audit.</p>
<p>Skills Implementation Plan</p>	<p>The skills system in Wales focuses on:</p> <ul style="list-style-type: none"> <li>• Skills for jobs and growth</li> <li>• Skills that respond to local needs</li> </ul>	<p>Providing an integrated, streamlined and accessible skills and employment offer for individuals and employers and devolving responsibility to delivery</p>

	<ul style="list-style-type: none"> <li>• Skills that employers value</li> <li>• Skills for employment</li> </ul>	partners to develop flexible responses based upon the needs within local communities.
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### Contribution to Cross Cutting Themes

**Commented [WM(-W9)]:** I have sent your BP to CCT colleagues and will pass on any comments that they make

The Skills@Work operation will successfully implement a plan that clearly contributes towards the Cross Cutting Themes of Equal Opportunities, Environmental Sustainability, Tackling Poverty and Sustainable Development.

Shared Purpose Shared Delivery required Local Authorities and their partners to develop integrated planning mechanisms to focus on the top priorities for the area. Skills and Work and Economic Opportunity have been identified as key priorities for the area as a result of this Welsh Government guidance.

One Newport Local Service Board has undertaken a labour market analysis of STEM related industries looking at current and future requirements for sustainable employment and business growth working to address gender balance and equality within disadvantaged groups.

#### Equal Opportunities

The operation will through its programme of learning and embedded Education for Sustainable Development and Global Citizenship (ESDGC) challenge traditional assumptions and stereotypes to raise participation levels in occupations and sectors where a particular gender or recognised equality groups are under-represented. For example, the operation will help to break down traditional job-role assumptions with the aim of increasing participation by both men and women in non-traditional work.

The BME population of South East Wales is the highest in Wales, with Cardiff and Newport having the highest concentrations of BME groups in the country. Evidence nationally and locally such as Newport’s Single Integrated Plan, indicates that BME communities such as Roma are more likely to have low skills levels.

Joint Beneficiaries will develop and maintain valuable ways to engage and provide support for those from under-represented groups such as the BME community, women and disabled people. Joint Beneficiaries will ensure these groups are active participants in the operation.

Low skills levels are linked with wider poverty indicators including unemployment and health inequalities. Areas of the ‘Competitiveness’ region of East Wales have communities as affected by poverty as the ‘Convergence’ region but this tends to be masked by more affluent neighbourhoods which raise the average for deprivation indicators. This is particularly evident for Cardiff, Newport and the Vale of Glamorgan.

Improving skills levels are regarded as a vital strategy in addressing persistent area based deprivation. Learning levels up to and including Level 2 will be available within the operation. Learning opportunities at Level 3 and 4 will be strongly encouraged and assisted as progression routes through FE and HE if the clients express an interest. Delivery staff will enable all participants to see the acquisition of higher level skills as a real possibility.

A focus on in-work skills could support older working adults who may have lower skills than younger people to compete in the labour market.

WEFO's guidance on Equal Opportunities and Local Authority Equal Opportunities and Diversity policies will be followed and adhered to, ensuring that the opportunities are available for all regardless of ethnic origin, gender, disability, sexual orientation, age or religion. The operation has been created and developed through extensive collaboration which we will continue to do as the implementation and delivery progresses. All recruitment systems will be robust and fair with a comprehensive induction programme to enable employers and individuals to understand the operation. The skills of staff will be assessed and they will be supported and encouraged in any additional learning they wish to undertake to improve their work skills, subject to discussion with WEFO.

The Equalities Act 2010 protects defined groups against discrimination on the grounds of protected characteristics, race, sex, disability, sexual orientation, gender reassignment, age, religion or belief, marriage, civil partnership, socio-economic background or pregnancy. All Joint Beneficiaries within the operation operate Equal Opportunities policies which stipulate how their staff can best promote equality of opportunity and outcome for men and women in line with this Act.

The Lead Beneficiary will ensure that no member of staff or client receives less favourable treatment on grounds of age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sexual orientation and social or economic background or is disadvantaged by any practices or procedures that cannot be justified.

#### Apply the Welsh Language

The use and implementation of the Welsh language is essential within this operation and will adhere to the Welsh Government Welsh Language policy and the individual Welsh Language policies of each Joint Beneficiary. Documentation will be made available in alternative formats as required to enable accessibility. Efforts will be made to promote the use of the Welsh Language and offer bilingual learning opportunities, for example promotional materials, participant documents and training courses.

We will ensure that all marketing, publications and printed literature is available bilingually where appropriate. Joint Beneficiaries will ensure that contractors and delivery partners are able to deliver and work in Welsh, if participants wish to do so.

With regards to Welsh language legislation Local Authority Beneficiaries have a statutory duty to comply with the new Welsh Language Standards under the Welsh Language (Wales) Measure 2011, which offers customers a real choice of language

from their first point of contact. Both our Registered Social Landlords have in place Welsh Language Scheme published in accordance with the Welsh Language Act 1993.

The operation does not envisage large numbers of requests for delivery in the Welsh language, however all partners have the ability to undertake this, should a request be made, or the demand be identified. Partners have access to Welsh Language (and other language) translation, and if required can make provision for training delivered through the medium of Welsh.

The operation will monitor the provision of Welsh Language through its enrolment and referral processes, capturing not only participants' understanding, knowledge and use but also that of the staff engaging with participants.

#### Language and Accessibility

All materials, websites and publicity aimed at the public will be available and accessible in bi- and multi-lingual formats if targeting BME underrepresented groups. Large print, audio and braille versions of training and educational materials will be made available to meet demands. We will also support participants by offering readers and scribes for formal learning and controlled assessments if they are required.

#### Transport

The operation will promote awareness of existing public transport options. We will utilise all existing public transport, if we ascertain that transport links aren't being fully utilised, the operation will seek to increase the level of awareness of potential public transport options. Emphasis must be placed on considerations of timings of routes to ensure unsociable hours; shift work patterns (early morning and late evenings and weekends) are covered. The operation will also consider that sufficient capacity at peak times must be provided. Consideration must also be given to those whose journey and commute to work consists of multiple drop offs.

Travelling to work may be difficult and costly for some of our participants, so the operation will seek to promote alternative travel arrangements such as car share schemes and cycle routes. The operation will work with local organisations such as local community groups and third sector organisations to promote any changes or improvements that are made in order to raise awareness and promote the benefits. This will help change the perceptions of our participants who previously felt that the services failed to meet their needs.

#### Tackling Poverty

Evidence shows clear links between low skill levels and wider indicators of deprivation including long term unemployment, child poverty, health inequalities, substance misuse, crime and anti-social behaviour and the enduring nature of area based deprivation.

There are clear links that show employment offers a high level of protection against poverty for individuals and families. There is a strong correlation between qualifications and skills, employment and earnings. Growth and sustainable jobs are at the heart of the Programme for Government and jobs and the economy are the Welsh Government's overriding priorities.

The Skills@Work operation must look to develop a skills system that is effective at delivering joined-up employment and skills support which reflects the needs of individuals, employers and local economies that can work seamlessly alongside other national and regional support programmes.

Improving skills levels is likely to have an impact on inter-generational poverty as evidence suggests that children from families with low skills/educational attainment/unemployment are more likely to themselves become economically excluded and to not participate in the labour market.

Central Government policy is increasingly focused on tackling poverty through increasing employment rates and reducing economic inactivity, this is linked to changes to the benefits system not least the rollout of tax credits and Universal Credit. Improving skills levels is a fundamental step in maintaining employment, particularly in an increasingly competitive labour market.

One of the objectives in the Welsh Government Strategic Equality Plan will be to work with partners to identify and address the causes of the gender, ethnicity and disability pay and employment differences. The Skills@Work operation supports those most at risk of in-work poverty with vulnerable targets groups, for example low skilled workers, BME, ESOL, ALN, carers, lone parents and those with a work limiting health condition or disability.

It is proposed that Joint Beneficiaries will use the WEST Assessment Tool to provide an initial diagnostic assessment of the participant's current skill levels. The assessment will be completed after enrolment, arranged and supported by the project worker, and will take approximately 30 minutes. The in-depth assessment will identify competencies and development needs for each individual participant, allowing the operation to produce a targeted learning plan with supporting activities/interventions. The assessment will provide essential skill levels for participants in areas such as numeracy, literacy, digital literacy or ESOL. Additional to providing data around the participant's essential skills level, the assessment will also be used to highlight the work skills or qualifications required for their specific sector/role that they wish to progress. The assessment can be repeated at any point during the participant's engagement with the operation allowing further data to be gathered and learning plans to be updated if required.

#### Sustainable Development

Recent economic forecasts for the region indicate potential skills shortages, with acute pressures in high skilled, technical and managerial roles particularly affecting the science, technology and engineering sectors. Failure to replace such skills lost mainly as a result of the ageing workforce presents a risk to productivity, economic growth,

business continuity and the sustainability of key business sectors particularly as competition from other regions and lower cost workforces increases.

Ensuring that people of working age can acquire relevant workplace skills means that they are more likely to be able to compete in the employment market, are less likely to become unemployed and dependent on benefits, which in turn contributes to sustainable development. The use of labour market information and engagement with employers and the Regional Learning Partnership will help ensure the provision is in line with skills demands.

Ensuring that people of working age continue to participate in paid employment ensures tax revenues to the exchequer which in turn funds sustainable public services and social security costs.

There are well documented links between low skills rates and poverty. Poverty is in turn linked with risks to achieving sustainable development in communities for instance in relation to unemployment, increased levels of crime, health inequalities, inter-generational poverty and area based deprivation.

The Lead Beneficiary will adopt a participant tracking and monitoring system called CEMP. This database is multi-functional in that it is capable of performance monitoring, business intelligence and reporting outcomes to stakeholders. Key outcomes can be tracked throughout the lifetime of the operation with reports generated from any of the data inputted. The CEMP Database also provides in depth demographical knowledge of participants and uses this information for continuous improvement of our delivery. The use of this system encourages Joint Beneficiaries to upload all information to the database thereby negating the need for personal and sensitive data to be sent electronically via email to the Lead Beneficiary which may be unsecured.

#### Access to and Use of ICT

The operation will promote the benefits of digital inclusion to those individuals who aren't computer literate, or perhaps lack confidence with their IT ability. We will promote the use of existing training courses used in community locations. These will provide access and support so our participants will be able to use the internet for a job search (to seek new sustainable employment post upskilling) alongside more general digital wellness. Joint Beneficiaries will also work alongside organisations such as local credit unions to create innovative low cost solutions to increase the number of people accessing the internet.

Joint Beneficiaries will use various social media channels as a way of engaging and building a relationship with the participants. Many participants will be confident in using IT and the internet. However, for those where this is not the case, the benefits of using the internet and IT will be promoted, encouraged and supported. The operation will encourage safe and appropriate use of IT and the internet, developing participants' ICT literacy skills, preparing them for further learning, education and training.

#### Health and Wellbeing

The operation and Joint Beneficiaries will work with health care professionals, organisations and networks to aid with delivering health and wellbeing services. This will serve a dual purpose of complementing the aims of the operation and providing additional support to improve participant's physical and mental wellbeing. This can range from promoting physical exercise and mobility to support to improve personal hygiene. The operation will aspire towards a society in which physical and mental wellbeing is maximised, and where choices and behaviours that benefit future health are actively discussed.

Regional and Thematic group boards

Local Service Boards have identified through their Unified Needs Assessments both Tackling Poverty and Skills and Work as priorities within the Single Integrated Plans for Newport, Cardiff and Monmouthshire. The development of effective learning pathways from basic skills through to higher level skills is a key priority and the programme will contribute to this whilst providing an additional focus on people already in employment. This focus also supports economic growth and competitiveness in the region which has also been a focus for the Welsh Government, Cardiff Capital Region and the individual East Wales local authorities.

	OPPORTUNITIES	IMPACTS
EQUAL OPPORTUNITIES	Greater equality of opportunity Greater understanding and tolerance of vulnerable/minority groups Greater exposure to a wider range of opportunities for participating females	More vulnerable/minority groups gaining higher qualifications and access to improved opportunities, increasing GDP More tolerant population More choice for employed people
ENVIRONMENTAL SUSTAINABILITY	Future career opportunities Future workforce better educated in environmental sustainability	Reduction in consumption Increase in reuse Increase in recycling Better environment Better educated population
TACKLING POVERTY	Employed people supported to remain in employment and continue their personal development through community and work based learning/training Improve employed people's self-esteem and	Identify and address the causes of the gender, ethnicity and disability pay and employment differences. Development of a skills system that is effective at delivering joined-up employment and skills support which reflects the needs of local economies.

	confidence to sustain employment.	
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### **Integration with ESI funding or other EU Funding Streams**

This operation will integrate with actions identified within the proposed Specific Objective 2 FE operation within East Wales of this priority. This will support progression at key transition points, enabling an employed individual to access further learning allowing them to gain qualifications above NQF Level 2.

The proposed Skills@Work operation will fill a gap in current provision. Providing a structured learning environment for employed individuals either within their workplace or community. The operation will provide an environment where employed people can engage in life style activities that aim to improve simple skills such as time keeping, literacy and specialist support identified such as, language or mental health resulting in an increased skill level from a vocational or job specific qualification.

The Skills@Work operation complements many other provisions that support the workforce such as Work Based Learning and Jobs growth Wales, also the proposed East Wales Regional operation, Inspire2Work. The Skills@Work operation provides a progression route for participants on Inspire2Work that gain employment and require further interventions allowing them to gain skills and qualifications ensuring employment is sustained. Training opportunities if not provided through other European Funded operations will be aligned to consider emerging infrastructure projects in the East Wales region, including both ERDF and domestic, such as Metro, M4 Widening and the Tidal Lagoon.

The ex-ante assessment of the use of Financial Instruments (FI) in ESF concluded that FI for the proposed actions were inappropriate, unlikely to be cost effective and be too dependent on uncertain employment outcomes. It is therefore not proposed to utilise FI in the delivery of the proposed actions.

There may be opportunities in the future to develop local delivery opportunities with eligible RDP ward areas, however, the RDP Programme and the LAG Partnerships have yet to be approved and therefore, it is probably too early to say if there are proposals, or elements of this operation, that may offer some synergy.

### **Integrations with other EU funding and transnational opportunities**

There are no plans, at this stage, for integrating the Skills@Work operation with other EU Funding Streams. The Interreg North West Europe and Interreg Atlantic Arc Programmes whilst both heavily influenced by the need to create jobs, are not devised to offer support or deliver education and training interventions, so integrating with these Programmes would be difficult.

Alongside this, there is also the uncertainty surrounding Brexit and the impact this will have on other EU funds. It is therefore difficult for us to also determine our level of



input into other EU funding and transnational opportunities, so it has been difficult to discuss this possibility with partners. However, we will utilise the experience of our partners to consider alternative funding streams, and to explore further opportunities should they be available in the future.

### Partner and Stakeholder Engagement

This proposal forms an integral part of an overall strategy and model to address economic inactivity across the East Wales area, by providing the confidence and training necessary to overcome skills deficits and thereby reduce economic inactivity.

We recognise the need to work with other operations in the region and have worked closely with our West Wales and Valleys partners to ensure a complimentary approach to delivery across the East Wales region and both EU Programme areas.

The proposal has been designed to work in conjunction with other programmes and Welsh Government back bone operations and will not duplicate but compliment and add value, filling gaps in provision where there is a specific need. Meetings have been held with the FE/HE network to discuss the SO2 operation within the Skills for Growth priority. These discussions have clarified that the Skills@Work operation will only engage with employees; however we will continue to develop referral routes and coherent pathways of support between the various proposed operations. The Skills@Work operation will only engage with individuals and not target engagement with employers.

The operation has engaged in detailed discussion with partners including Working Skills for Adults 2 WWV partners and has engaged with a number of stakeholders:

P2 Upskilling@Work: This operation, led by Coleg Gwent in East Wales aims to increase the skills level, including work relevant skills of those in the workforce with no or low skills. We will engage with colleagues in this operation, to consider how it may provide additional support for participants exiting the Skills@Work operation who are interested in gaining further qualifications above NQF Level 2.

- Communities for Work Plus: This programme aims to help those adults furthest away from the labour market into employment but will also support a small number of individuals facing in work poverty.

The following partners have been consulted, with their level of engagement set out below:

Organisation	Involvement
Monmouthshire County Council	Proposed Joint Beneficiary
Cardiff City Council	Proposed Joint Beneficiary
Vale of Glamorgan County Council	Consulted on proposals
Monmouthshire Housing Association	Consulted on proposals
Coleg Gwent	Consulted on proposals
Cardiff and Vale College	Consulted on proposals
Neath Port Talbot College Group	Consulted on proposals

Torfaen CBC	Member of SWYP group, Lead for WWV Working Skills for Adults 2
FE/HE Network (SEW)	Member of SWYP group
FE EU Managers Network	Consulted on proposals
DfES	Member of SWYP group
DWP	Member of SWYP group
Public Health Wales	Member of SWYP group
South East Wales Specialist European Team	Member of SWYP group
South East Wales Directors of Environment & Regeneration Group (SEWDER)	Endorsement of proposals
Learning, Skills & Innovation Partnership (LSkIP)	Endorsement of proposals
South West and Central Regional Learning Partnership	Endorsement of proposals - TBC
Powys County Council	Endorsement of proposals
Gwent Adult Community Learning Partnership	Endorsement of proposals
Cardiff and the Vale Adult Community Learning Partnership	Endorsement of proposals

**Commented [WM(-W10):** Grateful for evidence of such endorsements

**Commented [h11]:** Many endorsements for the Skills@Work operation were gained over 2 years ago, when the operation was initially created, through presentations by either NCC as the LB or by individual JB's to various groups. Unfortunately written notification i.e minutes were either not collected at this point or were unavailable due to the format of the meetings.

In addition, the following engagement and consultation activity has contributed to the development of the operation:

#### Local Authority partners

- Attendance and participation in regional meetings for Skills, Worklessness and Young People
- Participation at regional monthly meetings of the East Wales ESF working group.
- Regular communications with the Working Skills for Adults 2 WWV lead partner through meetings, email, and telephone.
- Reports and Communication with Cardiff and Vale Community Learning Partnership
- Reports and Communication with Gwent ACL Partnership Strategic Group

#### Non LA partners

- All five Local Authority Local Service Boards
- Presentation and discussion at the regional FE/HE Network meetings
- Attendance and participation in regional meetings for Skills, Worklessness and Young People
- JobCentre Plus
- Careers Wales
- Public Health
- DWP
- Coleg Gwent
- Cardiff and Vale College

- Neath Port Talbot College Group

The Skills, Worklessness and Young People (SWYP) group is multi-disciplinary in its make-up which has given a balanced, regional approach to the development of the operation. Partners have drawn on existing good practise and used the gaps identified through the Work and Skills Strategy to develop this operation. Therefore, the operation takes a consistent approach to identifying and supporting employed people in need of up skilling, but allowing flexibility to meet local need.

## **Further Strategic Criterion: Cross Cutting Themes**

### **Statutory Obligations fulfilled by the Operation**

#### Welsh Language

Joint Beneficiaries will be required to comply with the Welsh Language Act and will support the overarching Welsh Government strategy 'A Living Language'.

The Skills@Work operation will ensure that Welsh versions of training and educational marketing materials will be made available to meet demand. The Lead Beneficiary will ensure operation materials, websites and publicity aimed at the public are made available in accessible and bi- or multi-lingual formats. Large print, audio and braille versions of training and educational marketing materials will be made available to meet demand.

#### Sustainable Development

A key element of the ESF programme is to meet the requirements of the EU strategy Europe 2020: sustainable growth.

Welsh Government strategies have been produced to deliver on the sustainable development agenda, as outlined below:

- Government of Wales Act 2006 - Ministers must demonstrate how they promote sustainable development.
- One Wales: One Planet - sustainable development is our central organising principle
- Programme for Government - deliver jobs and growth with a focus on sustainable development.

To ensure that the operation Lead and Joint Beneficiaries fulfil their statutory obligations under all legislation relating to sustainable development, the operation will:

- Embed the principals of Sustainable development as a Cross Cutting Theme (CCT) in its activities;
- Promote environmental awareness and good practice in delivery of activities. This may include the promotion where appropriate of careers in the

environmental, renewable energy sectors, conservation and waste management;

- Joint Beneficiaries will be encouraged to reduce the amount of waste produced, re-use materials and products wherever possible and recycle materials and products wherever possible;
- Joint Beneficiaries will be encouraged to use Environmental Management systems;
- The Lead Beneficiary will work with WEFO to keep up to date with developing guidance and policy in relation to sustainable development and convey this to Joint Beneficiaries, and will adapt processes and practices as necessary.

### Wellbeing of Future Generations Act 2015

The Act states that the actions of public bodies should be preventative in nature and comply with the Wellbeing of Future Generations Act 2015, and therefore any ESF operations will need to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

The Act places a responsibility upon public bodies to ensure that any decisions they make take in to account the future wellbeing of the people of Wales. The Act covers public bodies, and therefore both Local Authority beneficiaries will be duty bound by the Act. The nature of the activity being undertaken by Skills@Work ensures that consideration will be given to the seven well-being goals within the Wellbeing Act, and that in doing so, the operation expects to contribute towards the achievement of the following National Indicators:<sup>7</sup>

- Gross Disposable Household Income per head
- Percentage of people in employment
- Percentage of people in education, employment or training, measured for different age groups

### Equal Opportunities

The Lead Beneficiary (Newport City Council) has a Strategic Equality Plan (2016-2020), with 9 equality objectives developed to meet the requirements of Equality Act 2010 and the Welsh Language Measure (Wales) 2011, under the framework of the Wellbeing of Future Generations (Wales) Act 2015:

A more equal Wales	
1.	Diversity in the workplace
2.	Engagement and democratic participation
3.	Improving Access to Services
4.	Tackling Poverty
A Wales of cohesive communities	

<sup>7</sup> Welsh Government: How to measure a nation's progress? National Indicators for Wales as required by section 10(1) of the Well-being of Future Generations (Wales) Act 2015.

5.	Cohesive Communities and tackling hate crime
6.	Domestic Abuse and Sexual Violence
7.	Homelessness
A Wales of vibrant culture and thriving Welsh language	
8.	Compliance with Welsh Language Standards
9.	Corporate Compliance

The Skills@Work operation will seek to ensure that:

- All Joint Beneficiaries are committed to equal opportunities principles, creating an inclusive environment where equality and diversity are valued and seen as key to successfully delivering high-quality services.
- Services will comply with the Welsh Language Scheme, Welsh Language Act (1993) and Welsh Standards.
- All Joint Beneficiaries will be expected to keep up to date with developing Policy and guidance in relation equal opportunities and implement changes as required.
- The Lead Beneficiary will ensure that partners within the operation and any contracted providers meet legal obligations and ensure that any procured services utilised through the operation comply with the Equality Act 2010.
- Any tendering and evaluation processes undertaken for the award of contracts for the delivery of this operation will ask specific questions to ensure equality of opportunity and fairness at work.
- All employees, staff, contractors that are involved in this operation during the course of their work behave in a manner which respects the dignity of colleagues, business partners and contacts, participants and members of the public at all times.

#### Equality and Diversity

- The Lead Beneficiary and all Joint Beneficiaries, have Equality and Diversity policies in place, which will apply throughout the course of the Skills@Work operation.
- The Equality Act 2010 requires that all Joint Beneficiaries have due regard to the need to meet the three 'aims' of the General Equality Duty and comply with the supporting Specific Equality Duties.
- The Lead Beneficiary, in its role as an employer, will comply with relevant legislation relating to Equality and Diversity (including the Equality Act 2010 and General and Specific Duties contained within the Act) ensuring the best interests of clients and staff are met.
- The Lead Beneficiary will work to the principles of the Equality Duty in regard to the advancement of equality and good relations which cover the nine protected characteristics.
- The Lead Beneficiary will ensure that no member of staff or client receives less favourable treatment on grounds of age, disability, gender, gender

reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sexual orientation and social or economic background or is disadvantaged by any practices or procedures that cannot be justified.

## Contribution towards CCTs Objectives, Indicators and Targets

Each Joint Beneficiary has provided information against the Priority 2, Specific Objective 1, which is to increase the skills levels, including work relevant skills, of those in the workforce with no or low skills.

### Specific examples of delivering against the CCT Objectives

The Central Lead Team Manager will be responsible for overseeing the delivery of cross cutting theme objectives, indicators and targets, reporting on progress through the regular reporting arrangements that will be established between both the Lead and Joint Beneficiaries, and the Lead and WEFO.

As part of the ongoing monitoring between the Lead and Joint Beneficiaries, the Central Lead Team will monitor progress against specific actions, addressing areas of concern, and recognising best practice.

Joint Beneficiaries will not undertake the role of Cross Cutting Themes champion, this will be the responsibility of the Central Lead Team Manager. The Central Lead Team Manager has previous experience of delivering similar skills provision projects, including Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work. They are responsible for similar monitoring of progress and best practice with Joint Beneficiaries. Further Strategic Criterion: Suitability of Investment

## Further Strategic Criterion: Suitability of Investment

### Potential for Private Sector Displacement

The Skills@Work operation will take full account of the potential to distort the private market for training provision. No training will be offered that is mandatory, e.g. workplace health and safety as this is ineligible unless procured, or for which an existing commercial market exists, where a number of providers are offering a course at full open market rate, or are being addressed by other ESF operations. The existing commercial market for the provision of local training is monitored by previously established training provider groups set up within each Local Authority. It is proposed that a representative from each Joint Beneficiary will become a member of the groups, ensuring not duplication of training provision and therefore distortion of the private market. This will also ensure that no commercial competition is distorted within the FE sector, between ESF operations or more widely in the open market. ESF funding will not be used to subsidise commercially viable activity.

**Commented [WM(-W12):** Move this section to Suitability of Investment further criterion

**Commented [WM(-W13):** Which in any case is ineligible unless procured

**Commented [WM(-W14):** How will this be established?

## Defining the Barriers

The Socio-economic analysis shows that a large proportion of the population of East Wales has low or no basic skills. Alongside this, the issue of low/no skills linking to low wages and deprivation has been well documented in local, regional and national strategies as well as negative reporting in the national press. The Socio-economic analysis reveals that the labour market varies greatly across East Wales. Since 2001 the employment rate has decreased in four of EW's seven local authority areas, the relatively largest being Powys, the Vale of Glamorgan, Cardiff and Newport. Employment rates for those with low or no qualifications has declined to as low as 40.7%.

The total number of employed individuals aged 16-64 within the three Local Authority areas represented within Skills@Work delivery area is 311,126 with 23,400 of those being deemed as working in low skilled occupations<sup>8</sup>.

Further analysis from the data source shows that of the working age population in those local authority areas targeted by the Skills@Work operation there are 31,388 (10.1%) with no qualifications and 41,698 (13.4%) with the highest qualification being at Level 1.

*Table showing highest level of qualification held by employed individuals aged 16-64*

Highest Level of Qualification	Cardiff	Monmouthshire	Newport	Total
All categories: Highest level of qualification	199,702	38,064	73,360	311,126
No qualifications	17,782	4,505	9,101	31,388
Level 1 qualifications	24,695	5,730	11,273	41,698
Level 2 qualifications	31,096	6,687	12,859	50,642
Level 3 qualifications	30,288	5,427	10,694	46,409
Level 4 qualifications and above	82,641	12,716	23,442	118,799
Apprenticeships and other qualifications	13,200	2,999	5,991	22,190

The table below shows that in comparison to Wales and the UK, the local authority areas targeted by the Skills@Work operation have a higher percentage of individuals with a Level 1 or below qualification.

*Table showing level and % for those aged 16-64 in Wales and the UK*

	Wales (level)	Wales (%)	United Kingdom (level)	United Kingdom (%)
Individual levels				
NVQ4 and above	663900	35.1	15769900	38.4
NVQ3	336700	17.8	6975400	17
NVQ2	337900	17.9	6550000	16
NVQ1	211000	11.2	4379300	10.7
Other qualifications	114200	6	2794300	6.8

<sup>8</sup> ONS Annual Population Survey (Oct 2015 – Sep 2016)

Trade Apprenticeships	63600	3.4	1292600	3.2
No qualifications	164200	8.7	3272100	8

The target groups taken from the ESF East Wales Operational Programme that relate to the Skills@Work operation are as follows:

- Employed, including self-employed participants with no formal qualifications – male
- Employed, including self-employed participants with no formal qualifications- female
- Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2)- male
- Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2)- female

The main barriers faced by the groups targeted by this operation can be grouped into the following three categories:

- Personal Development
- Employee Sustainability
- Employment Skills

## Overcoming the Barriers

### 1) Personal Development Barriers

These barriers relate to how and why people act in a certain way and their approach to life and work. This can include a range of factors including, but not limited to, confidence, motivation, visions/aspirations, socialisation/social isolation, expectations and participation.

These barriers can often be the most difficult to overcome due to the highly personal nature of such factors. That is why our operation is built around the idea of flexible learning on top of their current employment. The ability to structure learning around the participant will ensure positive engagement and maximum results. This will give the participant a good base for other barriers to be overcome. It is also necessary to provide an initial in-depth assessment to clearly identify the aspirations and manage expectations of each participant. This will ensure that any intervention is relevant to addressing individual's barriers.

### 2) Employee Sustainability and Progression Barriers

These are barriers which concern the environment of each participant, i.e. to where and how people live. This includes a range of factors including, but not limited to, welfare dependency, dependent care, transport, the workplace opportunities and the local economy.

Overcoming these barriers requires a mixture of a change in attitude and practical sustainable solutions. One of the main problems which participants of Skills@Work will face is that of In Work Poverty. By providing them with an opportunity to upskill and gain an improved qualification, or even their first qualification, our participants will then be able to find better paid employment, and therefore more sustainable.



On a broader scale, this will also require us to change a participant's perception of themselves in society. It is about encouraging a spirit of independence, supporting social mobility, and fostering trust and resilience within the community.

### 3) Employment Skills Barriers

These are barriers which concern what our participants can actually do. This includes a range of factors such as their experience, their work specific experience, literacy, numeracy, ICT and Communication (i.e. ESOL). This is about providing the right skills and the right experience through accessing appropriate training and qualifications to meet the needs of employers now and in the future.

Joint Beneficiaries have an excellent record of delivering activity to overcome these barriers.

The operation accepts that not all participants will face all of the barriers, but most participants will face multiple barriers. This is why the operation's community based learning model is essential; it will allow us to create a flexible provision adaptable to participant's needs. The operation will be participant led, and outcome focussed.

Most often people who have not engaged in education or training for a long period of time is a lack of confidence in themselves, which in turn hinders them from taking advantage of future opportunities they may be offered. We have predicted that it is likely that individuals in the targeted groups will then have these self-belief issues. Therefore support for these needs will be required.

Alongside addressing issues regarding confidence and motivation the operation will complete an assessment of their skills and barriers to progression so we can agree a suitable pathway to progression and development of skills before ultimately obtaining an improved qualification.

Although skills and qualifications are not synonymous, a lack of qualifications is emblematic and closely correlated to a lack of skills in a region. People with no or limited qualifications are undoubtedly among the most disadvantaged in regards to employment. One of the key aims of this operation is to target these individuals through an assertive campaign to develop the skills and qualifications they will need to find and maintain sustainable employment and begin a path of career development.

The following provides a list of actions identified by the Joint Beneficiaries as a means of capturing potential participants, and creating various means of referrals:

- Briefing sessions for front line staff and publicity material for the operation up in community locations, including Hubs, Libraries, Leisure Centres, Doctor Surgeries and community buildings.
- Briefing sessions will also be held in local Job Centres to inform them of the operation and how it can assist those who are eligible, i.e. those who despite being in employment are still claiming JSA or Universal Credit.
- Provide briefings/drop in surgeries to Parent and Toddler groups, carer groups and other community groups.

- Raise awareness of and set up referral mechanisms with social housing providers, and providing them with publicity information/FAQ sheets for Tenancy Officers to take with them on tenant visits.

A National Audit Report<sup>9</sup> concluded that sustainable employment was more likely to be achieved if people had better skills to compete in the labour market, that involving employers in up-skilling was important once the individual was in work, and that understanding the local labour market and its patterns is the best way to help people to sustain employment. This operation is tailored to ensure that the participants are holistically supported that will, in the end, result in sustainable employment and a better skilled workforce.

### Potential of the Operation to Duplicate Activity

Engagement with other delivery agents has taken place on both a Local and Regional Level. Joint Beneficiaries have consulted services in their area that are required to provide employability support and local delivery models have been based upon these exercises to ensure resources are targeted and avoid duplication.

Previous ESF projects in the East Wales region have focused on providing skills and qualifications to those participants who are not currently in employment or are far from the job market and there is no risk of duplicating activity. Skills@Work will work closely alongside the P2 operation Upskilling@Work, which provides participants with work based learning opportunities. Coleg Gwent and Cardiff and Vale College were previously Joint Beneficiaries on Skills@Work operation, and therefore both operations have a good understanding of how each operation can aid the other, and therefore ensure good working practises.

### Research Supporting the Delivery Method

Under the 2000-2006 RCE programmes there were no localised regional operations in South East Wales, therefore we have looked to West Wales and the Valleys Convergence Programme. The Working Skills for Adults and Bridges into Work operations were delivered in this programme, which covers 6 of the 10 wards within the South East Wales region, and addressed the same target group.

Evidence for the need and success of the activities proposed by this operation are noted in Wavehill's 'Final Evaluation of the Working Skills for Adults Project' which states that Working Skills for Adults was 'unique across the region in the scale and breadth of the opportunities it offered to work with employees and employers. It is the only option of this scale across the region and is therefore strategically important for the free training provision it offers the employed' (p11).

It specifically endorses the approach of using key workers as a means of engaging and supporting participants and sees this as a critical part of the project. The breadth and scope of the project is highlighted as being unique as is its ability to tailor support

<sup>9</sup> <https://www.nomisweb.co.uk/reports/lmp/la/1946157398/report.aspx>

Commented [WM(-W15): Move to Suitability of Investment further criterion

to meet the needs of participants. All of these features that have contributed to the success of Working Skills for Adults will be retained and further developed in the Skills@Work operation.

Further to this, funding for adult learning from traditional sources has been reduced significantly during the past 4 years which has affected the scope and scale of Adult and Community Learning delivery through FE College and Local Authority routes. The impact has been a noticeable reduction in opportunities for individuals to engage with learning opportunities in their own communities.

Delivery of training opportunities in community settings is typically coordinated through the local Adult Community Learning Partnerships, of which the Joint Beneficiaries are part of and deliver an element of this activity under various franchise arrangements. On this basis, the Joint Beneficiaries that intend delivering similar training activities as private sector training companies already form part of that existing market place, therefore reducing significantly any displacement impacts.

Joint Beneficiaries have identified the need for this operation in several ways:

- Learning from the previous Working Skills for Adults project.
- Local research in conjunction with LSB and other partners.
- Partnership workshops in the run-up to ESF proposal

Research from a wide variety of data sources including the Department of Work and Pensions and Statistics Wales and research papers produced by recognised organisations such as the UKCES, Institute for Employment Studies, Federation of Small Businesses, Centre for Economic Inclusion, highlights the following:

- Understanding the labour market and its patterns is important if people are to be supported in work
- Building close relationships with employers has a better outcome than a more ad-hoc approach
- Improving qualifications and addressing essential skills needs is the best way to support individuals
- Employers stress the importance of soft skills – good communication, ability to learn, punctuality, reliability etc. – and identify this need among employees.

In determining our rationale for utilising a lead worker type approach to delivery we have looked at the Working Skills for Adults project which highlighted the need for this approach. Whilst delivered in Convergence areas only the results of the evaluation showed that a lead worker approach was successful in this target group.

**Commented [WM(-W16):** Better to make the comparison with WSfA since Bridges does not have the same participant target group

In the 2013 Wavehill commissioned review of Working Skills for Adults project. Some key findings highlighted;

1. “.....It is clear that the support worker role is critical for employees and employers alike and therefore needs to continue with a few enhancements.”

2. "...Utilising this model WSfA has benefitted a majority of participants in job related outcomes linked to increased confidence in jobs, raised job satisfaction, and increased responsibilities in roles.

The Skills@Work operation will take on board the recommendation for enhancements to the lead worker role, as noted below

1. "...The project appears to have been most beneficial for completers who are female, from older (26+) age groups, and in some job related areas for those with WLHC. It has proved less positive for those from the youngest age groups (16-25), for male completers, and those with disabilities. Therefore future enhancements need to focus upon developing specialist capabilities amongst 'support workers' and employer liaison officers to support specific groups of employees so that outcomes can be more equitably be achieved across the project."

#### Evidence to support need and approach

The evidence to support need for the Skills@Work operation will be updated as more information is gathered from the East Wales Region.

As recognised in the Country Specific Recommendations, investing in skills is a key driver in the development of a modern knowledge-based economy and in responding and adapting to economic changes. There is a strong correlation between qualification and skills, employment and earnings, with those in part-time work more likely to have low skills, emphasising the role of skills development in addressing in-work poverty, up-skilling those with no or basic skills to support them to progress within the labour market.

Delivering to the needs of both employers and the wider economy will be the fundamental principle of all demand led skills interventions within Priority Axis 2. Demand will be articulated in a number of ways including directly through employers or through research evidence on areas of economic opportunity or growth.

The main focus of Specific Objective 1 is to increase the skills and qualification levels, including vocational skills, of employed (including self-employed) individuals across EW with no or low skills. It will target those qualified to ISCED Level 2 (lower secondary education) or below, including those with no formal qualifications, with a focus on both increasing their qualification levels and on addressing skills gaps at this level.

As set out in the Strategy, of those working age adults in employment in Wales, the most recent figures show that approximately 43% have either no or low (up to and including NQF Level 2) qualifications. At a more detailed level, of the working age adults in employment, 6.9% have no qualifications at all, while 14.1% have below NQF level 2 qualifications and 21.7% have qualifications at NQF level 2.

While there are no specific measures for skills gaps, research indicates that they are more common among lower skilled occupations, with both skills specific to the job role (technical, practical and job specific skills) and essential and basic skills (such as

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planning and organisation, oral communication, customer handling and problem solving skills) being cited as skills shortages. This indicates that there is a need not only to increase the level at which the no and low skilled are qualified but also to ensure that they achieve qualifications in skills which are relevant to the needs of employers.<sup>10</sup>

The direct results will therefore be focused around the number of the specific target group gaining qualifications at ISCED Levels 1 and 2 in essential and technical or job specific skills. These results will both increase the qualification levels of those with no or low skills and upgrade and update the skills of those already qualified to ISCED Levels 1 and 2, providing them with the skills and qualifications relevant to the needs of employers.

The longer term impact of these interventions on the overall skills levels of the workforce will be measured through programme evaluation, which will consider the impact of ESF interventions in the context of the range of external factors that influence these measures.<sup>11</sup>

South East Wales is home to nearly half the population of Wales and a workforce of 665,000 in 90,000 businesses across ten local authorities (LAs). Cardiff, capital of Wales, is dynamic driver for growth leading the regional economy by almost every measure. It stands at around 90% of UK GVA and salary levels. LAs in the region close to the M4 corridor perform significantly better than those further away and in the Heads of the Valleys. Geography and heritage of the region still impacts on the location of communities and a stretched economic regional transport infrastructure.

Adult skills development is key to assisting entry (or a return) to employment with equality of access essential. Employability skills and post-19 employment arise from schools and colleges, the third sector, employers, unions and other WBL and post 16 providers. This is often the start for people on a training escalator of improving qualifications and life chances. A wide range of funded support and delivery will be needed. For further bespoke training a range of funding and delivery have been identified including employer co-investment in skills<sup>11</sup> and privately funded training.

Skills Utilisation is key requiring a 'skills escalator' of learning supporting progression through to higher level skills - upskilling will be supported by a high level of collaboration between the local universities and FE colleges with local campuses focussing on L1-3 and L4-5 in association with HE, where appropriate. Essential skills and employability will be addressed through a broad coalition e.g. Third Sector, WCVA, FE.

Under-utilisation of qualifications and employment skills is common. Evidence suggests underutilisation can lead to skills loss over time. Forecasts reflect continued professional development (CPD) as part of good company practice by High Performance Working (HPW) companies.<sup>12</sup>

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<sup>10</sup> UKCES (2013), Employer Skills Survey 2013 – Wales report

<sup>11</sup> East Wales Operation Programme

<sup>12</sup> LSKIP South East Wales Employment and Skills Report Consultation Document

The Local Authority need for the operation is derived from a reduction in funding over the last few years, meaning that from September 2015 only basic skills will be funded through Adult Education. Additionally Monmouthshire has no Communities First area and therefore no additional support for learners that may be at risk of in work poverty.

## Section 2 – Core Criterion: Delivery

### The Ultimate Change(s) sought or Final Outcome(s) of the Operation

The Skills@Work operation seeks to bring about the following changes as set out in the Operational Logic Table. The aim of the operation is to increase the skills levels, including work relevant skills, of those in the workforce with no or a low skill level, ensuring that employment is sustained and skills delivery is for jobs and growth, responds to local need, that employer's value.

Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving - male	237
Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving - female	297
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving - male	255
Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving - female	266

The preferred delivery model to be utilised was required to address a number of key areas highlighted during scoping meetings and the Operational Logic Table, these were separated into the below headings.

#### Minimum Requirements

- A comprehensive support package for those in unsustainable/precarious employment
- Identification of barriers and assessment of need
- Access to a range of qualifications
- Employment support including CV writing, interview skills, careers advice and job searching
- Tracking of distance travelled and progress towards operational outcomes.

#### Optional Activities

- Support with transport issues. i.e. driving lessons
- Childcare and replacement care allowing access to interventions.

#### Ultimate Changes

- Maximise potential employment opportunities

- Increase skill levels and attainment of qualifications
- Remove personal development barriers
- Support provided to overcome community support barriers

## **Delivery Model Options considered for the Operation**

A full SWOT analysis is provided in Annex 5, however the following summarises the key points and discussion for each option:

### **Option 1 – Delivery by Joint Beneficiaries**

Skills@Work will target employed participants with:

- No formal qualifications, or
- Up to and including a lower secondary education (ISCED 2)

Skills@Work follows a holistic model of delivery that focuses on meeting the needs of individual participants in moving them closer to sustainable employment and career progression.

The key approach is summarised below:

Employed individuals engaged through community led provision - Some Local Authority partners have a franchise agreement with the local colleges to deliver essential, transferrable and functional skills alongside vocational training. This provision is mainly accessed by unemployed learners referred through partnership organisations such as Jobcentre Plus that require claimants to increase their employability skills. With support from the Skills@Work operation the intention would be to focus flexible, accessible and local provision to employed, low skilled learners. The operation would be enhanced by weekend and evening provision in the local authority learning venues, as required and tailored to the needs of both the learner and their employment. The majority of the training and qualifications will be delivered in house by the Adult and Community Learning departments. Any specialist vocational training or services would be sourced from procured delivery partners.

Training solutions will be provided by the Skills@Work operation that is informed by both the individuals' needs and where possible linking them with LMI data and priority sectors outlined in the EPF. Provision will be focused on delivering tangible results to participants as a result of undertaking training and gaining new qualifications.

### **Option 2 – Fully Contracted Out**

The engagement, support and series of intervention could be fully contracted out to the third or private sector with the management remaining the main provider. The primary benefit would be that it requires minimal input from the Joint Beneficiaries, as the service would be fully contracted out to the third or private sector. However as the operation will be functioning across three Local Authority areas, and each will have varying requirements for the level of support needed, this option could create a very disjointed approach to service delivery to the detriment of the participant. The differing



values and practises of organisations will be highlighted, and therefore creating a more fragmented approach.

Organisations have different values and practices, creating a more fragmented approach, which could cause inconsistency in delivery and management, not providing the holistic package of support that is required. It is also unlikely to provide the consistent level of contact required by participants, potentially leading to participants disengaging with the process.

With the preferred delivery option, the single provider has already established effective relationships, has worked collaboratively with employees and local communities which in turn will accelerate service delivery and embed best practice. This will also help avoid the risk of duplication ensuring the most efficient use of existing resources and a consistent approach to employee engagement across the region.

### **Option 3 – ‘Do nothing’ option**

The option of ‘*Do nothing*’ was not a realistic solution to improving employability and employment levels across the region.

The Socio Economic Analysis shows that East Wales performs well in terms of the proportion of working age adults with higher skills however a large proportion of its population continue to have low or no skills, a significant contributing factor to the continued GVA lag with the UK. Basic skills therefore remain a priority, to improve workers abilities, to enhance employer adaptability, to support progression opportunities and to help tackle in-work poverty.

The Socio Economic Analysis shows that the strength of the labour market varies significantly across EW depending on location and qualification level. Compared with 2001, the employment rate in 2012 was lower in four of EW’s seven local authority areas. Relatively large declines were recorded in Powys, the Vale of Glamorgan, Cardiff and Newport. In EW employment rates for those with NQF level 4 and above remained constant at around 87%. In contrast, employment rates for those with low or no qualifications have declined to as low as 40.7%.

### **Option 4 – Delivery without ESF grant**

Joint Beneficiaries could look to support participants without the benefit of ESF support, however this is not considered likely to deliver the best outcome for participants. Much of the training funded by the local authority for post-19 funds cannot be contracted out as the local authorities are constitutionally invested to deliver this element.

The development of an engagement and learning model contracted out through a number of agencies has been considered but due to the complexity of implementation and monitoring of participants it was felt that this process would be unmanageable. Furthermore, the evidence suggests that contracted service providers who are not embedded in the community may fail to engage the low/no skilled workforce due to the process of developing relationships and building trust.

It has been estimated by Joint Beneficiaries that approximately 30% of the proposed outcomes and engagement with participants could be achieved without ESF grant. The ESF grant and proposed delivery model will allow Joint Beneficiaries to significantly enhance their current offer to employed individuals with no/low skills.

## Delivery Model to be Utilised

The preferred option for delivery is Option 1 – Delivery by Joint Beneficiaries with limited procurement. The preferred option has resulted from completing a SWOT analysis (attached as Annex 5) which includes reflection on the gaps identified.

### Activity 1 – Regional LMI

Liaison with Local Authority Business Support Teams to gather LMI data, ensuring provision of up to date advice and guidance to employees.

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The operation will generate interest through assertive outreach prior to participants enrolling, through a variety of means that will include but not be restricted to:

- Traditional publicity and marketing materials including leaflets, flyers, newsletters and Skills@Work branding.
- Outreach events in target community areas.
- Targeted assertive outreach in specific venues/organisations such as GP surgeries, shopping centres, Adult and Community Learning venues, libraries, leisure venues, etc.
- Engagement activities with other partners such as Health Boards, Social Housing Associations and Third Sector Organisations, to gain access to their clients/service users. Drop-in information and advice sessions.
- Referrals from other agencies and operations, for example Careers Wales, Remploy (Work and Health Programme), JCP, Adult Education, Communities for Work Plus, Families First, Flying Start and other ESF operations such as Inspire 2 Work and Journey 2 Work.

### Activity 2 – Engagement and Enrolment

Active engagement of employees outside of their workplace will support those unwilling to realise skills deficits and admit them to their employers or whose employers fail to engage. Provision will be accessible to suit working lives, e.g. evenings and weekends.

The engagement process will include confirmation of the individual's eligibility to ensure that the Skills@Work operation is most suitable to support their needs. Evidence will be gathered to ensure the initial ESF eligibility criteria is met:

- Age (16 plus)
- Right to live/work in UK
- Address (within the targeted local authority areas)

Once the above is confirmed the participants eligibility will be checked for support from for the Skills@Work operation:

- Employment status

- Low or no skills
- Qualification level

The engagement and support officers will seek to establish the participant's motive for engagement with Skills@Work, in seeking to improve their skill level:

- to gain skills to improve chances of switching employers or industries/roles
- to identify and move towards alternate career choices
- to improve performance in current role and enhance sustainability of their employment
- to take extra responsibilities within current employer
- to seek promotion or transfer within current employer
- to seek additional hours work (e.g. move from 0 hours contracts, underemployed etc.)

Where alternate career choices and future employability are highlighted as an area for support, participants will be guided to potential areas of economic growth as represented by the key thematic economic opportunities outlined in the EPF with particular reference to those highlighted within the South East Wales Regional opportunities.

### **Activity 3 – Initial Assessment and Action Plans**

Engagement and support workers will work with participants to produce a mutually agreed tailored action plan with identified activities, goals and timescales that are specific to their needs. This activity will clearly identify and suggest ways of overcoming any personal development, community support or employment skills barriers that the participant may be experiencing. The action plan will also set out the level of 1:1 support to be provided i.e. agreed dates for review meetings and re-assessment.

The reviews and re-assessment of the action plans will be critical in ensuring that the planned activities are taking place, that the participant is engaging with them and benefitting from them. This will also demonstrate progress for the operation ensuring that participants are receiving the most appropriate support towards maintaining sustainable employment, increased working hours and/or career progression or change.

The WEST Assessment Tool will be used to provide an initial diagnostic assessment of the participant's current skill levels. The assessment will be completed after enrolment, arranged and supported by the project worker, and will take approximately 30 minutes. The in-depth assessment will identify competencies and development needs for each individual participant, allowing the operation to produce a targeted learning plan with supporting activities/interventions. The assessment will provide essential skill levels for participants in areas such as numeracy, literacy, digital literacy or ESOL. Additional to providing data around the participant's essential skills level, the assessment will also be used to highlight the work skills or qualifications required for their specific sector/role that they wish to progress. The assessment can be repeated at any point during the participant's engagement with the operation allowing further data to be gathered and learning plans to be updated if required.

Other assessment tools such as distance travelled tools, a paper based Essential Skills Assessment developed by Coleg Gwent and STAR assessments may also be used with participants to further refine the barriers but also as tools to overcome certain barriers such as poor expectations. These may include employment skills, aptitudes and capability mapping.

**Activity 4 – Support and delivery of qualifications**

Initial activities will be designed to foster trust between engagement/support workers and participant to overcome the barrier presented. These activities will drive towards the acquisition of the essential and basic skills (such as planning and organisation, oral communication, customer handling and problem solving skills).

Further activity will focus on the delivery of training, personal development skills and qualifications that improve the participants’ likelihood of maintaining sustainable employment. This will include activities predominantly related to motivation, confidence, self-esteem and work specific barriers that may be restricting an individual’s employability skills.

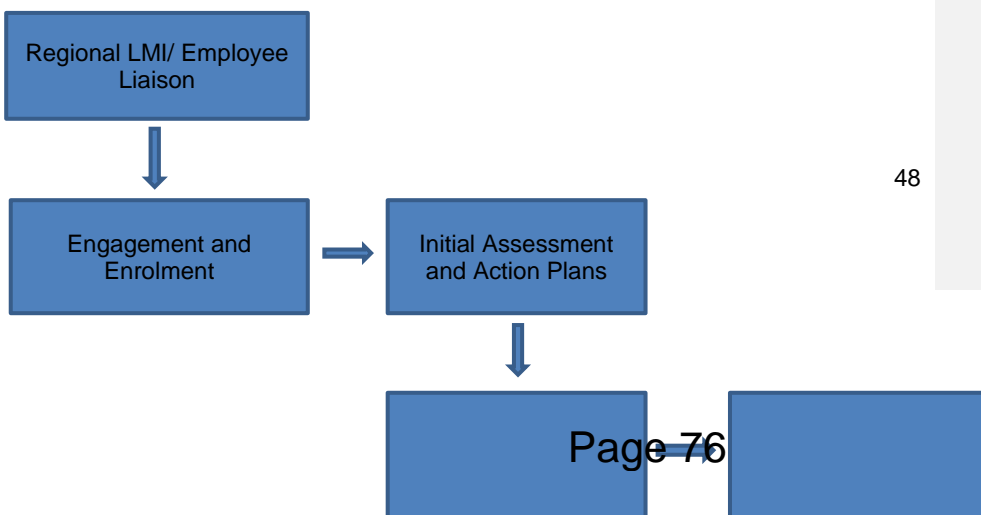
Engagement and support officers will work with participants delivering generic transferable skills and elements of provision required by employers. Participants will be offered support on a 1-1 and small group basis within a community setting.

A range of qualifications and awards to up skill those with low or no qualifications including a menu of opportunities to deliver a range of skills and qualifications as required by participants.

Skills interventions (including basic and functional skills provision, plus vocational training) tailored to;

- Move participants with no skills to at least a Level 1 qualification.
- Move participants with a Level 1 qualification to a Level 2 qualification.
- Provide participants with Level 2 skills or qualifications with another recognised and accredited Level 2 qualification.

Where appropriate and in addition to the recognised qualification outcome, the provision of generic transferable work relevant skills such as customer service, team working, communication, organisation, problem solving, etc. and career progression courses such as CV writing, application forms, interview techniques.





#### **Activity 5 – Career Progression**

The primary focus of the Skills@Work operation provision of high quality, relevant accredited qualifications, however participants will also be offered support which is designed to encourage labour market mobility such as:

- Access to job clubs providing supervised access to equipment and supporting online job search and application
- CV writing skills and updates.
- Interview skills and practice including mock interviews with real employers
- Jobs Fairs

#### **Activity 6 – Tracking and Monitoring**

Regular tracking and monitoring of participant progress will be completed whilst engaged on the operation ensuring achievement of their goals, time spent on the operation and qualifications achieved. Further tracking will also be completed post exit for a period of 3 months and a final 6 month follow up contact to monitor sustainment of employment or progression.

#### Financial Instrument

The Skills@Work operation will not operate as a Financial Instrument.

#### Procurement

The majority of the training and qualifications will be delivered in house by Local Authority adult and community learning departments. Any specialist vocational training or services would be sourced from procured delivery partners, through the central procurement framework.

Consideration is being given to a central procurement framework across the region. This will reduce the number of procurement exercises undertaken, simplify management of the process, allow for greater opportunities amongst partners to access alternative training provision and support on a regional basis, along with providing value for money through economy of scale.

## Organisational Experience

### Details of public (including EU) funding over the last 5 years

Newport City Council has a vast experience of delivering structural fund programmes. We have been successful in securing both ESF and ERDF under the RCE programme, and prior to that Objective 2 and 3.

Newport also have significant experience of securing funding and delivering a wide range of publically funded programmes such as Vibrant and Viable Places (£14.98m, the largest VVP grant awarded in Wales), Work Programme (£3m), and 21st Century Schools (£32m).

Grant Award Body	Project/Programme	Lead Partner	Award Value	Duration
Welsh Government	21 <sup>st</sup> Century schools	Newport City Council	£7.5m (£15m total cost)	2014/15 – 2018/19
Welsh Government	21 <sup>st</sup> Century schools Welsh Medium Secondary School	Newport City Council	£8.5m (£17m total cost)	2014/15 – 2016/17
Welsh Government Vibrant and Viable Places	Connecting Commercial Street	Newport City Council	£14.98m	2014/15-2016/17
WEFO	Pillgwenlly Regeneration Project	Newport City Council	£6.7m	2010/11-2015/16
Department for Culture, Media & Sport	Super Connected Cities	Newport City Council	£6m	2014/15
DWP	Future Jobs Fund	Newport City Council	£3m	2009-2011
DWP	Work Programme	Newport City Council	£4m	2012-2017
Welsh Government	Flying Start	Newport City Council	£2.7m	2012/13 – 2014/15

Welsh Government	Communities 1 <sup>st</sup> programme across Newport	Newport City Council	£2.5m	2014/15
Welsh Government	Communities 1 <sup>st</sup> programme across Newport	Newport City Council	£1.8m	2013/14
Welsh Government	Arbed: Maximising ECO Bettws Arbed: Maximising ECO Ringland	Newport City Council	£1.6m (total value) £740k ERDF	2013/14
DWP	Work Choice	Newport City Council	£1.2m	2013-2017
WEFO ESF	Life Skills Carers	Big Lottery	£607k	2011-2014
Welsh Government	Arbed	Newport City Council	£377,916	2014/15

#### Joint Beneficiary Experience

The Joint Beneficiaries within the operation have facilitated projects under ESF, ERDF, RDP and Transnational EU Programmes, which has resulted in effective project management procedures being developed, understood, implemented and reviewed.

There is also significant experience relating to PIVT and EFAT audits, which has provided valuable experience and knowledge for managing and implementing EU grant aided projects, which will underpin this operation.

This operation also acknowledges the need for continual review and planning. Therefore the operation incorporates the capacity to ensure service delivery is based on up to date needs and effective use of resources.

Newport City Council has extensive experience working in partnership with a range of organisations including public, private and third sector to deliver and manage a wide number of programmes targeting skills, education and worklessness. Newport City Council has been the lead accountable body for many of these programmes, providing a Central Management Team that was available to support partners with all aspects of management and delivery.

- Deprived Areas Funding: 2008 – 2011. Working with the BME community with Newport to identify barriers to employment and employment opportunities.
- PS3 – NEET: 2010 – Present. Delivering 13 week tailored provisions to young people, identified as NEET in Newport, in partnership with private sector training providers.
- Flexible Support Funds: 2012 – 2014. Delivering bespoke programmes, specifically related to Soccer, Rugby and Cricket, to the long term unemployed and 18-24 year old job seekers. The project was delivered in partnership with

Newport, Cardiff, Vale of Glamorgan, Torfaen, Caerphilly, Merthyr, Blaenau Gwent and Monmouthshire.

- Future Jobs Fund: 2009 – 2011. Providing work placements and skills development for young people aged 18 – 24. The project was delivered in partnership with Newport City Homes, Charter Housing, Aneurin Bevan Health Board, Communities First, GAVO, Coleg Gwent and Newport University. Newport City Councils central team managed and delivered the programme with partner support.
- Life Skills Carers Programme (ESF): 2010 – December 2014. Identifying barriers to employment and education specific to this client group and putting interventions in place.
- Work Programme: 2011 – Present. Working with long term unemployed people to identify barriers to employment, address barriers, move into and support whilst in employment. Newport City Council as the Lead accountable body delivers the programme across the Newport, Caerphilly and Cardiff areas and works in partnership with the Local Authorities and relevant strategic boards.
- Communities First, Families First, Flying Start: 2009 – Present. Supporting people with basic skills and life choices so they are able to effectively compete when searching for work, accessing further learning and training opportunities.

#### Track record of Delivering Similar Operations

Part of the Newport City Council's strategic plan is to address worklessness and skills, with this element being delivered through implementation of grant funded projects, local authority funded projects and contracted projects. All projects and operations work to complement one another's outcomes and add value to each other's objectives.

As an authority Newport City Council has extensive experience of delivering many successful operations, programmes and projects in partnership with public, third sector and private organisations, and experience of working with local partnership boards, local service boards, Welsh Government, health boards and social housing associations.

A number of programmes have provided experience of delivering in partnership with multiple organisations, examples of this are:

**Sport That Works (Department of Work and Pensions) –** A Flexible Support Fund project delivered in partnership with 7 Local Authority areas in South East Wales including Cardiff, Vale of Glamorgan, Torfaen, Caerphilly, Merthyr, Blaenau Gwent and Monmouthshire. The project aimed to deliver employability skills using the vehicle of sport to people aged between 18 and 24. The project promoted participation, basic skills, and vocational skills, working with 120 young people and supporting 39% into employment against a target of 30%. Our role as the Lead Accountable Body was to coordinate all activities between the partners, and deliver all financial monitoring and performance monitoring for the programme.



**Care Leavers (NEET)** – A Flexible Support Funded project delivered in partnership with JCP, Community Development and social services in Newport, the aim was to provide employment skills and training opportunities to young people leaving care. This would reduce the risk of these young people becoming recipients of a DWP benefit in the future.

**Life Skills Carers Project** – This project was funded from 2010 to December 2014 through both the European Social Fund and the BIG Lottery. A target group for the project was engagement with young carers aged 16 – 24 years old. The project was delivered in partnership with Newport City Council social services, Community Development and Barnardo's. Referrals were received from many voluntary organisations and council services also identified young carers for the project team to support. The End of Contract Evaluation and Self-Evaluation reports are attached in the annexe.

**Future Jobs Fund** – Newport City Council delivered this programme as the Lead Accountable Body for the Newport City Partnership. This partnership was developed with and delivered by Newport City Homes, Charter Housing, Aneurin Bevan Health Board, Newport Communities First, GAVO, Coleg Gwent and Newport University. Newport City Councils central team managed and delivered the programme with partner support through provision of placements and in work mentoring services.

**Inspire 2 Work** – An ESF operation that targets young people aged 16-24 years old who are NEET. NCC is the Lead Beneficiary working with Local Authorities, a Registered Social Landlord and Housing Charity to provide tailored support to this cohort, enabling them to move back in to education, employment or training.

**Journey 2 Work** – An ESF operation that targets long term unemployed and economically inactive individuals aged over 25 years of age. NCC is the Lead Beneficiary working with Local Authorities and a Registered Social Landlord to provide tailored support to this cohort, enabling them to move closer to the job market, gain qualifications and employment.

**The Work Based Learning Academy (WBLA)** – This is a vehicle that the Local Service Board commissioned to coordinate all work placements and work experience opportunities created by its partners, for 16-24 years. Since its inception in December 2013 it has evolved from not only coordinating work placements for LSB partners but providing a recruitment function for public, private and 3<sup>rd</sup> sector partners. The WBLA successfully secures over 500 opportunities for local people a year.

Delivery of these schemes has provided the lead partner with a wealth of experience in the delivery and management of public funds. Community development has well established financial and operation systems embedded within the organisation, and strong relationships with internal support such as Audit and Finance. We have been subject to a number of external audits, such as annual WAO audits, PIVT audits, and most recently, a successful EFAT audit which demonstrates our strong project management procedures.

## **Aspects of the Operation that are considered Innovative**

The delivery of ESF funded training at levels 1 and 2 to individual employees, rather than through engagement with the employer, in the East Wales region is a new activity and therefore innovative for the region

It is important for the Skills@Work operation to be delivered seamlessly with existing ESF provision such as the Upskilling@Work Operation. This operation can provide employees in the region a comprehensive range of training options to suit their needs, arranged and delivered in the most efficient model possible for the employee. The Skills@Work operation, although not directly engaging the employer, will support this model by ensuring that participants seeking to gain qualifications above NQF level 2 are provided information on the Upskilling@Work operation or other projects that can provide higher level skills/qualifications.

The operation considers skills on a regional level across to EU Programme areas but delivered with local economic knowledge through links with local community development and business services team. This is innovative in that we are able to deliver up skilling that addresses a local need whilst also meeting regional long term demand.

Newport has proposed the use of a central GIS monitoring system (CEMP) across all partners, to ensure a consistent approach to counting participants, monitoring outputs and identifying specific geographical and operational areas for improvement before they become issues for concern.

## Outline Assessment of Primary Risks and Dependencies

Risk Category	Risk Examples	Risk Mitigation
Operational Risk	<p>Fluctuations in demand/need for activity provided through the operation.</p> <p>Changes in the availability of match funding.</p> <p>Withdrawal of a Joint Beneficiary</p>	<p>The operation is demand-led and can be re-profiled at the review stage there is a significant change required.</p> <p>All delivery partners manage budgets annually and would be providing match mainly through staff. Any unexpected changes can be accommodated during the review. Additional sources of eligible Match Funding will be reviewed for eligibility as changes are made to funding streams for example the Flexible Funding programme through Welsh Government which is due to be implemented in April 2019.</p> <p>Each Local Authority will be responsible for procuring clean, eligible sources of Match Funding for the operation.</p> <p>Each Joint Beneficiary has their own discreet package of activity; therefore, the withdrawal of a Joint Beneficiary will not impact on the delivery of other Joint Beneficiaries. There would be an impact of operational outcomes and finances, but remaining partners would be given the option to pick up additional finance and outcomes before any consideration is given to re-profiling and/ or downsizing, as contained within the operational Relationship Agreement.</p>
Legislative	<p>Local government re-organisation and reductions to core services.</p> <p>Equality, environmental legislation, etc.</p>	<p>It is expected that any new entity formed as a result of local government reorganisation will take on the responsibilities of its predecessor preventing any significant changes to the operation.</p>

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	<p>U.K. Member State withdrawal from the EU</p>	<p>As experienced beneficiaries all partners are equipped to deal with any such changes and will ensure compliance in line with any guidance produced by WEFO. Processes will be followed to ensure environmental sustainability and reduction of emissions regarding Energy, Waste and Travel.</p> <p>The Chancellor, Philip Hammond, announced on the 3rd October 2016 that the UK Government will guarantee expenditure for all European Structural and Investment funds projects that are approved before the UK leaves the EU.</p> <p>On the 15<sup>th</sup> June 2017 the First Minister launched the policy paper “Brexit and Devolution” which sets out the Welsh Government’s expectation that powers already devolved to Wales will remain devolved after EU withdrawal unless the UK government specifically legislates to change the devolution settlement.</p> <p>On 24th April 2018, the UK and Welsh Governments reached an agreement on changes to the EU Withdrawal Bill in the form of an Intergovernmental Agreement on the European Union (Withdrawal) Bill and the Establishment of Common Frameworks. This agreement would give powers to UK Ministers to make regulations imposing restrictions in devolved matters which can last for 5 years once made. The implication of this agreement is that UK Ministers could legislate within devolved matters without the National Assembly for Wales’ consent until March 2026.</p> <p>However on the 24<sup>th</sup> July 2018, the UK Government announced that it was extending its guarantee of EU funding to cover Wales’ (and the rest of the UK’s) allocation for Structural Funds under this EU budget period to 2020. As drafted, this extension of the</p>
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		<p>guarantee significantly reduces the risks associated with both not committing funding and underspends in a no deal scenario.</p> <p>Project closure plans will include processes for the potential halt to EU funding after 2020.</p>
Procurement	Non compliance	The Lead and Joint Beneficiaries have significant experience in procuring goods and services for European Structural Funded operations with each organisation having its own robust procurement policy.
Project Management	<p>Leadership and control.</p> <p>Ability to meet outputs, activity and results.</p>	<p>Lead Beneficiary has experience of managing similar operations in previous rounds of EU Structural Funds. All Joint Beneficiaries have experience of participating in similar operations.</p> <p>Robust planning based on experience will avoid setting of unachievable targets. Ensuring that there is no duplication of outcomes between this operation and others within the same Specific Objective should ensure the participant receives the most appropriate support. Newport has proposed the use of a central GIS monitoring system across all partners, to ensure a consistent approach to counting participants, monitoring outputs and identifying areas for improvement before they become issues for concern.</p> <p>Robust procedures and processes will be produced to ensure eligibility of participants, evidence requirements and project documentation is consistent across the region and not a risk to the operation.</p>

	Dispute between Lead Beneficiary and Joint Beneficiary	SLAs will be in place to clarify the responsibilities of Joint Beneficiaries, and to set out procedures for resolution.
State Aid	Use of public funds to obtain a competitive advantage.	<p>The operation has reviewed its State Aid status and has considered there to be No Aid as the training and support provided through the Skills@Work operation to the individual will take place outside of their workplace.</p> <p>It is envisaged that any specialist vocational training or services would be sourced from procured delivery partners.</p>
Geographic Eligibility	Engagement with participants with a work address outside of the East Wales region	<p>Although there is no planned engagement with employers, the participant's work address will be used to evidence eligibility for support from the Skills@Work operation within the East Wales region, as per WEFO's Eligibility Rules on Support from European Structural Funds 2014-2020, specifically Geographic Eligibility rule number one.</p> <p>It is not envisaged that WEFO's second rule of Geographic Eligibility will be applied using the participants home address, however as engagement is proposed to take place within the community this could be approved with WEFO on a case by case basis.</p>

## Further Delivery Criterion: Indicators & Outcomes

### Longer Term Benefits

The Skills@Work Operation will seek to achieve several long term benefits:

- Participants will be provided access to opportunities to improve their employability, therefore increasing the likelihood of sustainable employment and decreasing benefit dependency.
- Improved skill levels and qualifications for those in precarious employment.
- The availability of a more highly motivated, better skilled, and work ready workforce for local employers.
- An improved local (and ultimately national) GDP.
- Individuals are more engaged with society and their community.
- Achievement of sustainable employment by participants.
- An improved labour market position for participants.
- Improved health and well-being.

### Short and Medium Term Benefits

The Operation outputs are as follows, as indicated in ESF Priority Axis 2, Specific Objective 1: To increase the skill levels, including work relevant skills, of those in the workforce with no or low skills:

- Employed, including self-employed participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (male)
- Employed, including self-employed participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (female)
- Employed, including self-employed participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (male)
- Employed, including self-employed participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (female)

Distance travelled for each participant will be closely monitored and recorded which will enable an overall assessment of the impact of the intervention.

In addition to the identified programme outputs, a number of further short term results and outputs have been identified through use of the STAR assessment tool:

- Emotional
- Social

- Family/relationships
- Learning/education
- Financial

Activities to achieve results and outputs

The activity to be undertaken is detailed under ‘Section 2- Delivery’ and will be undertaken by all Joint Beneficiaries with a view to delivering the targets outlined above.

Flow Logic

In terms of the logical flow of activity to indicator achievement and long term benefits, this is reasonably simple for the purposes of this particular operation and can be summarised thus:

- Tailored and targeted interventions for individual participants with low or no qualifications, leading to....
- Increased qualifications and skills levels, improved confidence and a more mobile, agile and sustainable workforce, leading to...
- Long term benefits for the Welsh economy through greater labour market participation and flexibility, leading to increased GDP and improved wellbeing for the participants.

**Result and Output Indicators**

The Skills@Work operation will support approximately 1516 participants over a 4 year period to increase skill levels, including work relevant skills, of those in the workforce with no or low skills. The operation will target 760 employed, including self-employed participants with no formal qualifications and 756 Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2). The operation will focus on achieving the programme level result indicators as set out in the table below, providing a total of 1055 individual outcomes:

Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving – male	237
Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving – female	297
Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary level or above upon leaving – male	255
Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary level or above upon leaving – female	266



The following provides an overarching framework for the Skills@Work delivery model.

#### **Activity 1 – Regional LMI/Employee Liaison**

Liaison with Local Authority Business Support Teams to gather LMI data, ensuring provision of up to date advice and guidance to employees.

**Commented [WM(-W21):** Most of this is not relevant to this proposal

The operation will generate interest through assertive outreach prior to participants enrolling, through a variety of means that will include but not be restricted to:

- Traditional publicity and marketing materials including leaflets, flyers, newsletters and Skills@Work branding.
- Outreach events in target community areas.
- Targeted assertive outreach in specific venues/organisations such as GP surgeries, shopping centres, Adult and Community Learning venues, libraries, leisure venues, etc.
- Engagement activities with other partners such as Health Boards, Social Housing Associations and Third Sector Organisations, to gain access to their clients/service users. Drop-in information and advice sessions.
- Referrals from other agencies and operations, for example Careers Wales, Remploy (Work and Health Programme), JCP, Adult Education, Communities for Work Plus, Families First, Flying Start and other ESF operations such as Inspire 2 Work and Journey 2 Work.

#### **Activity 2 – Engagement and Enrolment**

Active engagement of employees outside of their workplace will support those unwilling to realise skills deficits and admit them to their employers or whose employers fail to engage. Provision will be accessible to suit working lives, e.g. evenings and weekends.

The engagement process will include confirmation of the individual's eligibility to ensure that the Skills@Work operation is most suitable to support their needs. Evidence will be gathered to ensure the initial ESF eligibility criteria is met:

- Age (16 plus)
- Right to live/work in UK
- Address (within the targeted local authority areas)

Once the above is confirmed the participants eligibility will be checked for support from for the Skills@Work operation:

- Employment status ()
- Low or no skills
- Qualification level

The engagement and support officers will seek to establish the participant's motive for engagement with Skills@Work, in seeking to improve their skill level:

- to gain skills to improve chances of switching employers or industries/roles
- to identify and move towards alternate career choices
- to improve performance in current role and enhance sustainability of their employment

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- to take extra responsibilities within current employer
- to seek promotion or transfer within current employer
- to seek additional hours work (e.g. move from 0 hours contracts, underemployed etc.)

Where alternate career choices and future employability are highlighted as an area for support, participants will be guided to potential areas of economic growth as represented by the key thematic economic opportunities outlined in the EPF with particular reference to those highlighted within the South East Wales Regional opportunities.

### **Activity 3 – Initial Assessment and Action Plans**

Engagement and support workers will work with participants to produce a mutually agreed tailored action plan with identified activities, goals and timescales that are specific to their needs. This activity will clearly identify and suggest ways of overcoming any personal development, community support or employment skills barriers that the participant may be experiencing. The action plan will also set out the level of 1:1 support to be provided i.e. agreed dates for review meetings and re-assessment.

The reviews and re-assessment of the action plans will be critical in ensuring that the planned activities are taking place, that the participant is engaging with them and benefitting from them. This will also demonstrate progress for the operation ensuring that participants are receiving the most appropriate support towards maintaining sustainable employment, increased working hours and/or career progression or change.

The WEST Assessment Tool will be used to provide an initial diagnostic assessment of the participant's current skill levels. The assessment will be completed after enrolment, arranged and supported by the project worker, and will take approximately 30 minutes. The in-depth assessment will identify competencies and development needs for each individual participant, allowing the operation to produce a targeted learning plan with supporting activities/interventions. The assessment will provide essential skill levels for participants in areas such as numeracy, literacy, digital literacy or ESOL. Additional to providing data around the participant's essential skills level, the assessment will also be used to highlight the work skills or qualifications required for their specific sector/role that they wish to progress. The assessment can be repeated at any point during the participant's engagement with the operation allowing further data to be gathered and learning plans to be updated if required.

Other assessment tools such as distance travelled tools, a paper based Essential Skills Assessment developed by Coleg Gwent and STAR assessments may also be used with participants to further refine the barriers but also as tools to overcome certain barriers such as poor expectations. These may include employment skills, aptitudes and capability mapping.

### **Activity 4 – Support and delivery of qualifications**

Initial activities will be designed to foster trust between engagement/support workers and participant to overcome the barrier presented. These activities will drive towards

the acquisition of the essential and basic skills (such as planning and organisation, oral communication, customer handling and problem solving skills).

Further activity will focus on the delivery of training, personal development skills and qualifications that improve the participants' likelihood of maintaining sustainable employment. This will include activities predominantly related to motivation, confidence, self-esteem and work specific barriers that may be restricting an individual's employability skills.

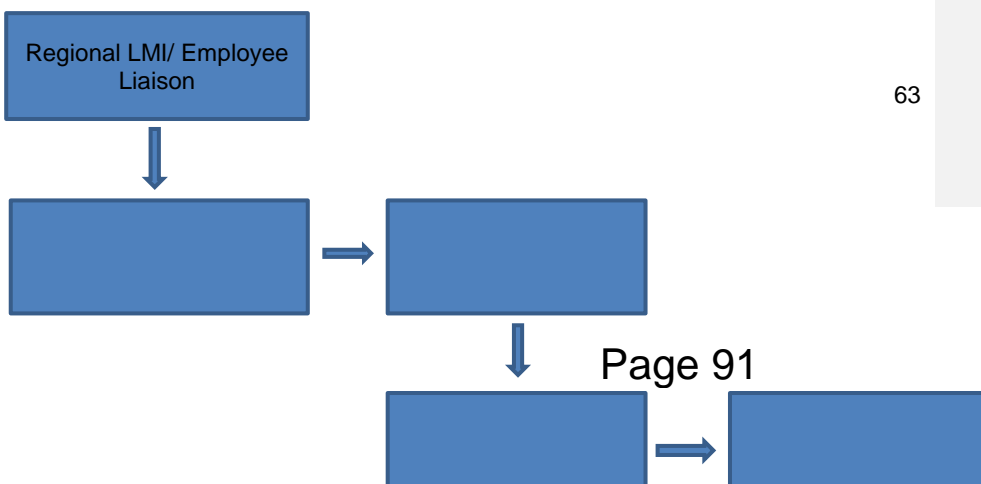
Engagement and support officers will work with participants delivering generic transferable skills and elements of provision required by employers. Participants will be offered support on a 1-1 and small group basis within a community setting.

A range of qualifications and awards to up skill those with low or no qualifications including a menu of opportunities to deliver a range of skills and qualifications as required by participants.

Skills interventions (including basic and functional skills provision, plus vocational training) tailored to;

- Move participants with no skills to at least a Level 1 qualification.
- Move participants with a Level 1 qualification to a Level 2 qualification.
- Provide participants with Level 2 skills or qualifications with another recognised and accredited Level 2 qualification.

Where appropriate and in addition to the recognised qualification outcome, the provision of generic transferable work relevant skills such as customer service, team working, communication, organisation, problem solving, etc. and career progression courses such as CV writing, application forms, interview techniques.





#### **Activity 5 – Career Progression**

The primary focus of the Skills@Work operation provision of high quality, relevant accredited qualifications, however participants will also be offered support which is designed to encourage labour market mobility such as:

- Access to job clubs providing supervised access to equipment and supporting online job search and application
- CV writing skills and updates.
- Interview skills and practice including mock interviews with real employers
- Jobs Fairs

#### **Activity 6 – Tracking and Monitoring**

Regular tracking and monitoring of participant progress will be completed whilst engaged on the operation ensuring achievement of their goals, time spent on the operation and qualifications achieved. Further tracking will also be completed post exit for a period of 3 months and a final 6 month follow up contact to monitor sustainment of employment or progression.

#### Responsibility

The delivery of each indicator is a collective responsibility across the operation, with all Joint Beneficiaries contributing towards the achievement of core indicators. An

identified post within each Joint Beneficiary team will have responsibility for locally managing the delivery of the operation and reporting back to the Central Lead Team.

The Central Lead Team will have ultimate responsibility for monitoring the delivery of the operation, ensuring performance indicators are achieved at an operational level.

As part of their role the Central Lead Team will undertake a series of health checks with each of the Joint Beneficiaries. These checks will take place between each claim period and will provide an opportunity to look at operational progress to date, variances against profile, remedial action, key issues, best practise etc. In addition to the checks undertaken by the Central Lead Team as part of the claim process, they also ensure activity and records are compliant for the purposes of the 2014-2020 ESF Programme.

### Monitoring and Evaluation

The operation will be required to monitor and evaluate a comprehensive set of data, the purpose of which will be to ensure successful delivery of the Operation, to identify gaps in provision, best practise, and to evaluate the achievement of operational indicators.

Responsibility for monitoring data will operate on two levels:

1. Joint Beneficiaries are responsible for the timely submission of monitoring data to the Central Lead Team, ensuring its accuracy in line with WEFO requirements, and will be required to support and participate in any evaluation activities undertaken as part of the Monitoring and Evaluation plan. This monitoring data will be reported to WEFO as part of the claim process.
2. Overall monitoring data will be the responsibility of the Central Lead Team to ensure it is completed accurately and timely in line with WEFO requirements.
3. The Lead Beneficiary (via the Central Lead Team) will monitor each Joint Beneficiary against its outputs, spend and overall performance.

The types of data collection forms that will be used throughout the lifetime of the operation will include, but not be restricted to:

- Enrolments forms
- Participant action plan and reviews
- Eligibility forms
- Assessment forms
- Equal opportunities monitoring forms
- Feedback forms
- Evidence of outcomes i.e. qualifications, employment
- Delivery and achievement of Cross Cutting Theme commitments, and Programme and Operational level indicators.

Evaluation will be an on-going feature of the operation and will be undertaken both by the Central Lead Team, and through external evaluation. We recognise that to be

**Commented [WM(-W22)]:** When will Monitoring & Evaluation Plan be available as we really need this before approval

**Commented [h23]:** The draft Monitoring and Evaluation plan is being finalised

effective, evaluation needs to be an ongoing feature of the operation, and therefore the operation will be evaluated at two key points during delivery:

1. A mid-term evaluation to look at progress of the operation, and will provide an opportunity to:
  - Identify what is working well, what isn't and use this to inform delivery
  - Highlight good practice across the Joint Beneficiaries
  - Identify areas of improvement for the remainder of the operation.
2. A final report will evaluate overall effectiveness of the operation:
  - Highlighting best practice
  - Evaluating value for money
  - Opportunities to integrate successful interventions into mainstream activity or future projects.

The draft Monitoring and Evaluation Plan will be further developed by the Central Lead Team, with key stages following those set out in the WEFO guidelines:

- Overarching aims of the M&E Plan
- Defining the policy objectives and intended outcomes
- Define the audience for the evaluation
- Identify the evaluation objectives and research
- Evaluation approach
- Data requirements
- Resources required and governance arrangements
- Commissioning
- Undertaking evaluation
- Using the findings/dissemination

Further detail around the requirements of the external evaluation will be developed through the Monitoring and Evaluation plan, however at a minimum it is expected the evaluation will look to consider the following:

- The overall success of the operation: Achievement of targets, Management of the operation, Delivery model, Achievement of cross cutting theme aims, commitments, indicators and any agreed case level indicators
- Impact of the operation on participants
- Value for money with a counterfactual guide
- A review of the Theory of Change and Logic Model
- Interviews with key personnel including participants
- A review of documentation and secondary data
- Quantitative Data and Qualitative analysis

## **Further Delivery Criterion: Management of Operation**

## Operation Governance Arrangements

The Skills@Work Operation will have delivery oversight at three levels:

1. A South East Wales Strategic Group will meet periodically. This will allow for sharing of best practise, and to identify strategic joint working opportunities.
2. A Central Lead Team will oversee strategic management, delivery and procurement. This group will meet throughout the lifetime of the operations and will be used to discuss progress, monitor outcomes and monitor appropriate processes.
3. Joint Beneficiaries Local Delivery Teams will oversee and undertake the day to day delivery of the operation within their area.

## Local Arrangements

Newport City Council has robust governance arrangements in place for all externally funded projects and extensive experience of project managing large ventures. The operation will be delivered in line with the Councils' Project Management principles as set out in the Corporate Reporting and Project Management Framework.

The team will be managed by the Central Lead Team Manager who will report to the regional Skills@Work Strategic Group, NCC's Right Skills Intervention Board. Regular meetings will be sought with the WEFO PDO by the Central Lead Team Manager to review operation performance and delivery against profile. The Central Lead Team Manager will liaise closely with the Senior Funded Operations Manager within Torfaen Council, who has responsibility for the regional management of the Working Skills for Adults 2 operation, to ensure consistency across the South East Wales region and sharing of good practice.

The Senior Responsible Officer, who's role as Newport City Councils Community Regeneration Manager, is responsible for both the Inspire 2 Work, Inspire 2 Achieve and Journey 2 Work operations. They will directly line manager the Central Lead Team Manager and oversee the team's workload and effectiveness to support each operation Joint Beneficiaries. The Senior Responsible Officer will also report on the Skills@Work operation to both the Cardiff City Region Employability Board and Skills Board.

## Human Resources

The Central Lead Team to manage Skills@Work will consist of 4 full time posts. The competencies and grades have been evaluated by the host authority, Newport, in line with its Organisational Development Department practices.

The levels and numbers of staff that have been agreed for the East Wales operation Central Lead Team are considered sufficient for operations of this scale.

All Joint Beneficiaries have robust recruitment policies and procedures in place which can be evidenced if required.

### Central Management, Governance and Procurement

**Commented [h24]:** No, the SRO is only responsible for the operations led by NCC.

**Commented [WM(-W25):** Who or what post is the SRO and what will be their role regarding the Operation – do they also cover Bridges and WSFA?

Whilst the majority of provision will be delivered in house, we will seek to procure for specialist support. At present, partners will be responsible for procurement within their organisations, with procurement frameworks already in place, or to be undertaken through the mobilisation period.

However, consideration is being given to a central procurement framework across the region. This will reduce the number of procurement exercises undertaken, simplify management of the process, allow for greater opportunities amongst partners to access alternative training provision and support on a regional basis, along with providing value for money through economy of scale. Given the close working partnership between East Wales and WWV operations, consideration will also be given to create a framework covering all 10 Local Authority areas.

#### Governance arrangements for delivery

The governance arrangements for the delivery and tracking of performance are as follows:

- The Central Lead Team Manager will represent the Skills@Work operation at the P2 Network meeting coordinated by the Regional Engagement Team. Representatives from other ESF operations within the region and WEFO will seek to share best practice and identify strategic joint working opportunities.
- The Skills@Work Strategic Group will meet quarterly and consist of the Senior Responsible Officers from each Joint Beneficiary and the Lead Beneficiary and will oversee the strategic management, including performance, delivery and procurement of the operation.
- The Skills@Work Operational Group will meet quarterly, chaired by the Central Lead Team Manager, and consist of the local delivery team managers to discuss performance and any operation issues that may arise. The Operational Group will feed into the Strategic Group any performance issues and conflicts of interest.
- Joint Beneficiary local delivery teams will oversee and undertake the day to day delivery of the operation within their area and will receive individual quarterly "Health Checks" from the Central Lead Team.
- Bi-annual "Practitioner Events" will be facilitated by the Central Lead Team to bring together project workers from each Joint Beneficiary allowing sharing of good practice, delivery of workshops on topics of concern and presentations from Joint Beneficiaries regarding individual delivery methods.

An existing ESF Central Lead Team is in place within the Regeneration, Investment and Housing service of Newport City Council, and is responsible for the strategic delivery of the Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work operations. It is planned that this team will be expanded to take on the management of the Skills@Work operation. The Central Lead Team will be responsible for managing the



performance of the operation and overseeing the delivery of each Joint Beneficiary. This will include responsibility for the following activities:

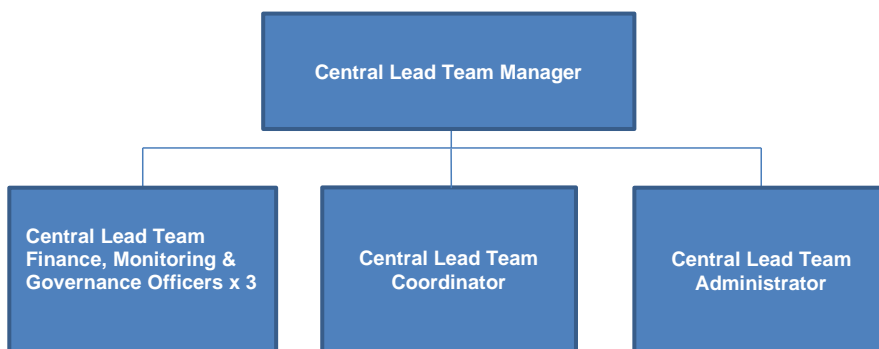
- Managing performance of Joint Beneficiary progress towards operational targets as agreed with the Welsh European Funding Office (WEFO).
- Completion of regular monitoring and compliance checks ensuring Joint Beneficiaries adhere to WEFO guidance.
- Reporting and submission of participant outcomes and financial expenditure to WEFO Project Delivery Officers and via WEFO online.
- Collation and storage of required documentation to evidence participant outcomes and financial expenditure.
- Correspondence with WEFO to resolve queries and distribution of information to Joint Beneficiaries.
- Communication with all Joint Beneficiaries on a regular basis ensuring WEFO updates and guidance are received.
- Preparations for WEFO claim verifications and European Funding Audit Team inspections.
- Development of legal agreements between Newport City Council as the Lead Beneficiary and the individual Joint Beneficiaries.
- Creation of a regional procurement framework where appropriate and monitoring of Joint Beneficiary procurement activity.
- Ensure the Operation is adequately promoted and all marketing adheres to WEFO guidelines.

A new Central Lead Team Coordinator post will be created to support Skills@Work operation. This post along with the existing Central Lead Team posts will be apportioned across all 4 operations based on total participant numbers of each. The cost for delivering the central function for Skills@Work will be covered by the ESF grant and contributions from all Joint Beneficiaries, on an apportionment basis. This methodology has been adopted for the approved Inspire 2 Achieve, Inspire 2 Work and Journey 2 Work operations.

A centralised function will create greater synergy between the four East Wales ESF operations led by Newport City Council, allowing for stronger management and a more strategic approach to delivery across the region. The Central Lead Team posts proposed are as below:

- Central Lead Team Manager – Responsible for managing the regional operation including, but not restricted to: liaison with Joint Beneficiaries and WEFO, regional procurement and management of outcomes, outputs and funding, monitoring and verification. This post will be apportioned across all 4 operations based on participant numbers.
- Central Lead Team Coordinator – Responsible for coordinating the operational delivery including, but not restricted to: liaison with Joint Beneficiaries and WEFO, management of outcomes, outputs and funding, monitoring and verification, marketing and publicity. This post will be apportioned across all 4 operations based on participant numbers.

- Central Lead Team Finance, Monitoring and Governance Officer – Responsible for tracking of Joint Beneficiary outputs and outcomes, implementation of monitoring systems; ensuring that participants are all eligible for support and outcomes are not duplicated; monitoring of all eligible spend for Joint Beneficiaries, management and implementation of monitoring and reporting systems. To reduce overhead costs and to provide a service in line with the scale of the operation, these posts will be apportioned across all 4 operations based on participant numbers.
- Central Lead Team Administrator – Responsible for the presentation of reports and information for management, ensuring that databases and recording systems are updated correctly and consistently. To reduce overhead costs, and to provide a service in line with the scale of the operation, this post will be apportioned across all 4 operations based on participant numbers.



The operation is seeking a delivery start date in January 2019. We do not foresee the need for a mobilisation period. Newport City Council is already delivering on 3 ESF operations, with a number of transferable processes and procedures already in place, and therefore will be ready to commence delivery upon approval:

- Project management processes have been established and are being implemented successfully, including claim submission and claim verification procedures and quarterly Joint Beneficiary Health Checks.
- Legal agreements referred to as Relationship Agreements have been developed and are in place with our three approved operations. These agreements have been constructed by NCC’s legal department with comments from the relevant Joint Beneficiary legal teams, and can be easily amended for the Skills@Work Operation. The final version of the Relationship Agreement will be available for prior to operational approval with signatures gathered alongside those required for the WEFO Grant Offer Letter.

- Specific guidance and documents for the operation such as participant paperwork are being developed by the Central Lead Team during the business planning stage and will be reviewed by the Skills@Work development group.
- The Central Lead Team posts are apportioned across the three currently approved operations, through a methodology based on participant numbers. On approval, the above posts including the Coordinator post once recruited will be apportioned across all four operations.

The Central Lead Team is well placed within the Local Authority to allow access and support to a number of officers and services within the Authority, for example officers in Legal, Finance, Internal Audit and European Affairs.

#### Relationship Agreement

Governance arrangements will be covered by a Relationship Agreement between the Lead and Joint Beneficiaries. This agreement is one that has previously been agreed and implemented with partners from approved, existing operations.

These agreements have been agreed with our legal department, and are such that they can easily transfer to Skills@Work. We are currently drafting the final Skills@Work agreement for circulation to Joint Beneficiaries.

The relationship agreement sets out the governance arrangements for the operation. It details the core roles and responsibilities of the Lead and Joint Beneficiaries, setting out the requirements and commitments of all parties under the headings set out below. The previous agreements have fallen into two sections:

Section 1 sets out the formal context of the relationship agreement, and is signed by all Joint Beneficiaries:

- Working Arrangements
- Agreement
- Default
- Dispute Resolution
- Termination
- Commencement and Duration of operation

Section 2 sets out the roles and responsibilities of the partners, the offer letter and the grant conditions which are passed on to the Joint Beneficiary. This section sets out the conditions under which the Joint Beneficiary must deliver their part of the operation, their requirement to deliver to profile, and sets out mitigation to address issues e.g. slippage against spend, underperformance of targets, match funding issues.

#### **Staff Performance Measures**

- Engagements: including planning and delivering engagement events, marketing activity and achieving adequate referral information

- Enrolment: including data entry and administration accuracy, participant eligibility and initial assessment completion. Compliance will be measured against EU regulations. RAG rating of participant files to measure administration compliance
- On programme support: Identifying barriers and delivering support to ensure participants retention and ultimately gaining qualifications. Retention and progression will also be measured with KPI's for qualifications obtained and participant progression as a result of achieving qualifications.
- Tracking and monitoring: All participants will need regular contact and engagement prior to gaining qualifications. Tracking will also be done after qualifications have been obtained to monitor progression.
- Quality Assurance: observations for teacher planning, delivery and engagement time. Attainment KPI's to measure course completion and pass rates.

### **Business Continuity**

The Joint Beneficiary business continuity plans ensure that all have the resources and processes in place to cover incidents that affect their ability to deliver services. Each service within the Local Authority responsible for delivery of the operation has a large team of staff available who are ready to work across various contracts to deliver performance, quality and compliance outcomes. All delivery and management staff will be adept at recording contract information on the CEMP database; this will ensure that in the event of sickness, illness of leave support to participants will be maintained. The CEMP database server is backed up on a daily basis so information is safely stored for future use.

In the event of the identified delivery locations being unavailable each Joint Beneficiary has identified alternative community centres/locations where they have the capacity to deliver services that are accessible to the local community. These venues are linked to Local Authority servers, have corporate and open WIFI connections and I.T suites available.

### **Key management and staff functions considered necessary**

The Joint Beneficiaries have highlighted the below staff functions as necessary to support the delivery of the Skills@Work operation:

- Contract Delivery & Partnership Manager
- Curriculum Manager
- Finance & Monitoring Manager
- Project Co-ordinator
- Economic Inactivity Workers
- Administration support
- Tutors

### **Availability of resources for effective delivery**

Joint Beneficiaries have already created a staffing structure that will allow immediate delivery of the operation, with additional recruitment backfilling posts as and when required. The service areas responsible for the delivery have vast experience of successfully delivering employability, mentoring and training programmes. Dedicated

delivery locations that are accessible to participants have been highlighted within each Local Authority area.

The delivery will be heavily supported by the Local Authority Adult Community Learning service which has qualified teaching staff to plan, teach, assess and evaluate the required range for qualifications, along with the teaching resources and venues, which will enable a flexible response to learner need.

Each Joint Beneficiary has policies and processes in place to manage delivery requirements and safeguard staff and participants. The policies also include lone working, safeguarding issues, equality & diversity and health and safety.

### Procurement Arrangements

Where we have established an identified need, Local Authority Procurement Frameworks will be used to source the activity. This will be monitored by the Central Lead Team and reported to WEFO.

### Risk Management

The Skills@Work operation will monitor risk via the Skills@Work Strategic Group, using Risk and Issue registers, in line with the Lead Beneficiaries Corporate Project Management Procedures. A risk register will be created and maintained throughout the lifetime of the operation. In the initial stages of the operation, the Strategic Group will be meeting quarterly for the first nine months. This will be reviewed initially and more frequent meetings held, if necessary.

The initial risks identified are:

Risk Factor	Mitigating Measure
East Wales Operation Central Lead Team – Not being recruited.	An existing Central Lead Team is already in place to manage the Skills@Work operation.
Insufficiently experienced staff	<p>The Operational Management Group will provide experience and support to any staff that have limited experience of ESF funded operations.</p> <p>The Central Lead Team Manager has extensive experience of delivering ESF projects under previous RCE and Objective 3 Programmes, and has been involved in the development of the monitoring systems, IT database, and financial systems for both Inspire operations. The Central Lead team have successfully delivered to date the Inspire</p>

	2 Achieve, Inspire 2 Work and Journey 2 Work operations.
Brexit	<p>This remains a risk until such a point that the operation is approved.</p> <p>There has been a commitment from UK Government to guarantee funding for operations approved whilst the UK is still part of the EU.</p>

### ICT Arrangements

The Central Lead Team will have an agile and flexible working environment. Each Team member will have their own laptop, wireless access to all required drives and internet access. The Team will be able to work from a myriad of other venues in line with the Lead Beneficiaries' Agile Working Policies.

The Skills@Work Local Delivery Teams within each Joint Beneficiary will be allocated with all of the necessary access to computers, laptops, mobiles and other devices as deemed necessary. No significant expenditure on new IT for the operation is envisaged.

### Operation Closure Requirements

The Skills@Work operation will have regard to project closure from the date of approval. The Lead Beneficiary understands the need to ensure that record keeping, both financial and participant, needs to be fully compliant to allow a smooth close for the operation, whether this is the original date, or for a revised closure date.

The Central Lead Team will establish a timetable of 'Health Check' visits to all Joint Beneficiaries on a regular basis to ensure activity and records are compliant for the purposes of the 2014-2020 ESF Programme.

The operation will have regard to the existing and future updates on Project Closure Guidance which WEFO hold on their website.

### Compliance with Legislation

All Joint Beneficiaries are aware of all legislative requirements associated with the delivery of the Operation and are all working within the conditions set out in the WEFO document- Eligibility rules and conditions for support from the European Structural Funds 2014- 2020.

All of the Joint Beneficiaries taking part in the operation are large organisations and therefore already have Equality and Diversity Policies in place, this ensures that all staff are aware of the issues and standards required of them.

All venues used will be assessed for accessibility; equipment where possible will be adapted for individuals with specific needs. For example, IT equipment suitable for those with a visual impairment will be used, or a sign language interpreter would be employed to support participants with hearing difficulties. Special arrangements would be made for those with physical disabilities. All Joint Beneficiaries of the Skills@Work programme understand that it is a part of their statutory duty to comply with equalities legislation.

All staff will be aware of the importance of environmental issues and the potential impact on communities. The Skills@Work Operation will make appropriate use of technology to minimise impact on the environment and encourage the use of public and/or shared transport where appropriate.

### **Promotional Activity**

The Lead Beneficiary for the Operation is currently preparing a Marketing and Communications Strategy that will develop in line with WEFO Publicity Guidance and in conjunction with WEFO's Communications Team.

All Joint Beneficiaries will undertake local public relations activities and ensure that the publicity activities highlight the EU support; this will be achieved through the following:

- Acknowledge EU Funds when you refer to or publicise the operation
- Inform those taking part in the project, including participants, businesses and contractors that they are benefitting from EU funds
- Ensure arrangements are in place so that Joint Beneficiaries, contractors and businesses in receipt of financial support acknowledge the EU funds in publicity activities, including the display of a permanent plaque (available free of charge from WEFO) and a poster (using WEFO's template) in a prominent position where project activities take place
- Liaise with WEFO to arrange a Ministerial announcement of the award of EU funds for the operation
- Ensure all press notices, newsletters, online and social media content, and other promotional materials relating to the operation prominently acknowledge EU funds, including use of logo(s)
- Refer to the EU fund (European Social Fund, European Regional Development Fund, or European Structural and Investment Funds) not WEFO.

## **Section 3 – Core Criterion: Financial & Compliance**

### **Organisational Capacity and Expertise**

The Skills@Work operation will be led by Newport City Council.

Newport City Council was formed initially as a County Borough in 1996, and obtained City Status in 2002. It is the 8<sup>th</sup> largest in Wales, providing all major services such as education, leisure, housing, social services, planning and highways. Newport City Council is a Unitary Authority, which is responsible for the administration of all areas of local government within a single tier for a given area. The council employs approximately 5000 people and has an annual revenue budget of around £300 million.

Newport City Council became a County Borough Authority in 1996, following local government reorganisation, prior to which it formed part of Gwent Unitary Authority.

Newport City Council has adopted a constitution that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The law requires some of these processes, while others are a matter for the Council to choose. The Constitution is divided into 16 Articles, which set out the basic rules governing the Council's business.

Article 1 of the Constitution commits the Council to provide clear leadership to the community, improve the delivery of services to the citizens of Newport, and ensure that decisions are taken efficiently and effectively and to create an effective means of holding decision-makers to account.

The Constitution is intended to enable the Council to carry out those aims and objectives.

There will be close support and working relationships established between the Central Lead Team in Newport and the Central Support Team in Torfaen County Borough Council that are acting as the Lead Beneficiary for the Bridges Into Work and Working Skills for Adults 2 operations.

The purpose is to establish consistent and rigorous operation management procedures and sharing of best practice in the delivery of all ESF funded activity in the East Wales region. This will help to ensure that the individual operations to be delivered within the programme are managed and advised in a consistent manner.

### **Conflict of Interest**

There are no conflicts of interest in the Local Authority acting as Lead Beneficiary for the Skills@Work operation.



## County Court Judgements

Newport City Council as lead beneficiary of the Skills@Work operation has not incurred any County Court Judgements.

## Initial Outline Cost Breakdown

Based on the FR-40 model and working on an intervention rate of 54%, the operation will be valued at £3,592,371.80, based on indicative costs and match funding already identified.

Joint Beneficiary	ESF Grant	Match Funding	Total
Cardiff City Council	£798,207.10	£679,954.20	£1,478,161.30
Monmouthshire County Council	£245,663.76	£288,387.90	£534,051.66
Newport City Council	£736,469.40	£627,362.82	£1,363,832.23
Central Lead Team	£116,816.37	£99,510.24	£216,326.61
<b>Total</b>	<b>£1,939,880.77</b>	<b>£1,652,491.03</b>	<b>£3,592,371.80</b>

### Simplified Costs

The Lead and all Joint Beneficiaries have submitted financial profiles, identifying delivery costs and potential match funding. The Lead partner has engaged with co-financing beneficiaries to discuss delivery costs, match funding (including any restrictions), and options for simplified costs with a single preferred methodology to be applied.

The figures provided at this stage are subject to further refinement with partners, before full costing's and a match funding delivery profile can be finalised.

Whilst further work is required to finalise a preferred financial delivery model, the current position of the operation is the preferred methodology for the calculation of all non-direct staff and non-fully procured costs is the FR-40 model. Further support and advice from WEFO officers of both the FR-15, and the FR-40 methodology would be appreciated to determine the most appropriate route.

## State Aid Status

The operation has reviewed its State Aid status and has considered there to be No Aid as the training and support provided through the Skills@Work operation to the individual will take place outside of their workplace.

It is envisaged that any specialist vocational training or services would be sourced from procured delivery partners.

## **Income potentially classed as ‘net revenue generating’ under Art. 61 of the Common Provisions Regulation**

There is no income foreseen as part of this operation, as defined ‘net revenue generating’ under Article 61 of the Common Provisions Regulation. The central management team will continue to monitor this as part of its strategic management of the operation, and will report any potential revenue generation to WEFO.

## **Funding Package**

Based on the FR-40 model as noted above, and working on an intervention rate of 54%, the operation will be valued at approximately £3,592,371.80 , based on indicative costs and match funding already identified, however will be subject to further refinement as Simplified Costs are agreed, and other match funding is secured (please see attached Finance spread sheet for further detail). The Joint Beneficiaries will continue to work to identify further match funding through the business planning stage with the aim to reducing the intervention rate further.

ESF Funding	£ 1,939,880.77
Match Funding	£ 1,652,491.03
Total Operation Value	£ 3,592,371.80

It is estimated, based on partner information provided to date the operation will support 1541 participants across the region. Further work is required on both participant and match funding data to bring this in line with data as contained within the Operational Programme.

This figure has been determined through beneficiary research as having the level of impact required. It also takes into account other potential operations delivering within the region such as Upskilling@Work.

### Assumptions

The operation has made a number of assumptions in respect of the funding package. These will continue to be refined in further iterations of the business plan:

- Costs have been based on experience of similar delivery models within the partner organisations, that reflects the level of experience and skills expertise required.
- Assumptions have been made with regard to the availability of some identified match funding post year 1. This will be refined through further iterations of the delivery profile and business plan.

### Joint Beneficiary arrangements in respect of co-financing

The operation has 3 co-financing beneficiaries:

- Monmouthshire County Council
- Cardiff City Council
- Newport City Council

At present Joint Beneficiaries are only able to identify match funding at 46% to support delivery in their area of operation, and to support a Central Lead Team. The operation is mindful that the intervention rate for East Wales is currently set at 50%, however is seeking some flexibility otherwise as it has been noted by Joint Beneficiaries that the operation will not be able to deliver the necessary interventions given the availability of direct match funding available in each organisation. The Lead Beneficiary costs have been apportioned based on the value of ESF grant provided to each Joint Beneficiaries.

Co-financing in-kind by source / type and its links to operation costs

The Joint Beneficiaries have provided some outline information on potential sources of match funding, which include such sources as:

Source	Link to operation costs
Monmouthshire Community Learning Franchise grant	Match against the delivery of qualifications to employed learners, including staff time, accreditation costs, venue hire
Newport Community Learning Franchise grant	Match against the delivery of qualifications to employed learners, including staff time, accreditation costs, venue hire
Cardiff City Council Core Funding	Match against the delivery of qualifications to employed learners, including staff time, accreditation costs, venue hire

Any other potential sources of funding that have been considered and/or may be required/ addressing gaps in the funding package

The Joint Beneficiaries have worked where possible to provide sufficient match funding for the operation. However, it is recognised that further iterations of the business plan and delivery profile may impact on delivery costs. In particular where a simplified cost model is agreed with WEFO, further work may be required on the funding package. Partners have been conservative in some calculations, and so some scope may remain within the parameters of certain match funding already identified.

Evidence that all potential funding from non-EU sources have been explored

Partners have considered alternative sources of funding from non EU sources but these are limited in what provision can be offered and are at times restricted to specific geographical areas and client groups.

There are limited funding sources outside of the public purse that offer this level of intervention to employed people, in particular those in full time employment. The BIG Lottery Fund in Wales is one potential source of grant funding that can offer this level

of intervention, currently their only programme with the funding size required for an operation like Skills@Work is targeted at those aged 16-24 with learning disabilities.

Many of the funding sources available that have been explored are restricted to voluntary or community organisations and not available to public sector organisations.

Sources and timing for the introduction of co-financing/ co-financing in-kind, with an explanation of any conditions or restrictions in its availability

Sources and restrictions of co-financing have been identified in the table above. We are aware that these funds come with restrictions as to the target group of participants, and the timing of their availability; with some funds available on an annual basis, Joint Beneficiaries have had to consider a wide range of match funding options to meet the need of the operation:

Monmouthshire Community Learning Franchise Grant	This is an annual allocation. We have made assumptions that this will be available for years 2, 3 and 4 also.
Newport Community Learning Franchise Grant	This is an annual allocation. We have made assumptions that this will be available for years 2, 3 and 4 also
Cardiff City Council	This is an annual allocation. We have made assumptions that this will be available for years 2, 3 and 4 also

Those Joint Beneficiaries that have provided initial cost figures have all provided indicative match funding allocations, we have a better understanding from other ESF Operations led by Newport City Council of the Simplified Cost Methodology and WEFO's expectations in terms of intervention rates. However, the financial profiles will require amendments in successive iterations of this plan as Joint Beneficiaries finalise the size of their local operations and the resultant financial requirements.

**Further Financial Criterion: Value for Money**

**Cost Benefit Analysis**

**Option 1**

The chosen option for Skills@Work is a mixed delivery model, predominantly delivered by beneficiaries, with limited procurement.

The approach would support the continuation of a multi-agency approach to supporting those furthest from the labour market but will also enable Joint Beneficiaries to co-ordinate the process with partners, so that local needs and gaps can be met.

In delivering this option, the operation is delivering a model that balances risk and costs, with minimal financial risk.

A detailed breakdown of the costs of the Operation is attached in the financial profile. In considering this profile in relation to the ESF Operational Programme, the overall unit cost per participant is actually lower than at operational Programme level.

	Skills@Work	ESF P2 OP Target
Total participants	1541	40,300
Value (Inc. Match funding)	£ 3,592,371.80	£106,800,000
Unit cost	£ 2,370	£2,650

This is also evidenced when comparing the unit cost for the achievement of outcomes, although this varies across individual outcomes. Examples of some unit costs are demonstrated below showing value for money:

Outcomes	Total	Unit cost per outcome (S@W)	ESF OP Target	Unit cost per outcome (OP Level)
Employed, including self-employed Participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (male)	237	£15,157	5616	£19,017
Employed, including self-employed Participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (female)	297	£12,095	5112	£20,892
Employed, including self-employed Participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (male)	255	£14,087	9576	£11,153
Employed, including self-employed Participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (female)	266	£13,505	8712	£12,259

**Option 2**

	Skills@Work	ESF P2 OP Target
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Total participants	1541	40,300
Value (Inc. Match funding)	£4,653,241	£106,800,000
Unit cost	£3,019.62	£2,650

Outcomes	Total	Unit cost per outcome (S@W)	ESF OP Target	Unit cost per outcome (OP Level)
Employed, including self-employed Participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (male)	240	£19,389	5616	£19,017
Employed, including self-employed Participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (female)	304	£15,307	5112	£20,892
Employed, including self-employed Participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (male)	257	£18,106	9576	£11,153
Employed, including self-employed Participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (female)	270	£17,234	8712	£12,259

### Option 3

No Cost Benefit Analysis available as Option 3 is to do nothing.

### Option 4

	Skills@Work	ESF P2 OP Target
Total participants	859	40,300
Value (Inc. Match funding)	£1,939,880.77	£106,800,000
Unit cost	£2,260	£2,650

Outcomes	Total	Unit cost per outcome (S@W)	ESF OP Target	Unit cost per outcome (OP Level)
Employed, including self-employed Participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (male)	101	£19,207	5616	£19,017
Employed, including self-employed Participants with no formal qualifications gaining an 'essential skills' or technical or job specific qualification upon leaving (female)	124	£15,644	5112	£20,892
Employed, including self-employed Participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (male)	135	£14,369	9576	£11,153
Employed, including self-employed Participants with up to and including a lower secondary education (CQFW Level 2) gaining an 'essential skills' or technical or job specific qualification at lower secondary (CQFW Level 2) level upon leaving (female)	145	£13,378	8712	£12,259

## Operation Costs

The financial profile contains an effective cash flow projection for the lifespan of the operation, broken down by quarterly claim period. This information is available at Joint Beneficiary level and provided in Annex 4.

## Further Financial Criterion: Long Term Sustainability

### Potential for Sustainability

The Operation has some confidence that even after closure, elements of delivery such as the accessible delivery of training courses within the local community to employed individual will continue to have an impact, if delivered through services such as Adult Community Learning. Unfortunately without the ESF Grant it is doubtful the same level

Commented [WM(-W26): Which aspects and how

of one to one support will be available for participants to support them to gain more skills and qualifications.

The Operation aims to develop resilience in the workforce, so as their confidence and skills and qualifications develop, they will be able to progress. This will either enable them to progress into sustainable employment or softer outcomes will be achieved.

The landscape of need is anticipated to change in the medium term owing to the impact of all the proposed ESF funded activities in the 2014-2020 period and improvements in the economic situation overall.

It appears unlikely that Wales will receive ESF revenue support post 2020, however confirmation has been received from the UK Treasury that funds will be made available to continue those ESF Operations approved to deliver post 2020.

### **Financially Sustainable Model**

The focus of the Skills@Work Joint Beneficiaries will be to provide a mechanism for those currently in employment with little or no qualifications to upskill with a community based learning method. This will then lead to sustainable employment opportunities. The training and support structures will enable the participants to gain both the soft and hard skills that will enable them to engage and maintain sustainable employment past the end of the operation.

This Operation acknowledges that due to personal, social and educational barriers, not every participant will receive a qualification and progress into more sustainable employment. It is anticipated that the long term impact of the operation will challenge behaviours, actions and attitudes, subsequently establishing firm foundations on which to support in the future, and provide generic skills.

The Operation also brings together agencies to work collaboratively, develop referral mechanisms alongside developing opportunities for joint working. It is hoped that these relationships, and the best practise formed will continue following the end of the operation.

Match funding has been provided through core budgets; it is hoped that any future successful best practise can be embedded into the core delivery of the Joint Beneficiaries.

The availability of Match Funding sources and levels impacts on the staff time and ESF grant available to help deliver the operation and could be deemed as low in comparison to other projects/programmes. The Joint Beneficiaries have assessed the number of participants that will be engaged and the equivalent staff resource required to deliver the necessary support in comparison to similar services offered within their organisations and have deemed the caseload sizes and resource available as acceptable to meet the operation aims.

### **Mainstreaming**



The implementation of the operation should provide evidence to all service providers that combining resources for the benefit of participants will also have great benefits for their own organisations. Post ESF funding, it is envisioned the services required supporting individuals engaged through Skills@Work, and related operations will be identified and implemented through a collaborative approach based on the best practise evidence base of the operation.

### **Project Closure**

The operation has a built in closure period of 3 months included in its profile in which delivery will cease.

The full closure strategy will be developed through the Central Lead Team, and in partnership with Joint Beneficiaries to ensure a seamless closure period. The Central Lead Team will be responsible for overseeing the close down of the operation, working closely with WEFO and Joint Beneficiaries to ensure all records are finalised and archived and closure reports prepared and published.

## **Section 4 – Annexes**

### **Annex 1 – Supporting Information**

- Tackling Poverty – Welsh Government Action Plan 2012 -2016
- Welsh Government – Vibrant & Viable places, new regeneration framework
- Policy Statement on Skills 2013
- South East Wales Regional Frame Work – Delivering a Future with Prosperity 2013 – 2030
- Qualified for Life – 2014
- Employer Skills Survey 2013
- ELSKIP Consultation Document
- Newport City Region STEM strategy
- Equality Improvement Framework
- Sustainable Employment Framework
- Cardiff Capital Region – Power in the Economy
- Skills Implementation Plan
- Co-Investment Strategy
- Carers Pathway Project – Self Evaluation Report
- Carers Pathway Project – End of Contract Report

## Annex 2 – Operation Logic Table

<b>Operation Title:</b>	<b>Skills@Work</b>
<b>Operation Synopsis</b>	To invest in skills as a driver of productivity and growth, to aid progression within employment and improve the skills mix and diversity of our workforce. Also to increase the skills levels, including work relevant skills, of those in the workforce with low or no skills.
<b>Programme/Priority/Theme (multiple if appropriate):</b>	Priority Axis 2: Skills for Growth ESF Theme 2A: Adaptability, growth and progression
<b>Geographical area within proposed activity would take place:</b>	South East Wales - Cardiff, Monmouthshire, Newport, Vale of Glamorgan

Contribution towards the Specific Objectives	What change will the proposed operation seek to achieve?	How will the proposed operation achieve the changes sought?	Programme output indicators and targets
<p><i>Of the 'specific objectives' identified within the relevant Operational Programme document(s), please list those that the proposed operation would deliver against.</i></p>	<p><i>Of the 'changes sought' identified within the relevant Operational Programme document(s), please list those that the proposed operation would seek to achieve. These should relate directly to the specific objectives identified under the previous column.</i></p>	<p><i>For each 'change sought' identified in the previous column, please describe the specific activities that will be undertaken through the proposed operation in order to achieve these.</i></p>	<p><i>Please identify which Programme output indicators will be used to capture the activities described under the previous column. If possible, please identify a provisional contribution towards the relevant output target.</i></p>
<p><b>ESF Theme 2A: Adaptability, Growth and Progression</b></p> <p>(SO1)</p> <p>To increase the skills levels, including work relevant skills, of those in the workforce with no or low skills.</p>	<p>Increase the skills levels, including work relevant skills, of those in the workforce with no or low skills, particularly:</p> <ul style="list-style-type: none"> <li>• Employed, including self-employed participants with no formal</li> </ul>	<p>A single flexible model of delivery to support the multi-agency networks and business needs within each LA area. Please note that the list below is not a descriptive journey for every participant rather a series of interventions that participants will have access to depending on their level of need identified. This is not an exhaustive list of interventions. The model recognises the need for two distinct engagement routes to ensure equality of opportunity for the groups targeted.</p> <p><u>Activity 1 (A1) Regional LMI/Employer Liaison</u> Link to National Skills Audit and SSC data</p>	<p><b><u>Activity A1 will underpin direction of delivery throughout the life of the programme</u></b></p>

<p>The programme will align with the Welsh Government “Skills Strategy” ensuring skills delivery is for jobs and growth, responds to local need, that employers value and for employment.</p> <p>The programme will also align with the Welsh Government “Tackling Poverty Action Plan” which aims to reduce poverty, especially persistent poverty amongst some of the most deprived people and communities.</p>	<p>qualifications – male</p> <ul style="list-style-type: none"> <li>• Employed, including self-employed participants with no formal qualifications – female</li> <li>• Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) – male</li> <li>• Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) – female</li> </ul>	<ul style="list-style-type: none"> <li>• Liaison with employers to gather LMI, support development of ‘demand led’ provision, to ensure flexibility and responsiveness to labour market fluctuations and support employers to continue to employ more disadvantaged people.</li> <li>• Targeted support to employers to employ disadvantaged individuals, for example, to employ older people or people with a work limiting health condition/disability.</li> </ul> <p><u>Activity 2 (A2) Engagement, Assessment &amp; Support – Employers</u></p> <p>Active engagement of local and regional employers to support in work provision for employees who wish to progress within their existing field, with clear referral mechanisms established to avoid duplication of activity with other operations.</p> <p>Officers to work with employers and relevant business support agencies (avoiding duplication) to provide support in activities such as:</p> <ul style="list-style-type: none"> <li>• Skills audit of the management of the organisation with reference to higher leadership and management skills.</li> <li>• Review of existing equality &amp; diversity policies with guidance and support, with an aim to implement improved policies.</li> </ul>	<p><b><u>Activity A2 &amp; A3 to ensure targeted engagement, assessment &amp; support leading to qualification outputs through A4</u></b></p>
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		<ul style="list-style-type: none"> <li>Respond to the screening process for employers such as those working with the Welsh Government Workforce Development Programme.</li> </ul> <p><u>Activity 3 (A3) Engagement, Assessment &amp; Support – Employees</u> Active engagement of employees outside of their workplace will support those unwilling to realise skills deficits and admit them to their employers or whose employers fail to engage. Provision to be accessible to suit working lives, e.g. evenings and weekends.</p> <p>Engagement and support officers to work with participants providing support on a 1-1 and small group basis within the workplace and community settings, and to undertake reliable and objective diagnostic assessments of participants' current level of training and skills.</p> <p><u>Activity 4 (A4) Delivery of Programmes</u> Engagement and support officers to work with participants delivering generic transferable skills and elements of provision required by employers. A range of qualifications and awards to up skill those with low or no qualifications including a menu of procured opportunities to deliver a range of skills and qualifications as required by participants and employers.</p>	<p><b><u>Outputs indicators to be achieved following a series of tailored interventions for individuals from A4</u></b></p> <p>Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving – male</p> <p>Employed, including self-employed participants with no formal qualifications gaining an essential skills or technical or job specific qualification upon leaving – female</p> <p>Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving – male</p>
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		<p>Skills interventions (including basic and functional skills provision, plus vocational training) tailored to</p> <ul style="list-style-type: none"> <li>- Move participants with no skills to at least a Level 1 qualification.</li> <li>- Move participants with a Level 1 qualification to a Level 2 qualification.</li> <li>- Provide participants with Level 2 skills or qualifications with another recognised and accredited Level 2 qualification.</li> </ul> <p>Where appropriate and in addition to the recognised qualification outcome, the provision of generic transferable work relevant skills such as customer service, team working, communication, organisation, problem solving, etc. and employment progression courses such as CV writing, application forms, interview techniques, job searching.</p>	<p>Employed, including self-employed participants with up to and including a lower secondary education (ISCED 2) gaining an essential skills or technical or job specific qualification at lower secondary (ISCED 2) level upon leaving - female</p>
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Group(s) targeted	Identifying the barriers	Overcoming the barriers	How does the proposed operation fit within the wider investment context as set out in the Economic Prioritisation Framework (EPF)?
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<ul style="list-style-type: none"> <li>• Employed, including self-employed participants with no formal qualifications – male</li> <li>• Employed, including self-employed participants with no formal qualifications – female</li> <li>• Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) – male</li> <li>• Employed, including self-employed participants with qualifications up to and including a lower secondary education (ISCED 2) – female</li> </ul>	<p>The barriers identified below may be common to all four themes, not all individuals or businesses will experience all of these as barriers – the purpose of the single delivery model is to ensure participant/employer focused delivery to address those barriers faced by that individual.</p> <p><u>Personal and Business Development Barriers</u> How and why people act – their drive:</p> <ul style="list-style-type: none"> <li>• Confidence</li> <li>• Motivation</li> <li>• Vision/Aspirations</li> <li>• Socialisation / Social Isolation</li> <li>• Expectations</li> <li>• Participation</li> </ul> <p><u>Employee sustainability and progression Barriers</u></p>	<p>The @Work model that underpins this table contains 18 “gateways” or barriers. Activities described are specifically included to open the gateway and support the participant to overcome the barrier. Participants will have access if required to all of the activities that will support them, continual assessment and review will therefore be crucial to ensure participation in appropriate activities for each individual.</p> <p><u>Personal/Business Development:</u></p> <ul style="list-style-type: none"> <li>• Improves awareness/identity</li> <li>• Develops talent and potential</li> <li>• Enhances quality of life</li> </ul> <p>This activity will recognise the ability of an individual and how to increase it, identify and address their approach to life/work and the contribution they can make.</p> <p><u>Community Support:</u></p> <ul style="list-style-type: none"> <li>• Encourages independence</li> <li>• Supports mobility</li> <li>• Fosters trust and resilience</li> <li>• Builds aspirations and</li> </ul>	<p>ESF can support demand led skills activity to up skill the workforce of the sector and its ancillary supply chains, thereby supporting development and expansion and increasing competitiveness and productivity.</p> <p>Thematic Economic Opportunities within the region include:</p> <ol style="list-style-type: none"> <li>1) Food and Farming – Growth targeted by Welsh Government in the Food and Farming sector across Wales, including East Wales.</li> <li>2) Tourism, Recreation and Leisure – Opportunities for further growth in tourism in the Brecon Beacons National Park, Glamorgan Heritage coast and Wye Valley Area of Outstanding Natural Beauty and the cities of Cardiff and Newport.</li> <li>3) Advanced Manufacturing – Growth planned at St Athans/Cardiff Airport advanced manufacturing/aerospace Enterprise Zone.</li> <li>4) Information, Communication and Technology – Growth of sector and digital economy supported by the roll out of superfast broadband.</li> </ol>
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	<p>Where and how people live – their environment:</p> <ul style="list-style-type: none"> <li>• Benefits</li> <li>• Dependent care</li> <li>• Transport</li> <li>• Society: culture of workplace opportunity</li> <li>• Local economy</li> <li>• Time and cost</li> </ul> <p><u>Employment Skills</u> What people can do – their skills:</p> <ul style="list-style-type: none"> <li>• Experience (quotable work ethic)</li> <li>• Work specific experience</li> <li>• Literacy</li> <li>• Numeracy</li> <li>• ICT</li> <li>• Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Promotes equality and inclusion</li> </ul> <p>This activity will change the perception of an individual’s place in society and match needs with opportunities. Activity 1 will be a key intervention in breaking down barriers to ensure that relevant routes are developed for employer led skills and opportunities, expelling myths such as ‘I’m not skilled enough’ and ‘I don’t know what’s out there’.</p> <p><u>Employment Skills</u></p> <ul style="list-style-type: none"> <li>• Meet employers needs</li> <li>• Promotes sustained employment</li> <li>• Reduce sector skills shortages</li> </ul> <p>This activity will provide the skills and qualifications that are relevant, in demand, at the required level and also provide the experience to meet the needs of employers now and in the future.</p>	<p>5) Financial and Professional Services – Expected growth in Central Cardiff Financial and Professional Services Enterprise Zone and in Newport.</p> <p>6) Construction – Development of South Wales Metro project, Great Western mainline electrification, M4 relief road and improvements to M4 corridor, development of business sites in Newport and Cardiff, 21st Century schools programme.</p> <p>The operation will be complementary to skills activity delivered in the region, taking account of the activity of the Learning Skills and Innovation Partnership (LSkIP), to avoid duplication of ESF funded operations and other provision.</p> <p>The operation described seeks to improve workforce resilience across the region, thereby improving productivity and the GDP. LMI will be gathered through the Learning Skills and Innovation Partnership (LSkIP) to ensure the training, skills and qualifications gained meet regional employment growth and employer demand.</p>
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			Align to Local Authority Single Integrated Plans which are monitored through Local Service Boards (LSBs). LSBs include key partners from the statutory, voluntary and third sector.
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## Annex 3 – Financial Breakdown

### Newport City Council Financial Profile



NCC Financial Profile  
- Final.xlsx

### Cardiff City Council Financial Profile



CCC Financial Profile  
- Final.xlsx

### Monmouthshire Council Financial Profile



MCC Financial Profile  
- Final.xlsx

### Central Lead Team Financial Profile



CLT Financial Profile -  
Final.xlsx

### Regional Financial Profile



Regional Financial  
Profile - Final.xlsx

## Annex 4 – Participant Indicators and Targets

### Newport City Council Indicator Profile



NCC Indicator Profile  
- Final.xlsx

### Cardiff City Council Indicator Profile



CCC Indicator Profile  
- Final.xlsx

### Monmouthshire Council Indicator Profile



MCC Indicator Profile  
- Final.xlsx

### Regional Indicator Profile



Regional Indicator  
Profile - Final.xlsx

## Annex 5 – SWOT Analysis

### Option 1 – Delivery by beneficiaries with limited procurement

<p><i>Strengths</i></p> <p>Allows consistent focus on personalising interventions with the participants and local employers through a key worker led approach, controlled by Joint Beneficiaries. Avoids potential State Aid issues through the use of procurement framework contract. Will deliver alongside the WWV's Working Skills for Adults operation, ensuring a consistent approach across the South East Wales region..</p>	<p><i>Weaknesses</i></p> <p>Relatively inflexible delivery structure if there are significant changes within Joint Beneficiaries' own organisations. Relies on Joint Beneficiaries' own staff to deliver, which could prove more difficult to hold to account than an external contractor.</p>
<p><i>Opportunities</i></p> <p>Use of existing structures within Joint Beneficiaries' organisations gives greater flexibility in the provision of match funding, should other funding sources reduce / disappear.</p>	<p><i>Threats</i></p> <p>If the FR-40 model is adopted, any long term staff vacancies would undermine the available ESF funding placing a higher financial burden on Joint Beneficiaries.</p>

Option 2 – Do nothing

<p><i>Strengths</i></p> <p>No interference in existing training market.</p>	<p><i>Weaknesses</i></p> <p>Reliance on external forces to up skill local workforce. (Unlikely to deliver courses in community settings at times to suit the participants.)</p>
<p><i>Opportunities</i></p> <p>Limited due to inactivity.</p>	<p><i>Threats</i></p> <p>Existing cycle of in work poverty and low skills levels likely to continue. Perception of the region as low skilled and unappealing to inward investment, threatening economic opportunities.</p>

Option 3 – Fully contracted

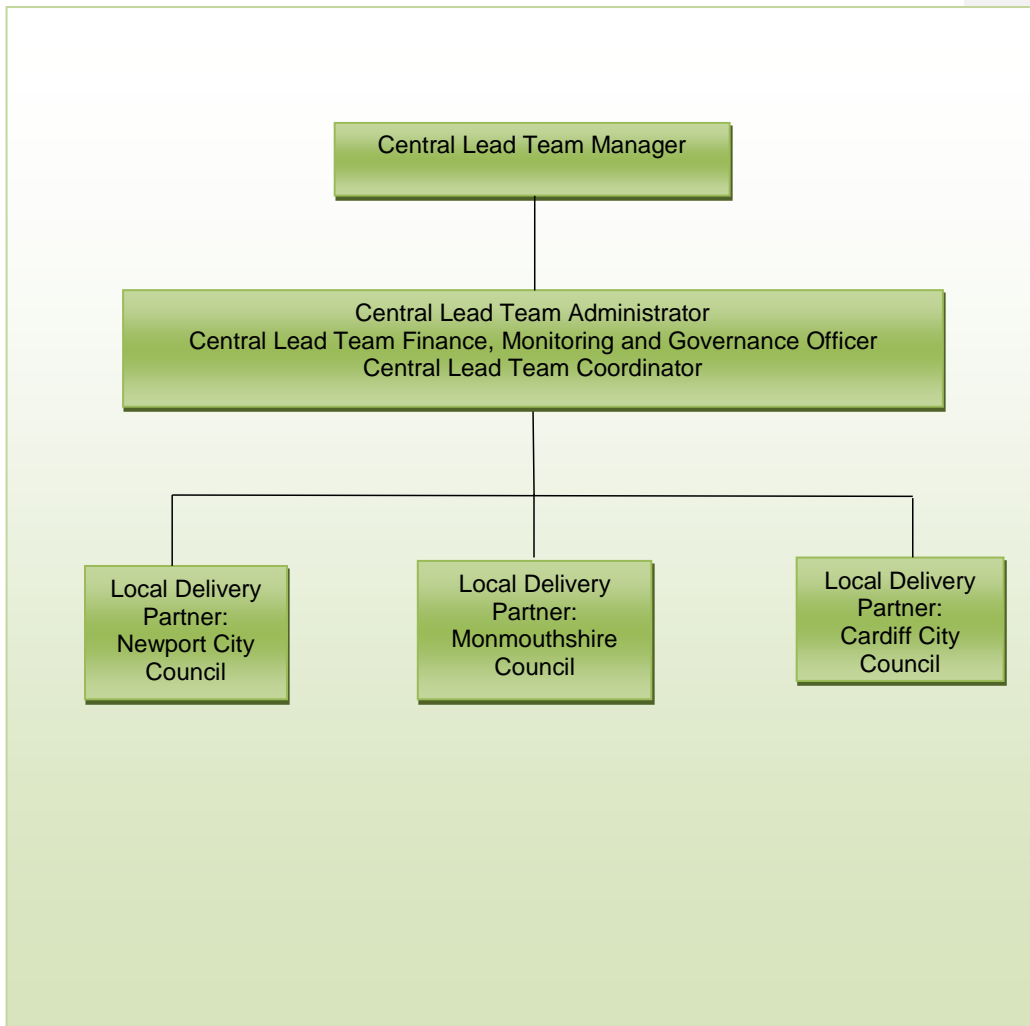
<p><i>Strengths</i></p> <p>Ensure State Aid compliance at all levels, as all delivery will be subject to a competitive tender process. Low operational risk for lead beneficiary, following initial tender exercise.</p>	<p><i>Weaknesses</i></p> <p>Entirely dependent on the quality of external contractors to engage and deliver in a manner that suits the end participant.</p>
<p><i>Opportunities</i></p> <p>Easier to switch between providers if a certain contractor is not delivering what is required, changes their business model or has performance issues.</p>	<p><i>Threats</i></p> <p>Lack of direct control over delivery, may give rise to external contractors 'chasing the quick wins' rather than delivering consistent support to participants.</p>

Option 4 – Delivery without ESF

<p><i>Strengths</i></p> <p>More flexible funding and delivery model.</p> <p>Joint Beneficiaries not required to adhere to European Commission eligibility requirements and evidence for outcomes.</p>	<p><i>Weaknesses</i></p> <p>Reduced resource to deliver the required interventions to individuals. Shorter delivery timeframes.</p>
<p><i>Opportunities</i></p> <p>Easier to amend the delivery model and invite further stakeholders to become engaged in delivery, responding to the need of local employers.</p>	<p><i>Threats</i></p> <p>No long term sustainability due to most funding sources being approved annually.</p>



## Annex 6 – Central Lead Team Structure



## Annex 8 – Risk Register

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	Actions to reduce or avoid risk occurring	Person responsible for dealing with the risk?
Unavailability of Match Funding	H	L	<p>Identification with Joint Beneficiaries of current and potential match funding sources.</p> <p>Production of a legally binding relationship agreement indemnifying Newport City Council against all risk.</p>	Central Lead Manager
Reduction in Match Funding value due to further austerity actions	H	M	Clean, eligible sources of Match Funding have been indicated in the S@W Business Plan to WEFO. The sources have been approved for use by WG and the authority.	Central Lead Manager
Insufficient resources available to approve Business Plan applications	H	L	Working with service managers and partners to gain relevant support at the correct levels.	Central Lead Manager
Duplication with other ESF operations/WG Programmes	H	L	<p>Communication with other proposed ESF operations and existing alternatively funded programmes to ensure delivery is not duplicated within the Region.</p> <p>Approval of Business Plans through the CCR Regional Proofing Panel</p>	Central Lead Manager

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>Actions to reduce or avoid risk occurring</b>	<b>Person responsible for dealing with the risk?</b>
Underachievement against operation targets	H	L	Targets have been set at realistic levels based on quantifiable need that already exists within Newport.  Robust monitoring processes will highlight any early underachievement that can be addressed and resolved	Central Lead Manager
Non-compliance with WEFO requirements – risk of claw back	H	L	Robust management arrangements, regular reports to CM and a Relationship Agreement detailing the Joint Beneficiaries responsibilities	Central Lead Manager
Refusal or inability by Joint Beneficiaries to provide the required data or documentation as evidence	H	L	Relationship Agreement produced that clearly states requirements of Joint Beneficiaries	Central Lead Manager
Lack of communication regarding amendments to guidance provided by WEFO	H	L	Regular updates for the cabinet member, briefing on changes and updates made with in the project design, finances, and governance.  Quarterly review meetings with WEFO Project Development Officer	Central Lead Manager
Late submission of claim information by Joint Beneficiaries	H	L	Schedule of claim dates provided for full lifetime of operation and reminder each quarter of claim deadlines	Central Lead Manager

**Annex 9 – Project Closure**

TBC

## Annex 10 – Central Lead Team Job Descriptions



Central Lead Finance  
Monitoring Governan



Central Lead Team  
Manager JD.pdf



Central Lead Admin  
JD.pdf

## Annex 11 – Monitoring and Evaluation Plan



S@W Monitoring and  
Evaluation Plan v2.doc

## Annex 12 – Relationship Agreement



S@W Relationship  
Agreement Draft v1.0

## Annex 13 – Joint Beneficiary Delivery Models

### Newport City Council Delivery Model



NCC S@W Delivery  
Model 270318.docx

### Cardiff City Council Delivery Model



S@W Joint  
Beneficiary Delivery Model

### Monmouthshire Council Delivery Model



MCC S@W Delivery  
Model v0.1 290518.docx





# Cardiff Capital Region Employment & Skills Plan 2017



[www.lskip.wales](http://www.lskip.wales)

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## FOREWORD

A key driver for the Employment and Skills Board of the Learning, Skills and Innovation Partnership (LSKIP) is to be responsive and create change driven by stakeholder engagement. Identifying employment and skills priorities over short, medium and longer term periods that align with economic drivers and indicators to support the South East Wales regional economy.

Developing the right skills is fundamental to increasing productivity and efficiency. It provides more opportunities for all ages, genders and abilities, helping to address social and physical exclusion by improving access to employment.

We need to accept that no one person or organisation can solve the employability and skills demands of the region and there is a need for us to break down the 'silos of self-interest' to deliver a strong baseline of education, training and skills for businesses to grow, confident that their workforce is equipped with the right skills to meet and respond to their sector needs.

There is a need to create economic partnerships, by continuing to build on growing relationships between industry, education providers and Welsh Government, to develop future skills that will ensure the South East Wales economy thrives and grows. Aligning delivery with the aspirations of the Cardiff Capital Region City Deal, Enterprise Zones, Valleys Taskforce, Welsh Government, local authorities, educators, the business community, the existing workforce and those about to enter it.

Central to the development of this cohesive Employment and Skills Plan for 2017 has been the recognition that skills and economic growth are intrinsically linked and LSKIP has over the last twelve months further established itself to respond to this.

To address the need to fully understand the changing economic landscape, we have over the last year enhanced our evidence base through research and increased our employer and stakeholder engagement. We have established sector cluster groups, each led by industry and connecting with representatives from the supply side. Cluster groups have identified strengths, weaknesses, opportunities and threats impacting their sectors, before agreeing a number of key priorities and recommendations.

During our extensive employer engagement and particularly across the five cluster groups, LSKIP has identified that there are a number of common themes emerging; employability and soft skills, engagement between schools and industry and digital competency. Throughout the Employment and Skills Plan we recognise that the world of work is evolving and changing at a demanding pace through digital developments across all sectors, creating increased demand for higher level skills in the workforce to meet these changing environments.

Business manages itself through the two Ps, Process and People, and with people being recognised as the greatest asset of any business organisation, it is therefore critical that we provide the right employability and skills provision to maximise the potential of the regional economy and its growth aspirations. As businesses we have a key role in working in partnership with LSKIP and through our sector groups to further inform business trends, and identify value chain opportunities and skills requirements to meet these opportunities.

I urge businesses of all sizes to take a leading role and get involved with LSKIP and support the sector groups. Your input and value will help shape a skills investment strategy that meets your needs,

delivers on innovation and enterprise and equips you with the workforce to meet the ever-changing landscape of business.

We need to unite as one and build upon the strengths of the region through positive partnership and collaboration to deliver a wide, knowledgeable, diversified and skilled workforce that allows us to grow and prosper.

A handwritten signature in black ink, appearing to read 'L. Hughes', is centered within a light gray rectangular box.

Leigh Hughes, Business Development & CSR Director, Bouygues UK  
**Chair of the South East Wales Employment and Skills Board**  
**Learning, Skills and Innovation Partnership**

## EXECUTIVE SUMMARY

Our vision is to develop the social and economic potential of the Cardiff Capital Region, supporting people and businesses to deliver a high performing and prosperous region that stimulates and supports local and inward investment.

To achieve this the Cardiff Capital Region needs to develop a demand-led skills system that is driven by the needs of industry and which delivers employment and skills support in response to infrastructure and other investments to achieve growth within the regional economy.

### Our Region

The Cardiff Capital Region (CCR) has a population of 1.53m, just under half the total for Wales. It generates more than half the total gross value added (GVA) in Wales and generates 80% of the UK average GVA per head. The region employs almost half of the workforce but there is a disparity between Cardiff and a more prosperous southern, coastal belt and areas in the Heads of the Valleys to the north.

Infrastructure and other investments through the £1.2bn Cardiff Capital Region City Deal, local authority and other sector's capital programmes, Enterprise Zones and others, are key drivers of economic growth. Creating employment and skills opportunities by investing in, for example, road and rail infrastructure, delivering the South Wales Metro and a UK Catapult for next generation compound semi-conductor applications to build an international cluster of supply chain companies in and around the region.

An analysis of the regional economy based on value by productivity (GVA), and size of the sector<sup>1</sup> has prioritised five sectors in the Cardiff Capital Region which are considered to have greatest demand for labour and skills in the next five years: advanced materials and manufacturing (AMM), construction (CON), financial, legal and professional services (FPS), digital (ICT/digital) and the human foundational economy including education, health and social Care (HFE).

### Key Challenges

**Raising GVA** – the need to develop employment and skills in the regional labour market that support investment strategies and achieve economic growth. Infrastructure investment in the region (and competition from major infrastructure jobs within commuting distance) will have a substantial impact on demand for current employment and skills. For example, skills shortages are forecast in a range of construction trades and more senior roles.

**Skills gaps and shortages** – projected labour demands exceed the expected numbers of entrants to the labour market creating skills shortages whilst skills gaps increase as the demand for skills evolves in response to changing working methods, utilising new technology and introducing automation. The supply of labour to meet these demands is dependent on a number of factors including:

- i) appropriate training provision in the region for all ages, taking into account the need to train the trainers in current and changing skills needs;
- ii) retention of a workforce who may be lured away by higher salaries elsewhere in the UK and

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<sup>1</sup> Welsh Government, Regional LMI Report, Table 2.3 & 3.7

- iii) provision for the upskilling of adults already in the workforce to meet the changing skills requirements of replacement jobs, particularly with the adoption of digital skills and Industry 4.0.<sup>2</sup>

**Qualification levels** – qualifications levels in the Cardiff Capital Region exceed Wales’ average but still do not meet forecast higher-level skills demand, which continues to increase. 54% of those in employment are forecast to hold qualifications at Level 4 or above by 2024, with an overall decline in those with no or low qualifications predicted. The exception is for caring, personal service and administrative occupations which predicts increases in demand for Level 2 and Level 3 qualifications, driven in part by mandatory requirements.

**Apprenticeships** – only 13% of employers utilise apprenticeships and just 1.5% of year 11 school children went directly into apprenticeships last year. Challenges remain regarding perceptions, including parity with academic routes, promotion and marketing of opportunities, increasing the number and range of apprenticeship opportunities, including higher and degree apprenticeships.

**Careers advice and guidance** – mismatch between subject areas chosen by learners and those occupations within the economy that offer the greatest prospect for employment, earnings and career development. Forecasts suggest significant numbers of local job vacancies across prioritised sectors, particularly amongst SMEs which employ a large percentage of the workforce. Certain skills subject areas are under-subscribed at all levels despite excellent long-term career opportunities. Forecast skills shortages may be reduced if careers advisors, teachers and industry representatives can collaborate to effectively market opportunities to parents and students.

**Improving learner outcomes** – limited measures of progression to education and employment due to poor destination data.

**Unemployment and economic inactivity** – high unemployment costs and projected skills shortages due to demographic trends, an ageing population and ageing workforce require pro-active plans to support the unemployed and economically inactive into work.

**Brexit and European Union funding** – consideration is needed of the significant impact the UK’s departure from the European Union (Brexit) could have on labour supply and skills availability if restrictions are placed on the free movement of labour from other European countries. Succession plans are needed for European Union funded programmes.

### Regional Priorities for Employment and Skills

1. **Delivering employment and skills support for industry, infrastructure and other investments to enable growth** - creating tailored and flexible solutions through regional academies or centres of excellence that can respond to the needs identified and utilising social clauses to maximise the skills engagement and employment potential of any investment, including employment and skills support to build local supply chains/value chains and developing the capacity and capability within the education system to respond.
2. **Supporting industry through priority sectors to address skills gaps and shortages** –
  - a. **Digital skills** are in increasing demand in all sectors and include skills for advanced production such as compound semi-conductors, automation, Industry 4.0, artificial intelligence and robotics and for service support and information such as data analytics,

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<sup>2</sup> Industry 4.0 is a name for the emerging trend of automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of Things, cloud computing and cognitive computing.

cyber security, programming and software engineering. Increasing the supply of digitally skilled labour to meet rapidly growing demand is a priority for the region as there are currently half the number of technology specialists in the workforce as expected. Reversing the falling numbers taking science, technology, engineering and mathematics (STEM) and computer-related subjects at school is critical. Support for degree programmes and initiatives such as the National Cyber Security Academy and National Software Academy will improve numbers but retention will be an issue with higher salaries elsewhere. Introducing degree apprenticeships and other work based learning routes could both meet the demand for digital skills which tend to require higher levels of qualifications and address increasing skills gaps by keeping pace with rapid change.

- b. **Leadership and management** is needed in all sectors. High level strategic leadership and management skills will be required by managers to deliver transformation and succession plans.
  - c. **Train the trainer** programmes are needed to develop the capacity and capability of education providers to deliver specialist skills and/or ensure currency and relevance of learning, including digital competence. Initial training and continuous professional development for teachers, tutors and lecturers in schools, colleges and universities needs to develop and/or refresh skills to keep pace with changing demands within industry. Increasing collaboration between employers and education providers should provide opportunities to upskill trainers and enable the development of labour supply that that is aligned with demand.
  - d. **'People and personal skills'**, often described as soft skills, are a requirement for employability and should be integrated and feature within learning programmes as is the case for 'essential skills', (numeracy, literacy and ICT). 16% of employers reported having skills gaps, with 86% of skills gaps being related to people and personal skills and 96% being related to technical and practical skills.<sup>3</sup>
  - e. **Adult skills** programmes are needed to address skills gaps and shortages, developing the capacity of the existing workforce to meet labour demands, support progression and develop higher level skills.
3. **Developing higher level skills to future-proof the workforce** – increase the range of higher-level qualifications in technical subjects and to meet the demand for managers, professionals and associate professionals in ICT/digital, professional services and manufacturing at Level 4 and beyond. Innovate learning to encourage and support learner aspirations to achieve higher level skills, providing accelerated learning and pathways to encourage progression beyond levels 2 and 3. Improve learner attainment across the region to meet forecasted higher level skills demand.
  4. **Increasing the number and range of apprenticeships** – increase the number and range of apprenticeships offered and maximise the demand from employers in response to the Apprenticeship Levy. Extend the range of higher level apprenticeships and introduce degree apprenticeships as an alternative, and cost effective, route to higher level qualifications, with greater opportunity to progress into employment. Support shared apprenticeships in response to demand from industry and particularly SMEs.
  5. **Improving industry engagement with education and marketing of career opportunities and pathways** – develop sustained engagement by industry with schools and colleges to foster education/industry links. Support continuous professional development of teachers and tutors

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<sup>3</sup> Welsh Government Regional LMI Report Figure 6.3: People and personal skills that need improving and Employer Skills Survey 2015



in industry relevant skills. Improve information/intelligence and marketing of career options linked to employment opportunities, use industry engagement to challenge perceptions and promote parity between vocational pathways, apprenticeships and academic qualifications.

- 6. Improving destination data for better learner outcomes** – destination data needs to be improved. Quality data in higher education is able to demonstrate learner outcomes and the impact and value of skills investment; this needs to be extended across further education and work-based learning. Longer term measures could identify pathways to employment, relevance of learning and movement within and across different occupations to measure learner outcomes over time.
- 7. Developing a regional employability plan to get more people into work** – develop a regional plan to engage economically inactive and unemployed people, including ex-offenders and encourage them back into work with appropriate training and pre- and post-employment support. Utilise social clauses in contracts to create employment and placement opportunities for those seeking work.
- 8. Developing succession plans for European Union funded programmes post-Brexit** – risk assess and impact assess European Union funded support services offered through local and regional ESF operations. Determine priorities for succession plans post Brexit.

## INTRODUCTION AND METHODOLOGY

The South East Wales Learning, Skills and Innovation Partnership (LSkIP) is one of three Regional Skills Partnerships (RSPs) across Wales, responsible for the production of an annual Employment and Skills Plan for Welsh Government which determines regional priorities and recommendations for skills investment.

LSkIP is led by the South East Wales Employment and Skills Board, whose membership is balanced between stakeholders representing demand, supply and those (catalysts) responsible for skills planning and funding. This includes Welsh Government, education, regeneration and industry, including the Cardiff Capital Region City Deal and Enterprise Zones. LSkIP and the Cardiff Capital Region are working in partnership to deliver the City Deal skills agenda and the LSkIP Employment and Skills Board acts in an advisory capacity.

The vision is to create a strategic partnership to develop the social and economic potential of the Cardiff Capital Region, supporting people and businesses to deliver a high performing and prosperous region that stimulates and supports local and inward investment. This employment and skills plan is a key component in delivering this aspiration and working towards a demand-led skills system, by identifying priorities to meet the needs of those sectors, infrastructure and other investments that are driving economic growth across the Cardiff Capital Region. Five priority sectors have been identified for the Employment and Skills Plan (2017) based on value by productivity (GVA) and size of the sector.<sup>4</sup>

Stakeholder engagement and in particular the involvement of industry is considered essential in shaping the development of this regional plan for employment and skills. LSkIP has developed industry engagement through its Board membership and partner organisations across the five prioritised sectors: advanced materials and manufacturing, construction, financial and professional services, human foundational economy (health, social care and education) and ICT/digital.

In addition to employer engagement across priority sector networks, cluster groups, workshops, meetings and consultation events, LSkIP has undertaken both a large and small companies research exercise and online survey to determine industry skills needs and key challenges.

This document therefore articulates the needs of employers from across the five identified sectors and their agreed priorities and recommendations for employment and skills investment and support. Each sector has adopted the three horizon rule, determining priorities and recommendations across the short, medium and long term which are considered essential for their development and growth.

Furthermore, sector priorities have been used to inform a number of confidential planning and funding recommendations, developed through regional meetings with further education principals/chief executives, work-based learning providers (through the National Training Federation for Wales) and at the LSkIP Employment and Skills Board. These recommendations are submitted for Welsh Government consideration and will contribute to the post-16 planning and funding process for skills.

Supporting data for the LSkIP Employment and Skills Plan can be referenced (in both Welsh and English) through the South East Wales Skills Observatory unless otherwise indicated.<sup>5</sup> This includes

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<sup>4</sup> Welsh Government, Regional LMI Report Table 2.3 & 3.7

<sup>5</sup> <http://sewso.infobasecymru.net/IAS/themes/databyregionalpriorities>

the Welsh Government Regional Labour Market Intelligence Data Report<sup>6</sup> including data from the Employer Skills Survey and Working Futures.<sup>7</sup>

The employment and skills plan will be developed within the Welsh Government policy context and align with the Well-being of Future Generations (Wales) Act (2015)<sup>8</sup> and the five ways of working in accordance with the sustainable development principle: long term, integration, involvement, collaboration and prevention.

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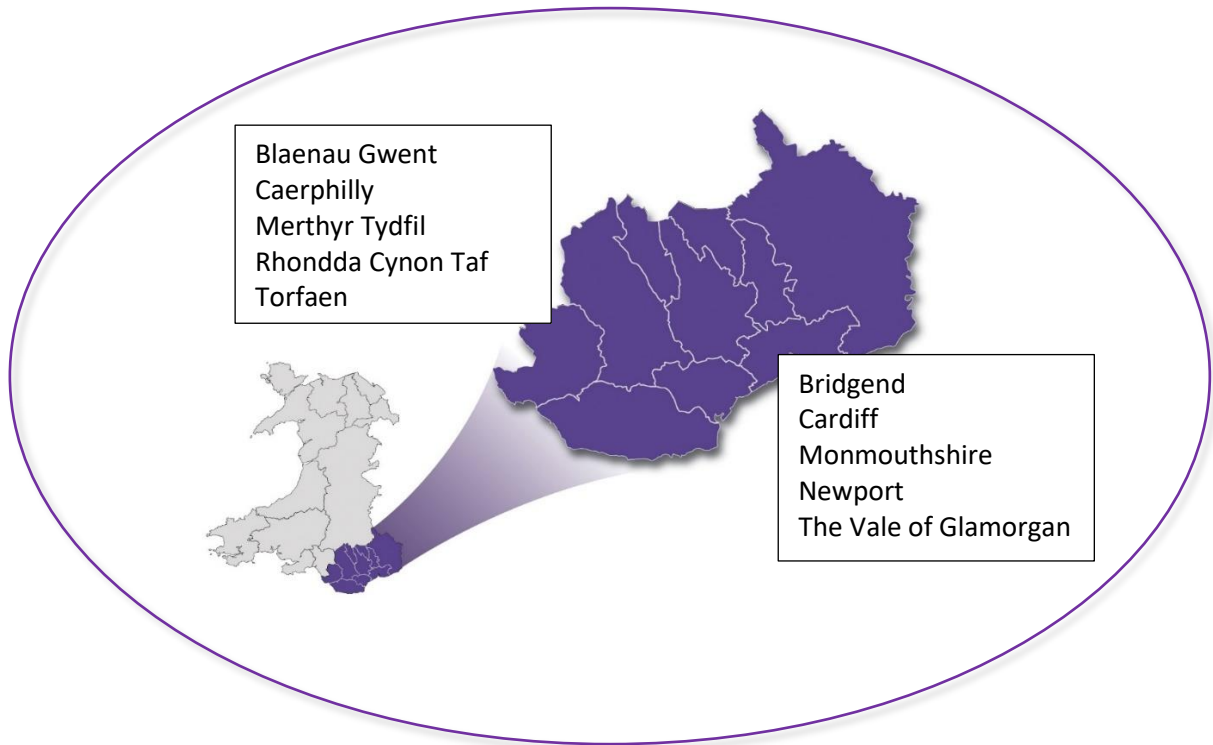
<sup>6</sup> Welsh Government, Regional LMI Report

<sup>7</sup> Working Futures data: 'As with all projections and forecasts, the results presented in Working Futures should be regarded as indicative of likely trends and orders of magnitude given a continuation of past behaviour and performance, rather than precise forecasts of the future.' Welsh Government, Regional LMI Report 7.2 *What is Working Futures?* pp72

<sup>8</sup> <https://futuregenerations.wales/about-us/future-generations-act/>

## SECTION 1 - REGIONAL OVERVIEW

The Cardiff Capital Region comprises ten local authorities in South East Wales with a population of 1.53m, just under half the total for Wales. Population growth is concentrated along the M4 corridor area and there are clear variances across the region from Cardiff and a more prosperous southern, coastal belt and the Heads of the Valleys to the north. There are three Enterprise Zones within Cardiff Capital Region where the Welsh Government is prioritising investment in business infrastructure.



## INVESTMENT

### Cardiff Capital Region City Deal

The Cardiff Capital Region has secured a £1.2bn City Deal with the UK and Welsh Governments. The City Deal includes the following elements:

- investment in the region's infrastructure, including delivery of the South East Wales Metro system of integrated bus and rail transport;
- support for innovation and improvement of the digital network;
- developing the skills of the workforce and tackling unemployment;
- supporting enterprise and business growth;
- housing development and regeneration.

Over its lifetime, the City Deal is expected to deliver up to 25,000 new jobs and leverage an additional £4bn of private sector investment. The nature of this investment, along with other sources (such as the replacement for European Union funding in the region) will help to shape the future economy of the region. In turn, this will influence the types of skills that will be required.

The Cardiff Capital Region Business Plan acknowledges that innovations such as artificial intelligence, drones, driverless vehicles, 3D printing, robotics and automation will radically change the future infrastructure and skills needed by the region to compete effectively. It states that, working together with partners in the business and other sectors, “We will therefore make sure our plans are flexible enough to cope with changes in the economic environment” with a system of governance that “allows, and fosters, innovation without trying to predict the future”.<sup>9</sup>

The four strategic objectives of the Cardiff Capital Region are to:

- have more and better jobs;
- help business climb the value-added chain at all levels;
- have a workforce equipped for the future;
- ensure the proceeds of growth are shared.

The Cardiff Capital Region Business Plan also sets out spatial priorities which will impact on where employment and skills are demanded in the region. The planned improvements in connectivity through the South Wales Metro will play a vital role in ensuring that places of labour demand are accessible to sources of labour supply, whilst investment in a UK Catapult for next generation compound semi-conductor applications will develop high level skills to build an international cluster of supply chain companies in and around the region. Cardiff Capital Region, through the City Deal, is investing £38m (on a commercial basis) towards a state-of-the-art, globally competitive manufacturing foundry.

In the same way, the education and skills sector needs to ensure that it is equipping people with the generic and specialist skills and abilities that will be needed in the jobs to be created. These will be a mixture of new jobs associated with emerging demands or innovation and jobs to replace those who leave their jobs or leave the labour market (e.g. move away or retire). The latter jobs are unlikely to be like-for-like replacements. They will be influenced by societal trends and technological developments.

### Major Investment Demands

The largest single influence on labour force and skills demand in the Cardiff Capital Region economy is from substantial investments planned in the region and other commutable projects e.g. Hinkley Point C Nuclear Power Station. In future infrastructure investment will be co-ordinated by the National Infrastructure Commission for Wales,<sup>10</sup> which it is hoped will address the need for effective intervention and early dissemination of labour demand information, key to forward planning of training delivery.

Skills support for infrastructure and other investments should include ‘train the trainer’, with continuing professional development for trainers/teachers needed to ensure there is both the capacity and capability to deliver new skills demanded by industry e.g. coded welding and inspection for nuclear construction.

Welsh Government forecast £5.5bn of public procurement per annum with £1.1bn of Mutual Investment Model (MIM) project funding contributing to an overall Wales Infrastructure Investment Programme (WIIP).<sup>11</sup> Procurement contracts have the potential to secure demand for a local labour

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<sup>9</sup> Report: Cardiff Capital Region – Powering the Welsh Economy

<http://gov.wales/docs/det/publications/150212-powering-the-welsh-economy-en.pdf>

<sup>10</sup> <https://consultations.gov.wales/consultations/national-infrastructure-commission-wales>

<sup>11</sup> <http://gov.wales/funding/wales-infrastructure-investment-plan/mutual-investment-model/technical-documents/?lang=en>

force through effective use of social clauses, which can also increase industry engagement with education, to promote careers and support shared investment in training capacity and facilities.

The following publicly funded projects and programmes have been identified as having potential to create very local workforce skills demand. The Code of Practice for Ethical Supply and ‘Better Jobs Closer to Home’ will offer strong levers driving contractors to employ local people. Therefore training a local employment pool and raising qualification levels to meet forecast demand is a key regional priority. This should help to ensure that increases in gross value added (GVA) are, where possible, facilitated through the employment and training of a local workforce.

### Local Authority Capital Programme

All local authorities wish to grow and retain skilled jobs and increase local prosperity (Table 1).

**Table 1 South East Wales Local Authority - Capital Programme 2016/17-2019**

South-East Wales £'000	2016/17	2017/18	2018/19
Blaenau Gwent	10,908	10,467	3,043
Bridgend	34,467	54,166	10,129
Caerphilly	55,690	50,870	52,062
Cardiff	98,014	136,859	113,670
Merthyr Tydfil	10,421	7,541	8,273
Monmouthshire	47,957	42,373	15,401
Newport	36,638	29,013	13,426
Rhondda Cynon Taf	116,164	68,842	37,358
Torfaen	27,709	15,612	40,635
Vale of Glamorgan	67,351	52,834	22,231
Cardiff Capital Region Total	<b>505,319</b>	<b>468,577</b>	<b>316,228</b>

### Rail including the Metro

Transport for Wales (TfW)<sup>12</sup> is progressing procurement for the South Wales Metro and Wales and Borders Rail franchise (supported by an ethical procurement panel including the Wales Council for Voluntary Action). Initial skills needs are:

- rail engineering e.g. signalling, electrification, track and rolling stock engineers;
- ICT/digital systems and software engineers, data analysts and cyber security;
- project management skills – cost planning, risk analysts, managers;
- financial, commercial and procurement specialists;
- train operational staff, on-board, customer, station and planning staff.

Some existing staff can meet these demands; however, a paper produced for Transport for Wales indicates that an ageing workforce will result in 800-1,000 replacement staff being needed within the rail sector across South Wales, with about half in infrastructure and half in train operational staff.

### **Other transport infrastructure investment creating skills demand:**

- South Wales M4 corridor relief road;<sup>13</sup>
- A465 dualling (see LSKIP’s 2016 Employment and Skills Plan)<sup>14</sup> Heads of the Valleys to M50, M5 and Midlands;
- electrification of the railway from London, Swindon and Bristol.

<sup>12</sup> <http://gov.wales/topics/transport/transport-for-wales/?lang=en>

<sup>13</sup> <http://gov.wales/topics/transport/roads/schemes/m4/corridor-around-newport/?lang=en>

<sup>14</sup> [http://www.lskip.wales/downloads/160731\\_LSKIP\\_EandS\\_Plan\\_with\\_cover\\_English.pdf](http://www.lskip.wales/downloads/160731_LSKIP_EandS_Plan_with_cover_English.pdf)

### Social Housing and 21<sup>st</sup> Century Schools and Education Programme

The Welsh Government has committed to 20,000 new houses across Wales to meet social housing need. Skills training is needed for improved efficiencies, quality and accelerated delivery. The Government is looking at potential off-site construction and utilisation of Building Information Modelling (BIM).

### Valleys Taskforce<sup>15</sup>

Led by the Minister for Lifelong Learning and Welsh Language, the Taskforce remit is to maximise investment across valleys areas looking at improving delivery of public services and creating better jobs closer to home, to increase employment.

### Cardiff-Newport Tidal Lagoon

The Swansea Bay Tidal Lagoon Power project is still awaiting a decision from Westminster, despite the favourable Hendry report.<sup>16</sup> The initial impact is considered as limited for the Cardiff Capital Region. However, aspirations for a second project, if agreed, “With the potential to invest around £8bn of private capital... between the cities of Cardiff and Newport...” could offer opportunities for construction and supply chain jobs.<sup>17</sup>

### Superfast Cymru - ICT/Digital

ICT/digital connectivity delivered through the Superfast Cymru broadband network has the potential to drive ICT, digital creativity and technology skills for the wider digital economy. These will have a cross-sector impact on skills demand, key to economic development.

### Enterprise Zones<sup>18</sup>

Targeted investment to stimulate growth across three Enterprise Zones:

**Cardiff Airport and St Athan Enterprise Zone** focuses on aerospace, automotive, defence, engineering and manufacturing:

- Cardiff International Airport has a major British Airways presence;
- development of the former defence establishment of St Athan with Aston Martin is a high-profile inward investment;
- involvement of Cardiff and Vale College with an on-site campus offering bespoke training and support for apprenticeships;
- transport infrastructure is a priority.

**Central Cardiff Enterprise Zone’s** main driver is business and financial services (FPS) and digital:

- new office accommodation is being constructed for the BBC and financial, business and legal firms.
- Central Square has Cardiff Central Railway Station and Cardiff Bus Station (under construction).
- the Enterprise Zone has excellent broadband connectivity and is developing a skills base around fintech and digital services.

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<sup>15</sup> <http://gov.wales/topics/people-and-communities/communities/taskforce-for-the-valleys/?lang=en>

<sup>16</sup> <https://hendryreview.wordpress.com/>

<sup>17</sup> <http://www.tidallagoonpower.com/projects/cardiff/>

<sup>18</sup> <https://businesswales.gov.wales/enterprisezones/zones>

**Ebbw Vale Enterprise Zone** is a centre for manufacturing and engineering enterprise:

- improving connections to the Midlands automotive industry by dualling the A465;
- a number of key supply chain automotive manufacturing organisations;
- strong life science presence in pharmaceutical manufacturing;
- local State-of-the-art further education college facilities and access to university research.



## REGIONAL ECONOMIC PROFILE

The Cardiff Capital Region generates more than half the total gross value added (GVA) in Wales but it still lags behind the UK average, generating only 73% of UK average GVA per head. Although above the Welsh average, over the last 10 years productivity has fallen across all of the Cardiff Capital Region sub-regions with the exception of Merthyr Tydfil and Rhondda Cynon Taf. Latest figures from the Office for National Statistics (ONS) (pre-Brexit) indicate there is little difference between GVA in urban or rural locations, suggesting that economic growth potential exists across the region.

**Table 2 Gross Value Added by Measure, Welsh Economic Region and Year<sup>19</sup>**

NUTS3 areas within Cardiff Capital Region	Gross Value Added (GVA) (£ million)	Gross Value Added per head (£ million)	Gross Value Added Index (UK=100)
	2015	2015	2015
Central Valleys	4,578	15,429	60.9
Gwent Valleys	4,673	13,681	54.0
Monmouthshire and Newport	4,969	20,684	81.6
Cardiff and Vale of Glamorgan	11,044	22,783	89.9
Cardiff Capital Region <sup>20</sup>	25,264	18,532	73.1
Wales	55,788	18,002	71.0
UK	150,622	25,351	100.0

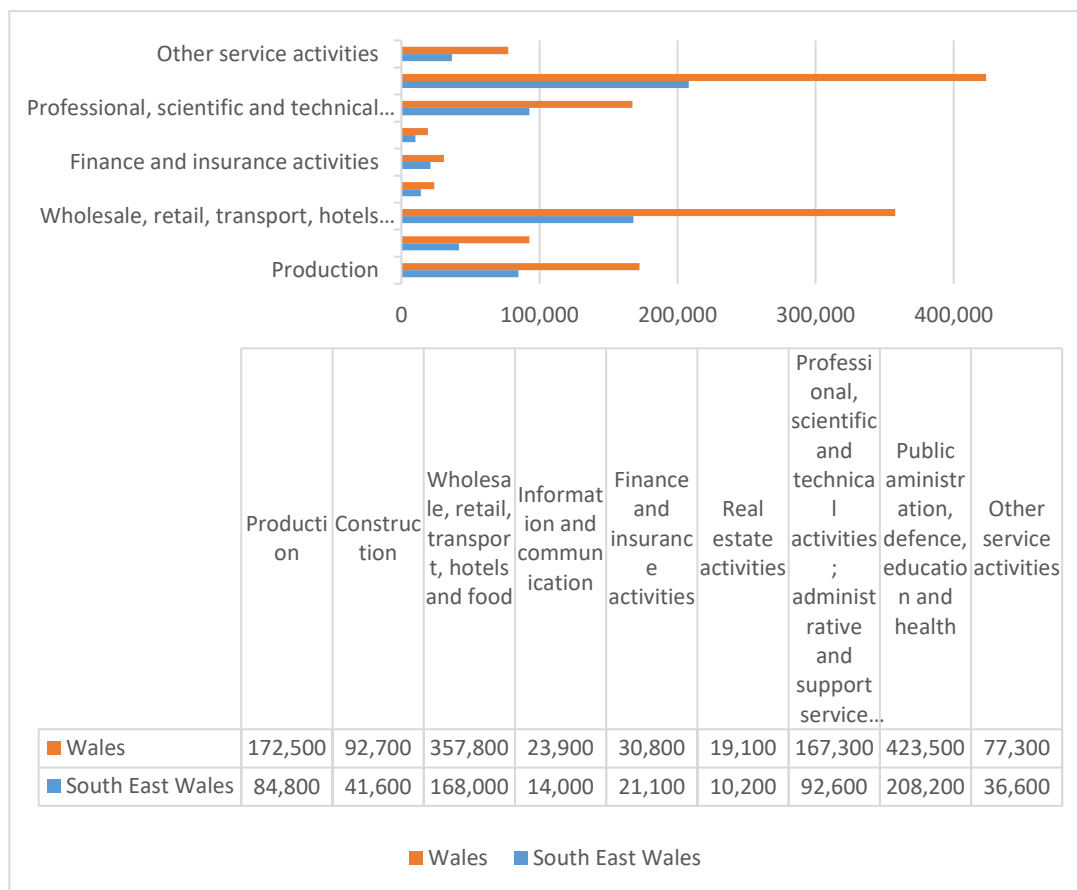
Data Source: Regional Accounts, Office for National Statistics Next update: December 2017

Gross value added (GVA) is a key target and measurement of growth for the Cardiff Capital Region; however, a drive for higher GVA alone does not guarantee an increase in employment, for example, real estate activity is the largest sector by GVA across the region but employs the least number of people. Similarly, construction and professional, scientific and technical activities are the second and third largest sectors by GVA in the Cardiff Capital Region, but public administration, defence, education and health and wholesale, retail, transport, hotels and food are the most significant in terms of numbers employed (Figure 1).

<sup>19</sup> Welsh Government, Regional LMI Report Table 2.2

<sup>20</sup> The Cardiff Capital Region figure is an approximation and excludes Bridgend.

**Figure 1 Cardiff Capital Region Workplace employment by Broad Industry 2015<sup>21</sup>**



Therefore, to achieve growth, a balanced assessment is required of both the value and volume of labour demand, as well as associated skills gaps and shortages, to determine priority sectors for skills investment that secure the greatest economic return.

**Large enterprises** (250+ employees) are an important focus of demand for skills and training and often have high skills demands internally, although they may be less innovative than SMEs, which can tend to react more quickly to changes in the marketplace. Training may be delivered internally or by a range of suppliers at all levels, ranging from institutions to work-based learning and independent specialist providers.

Large companies with internal training may benefit from gaining formal recognition for in-house programmes that are not accredited. Equally, greater awareness is needed amongst employers of the range of existing learning that is already recognised through the Credit and Qualifications Framework for Wales (CQFW). There is also the potential to encourage large companies to collaborate and share training with others, including their supply chain. This would help to build the critical mass needed to develop and sustain provision and make it more accessible to micro and SME businesses.

Of the 140 large companies headquartered in Wales (n.b. excludes central and local government authorities), 30% are in manufacturing, 13% in wholesale, the retail trade and motor vehicles/cycles; 10% in education, 10% in health and social work and 8% in administrative and support services. Other sectors together represent the remaining 30% (individual sector numbers considered disclosive and suppressed).

<sup>21</sup> Welsh Government, Regional LMI Report, Table 3.6: Workplace employment by Welsh local areas and broad industry

**Table 3 Company Size Workforce and Value (November 2016)**

Wales	Businesses	% All-Wales Businesses	Workforce	% All-Wales Workforce	£m CCR Turnover	£% Wales Turnover
All	105,690	42%	537,300	48%	50,846	43.5%
CCR	Businesses	% CCR Businesses	Workforce	% CCR Workforce	£m CCR Turnover	£% CCR Turnover
Micro 0–9	99,170	94%	160,700	30%	7,732	15%
Small 10–49	4,025	4%	74,500	14%	5,527	11%
Medium 50-249	1,215	1%	67,500	13%	6772	13%
Large 250+	1,280	1%	234,400	44%	30,815	61%

**Micro and SME companies** are key to future prosperity in the Cardiff Capital Region, comprising about 95% of companies and over 50% of the economy. SME lending in the Cardiff postcode (CF) area is reported to be £1.032 trillion and for Newport (NP) £0.526 trillion.<sup>22</sup> The Federation of Small Businesses (FSB)<sup>23</sup> is a key contact point for small businesses through which skills opportunities can be promoted. The FSB identify the crucial importance of Wales’ digital infrastructure and the superfast broadband connectivity to its members, self-employed, micro and SME companies.

Investment in skills is low in micro companies and smaller SMEs. Cost is a significant factor for micro and smaller companies, but so too is time for workers off the shop floor or needing cover. Many companies run lean processes and are reluctant to take on more staff. An expectation that companies will automatically train if offered a subsidy or an apprentice can be misplaced.

Business models are changing for the self-employed (part of the gig economy) and micro companies. They are using digital connectivity in on-line collaboration, practicing as Virtual SMEs.<sup>24</sup> The Virtual SME is defined by an agile workforce operating online without a physical office and associated overheads. Best examples of the Virtual SME model are in the construction sector where complementary trades e.g. brickwork, plastering, electrics, plumbing skills are used to undertake small (local) shared contracts.

On average, over 20% of business births are in business administration and support, and transport and storage with around 16% in ICT and professional, scientific and technical. Many start-up/spin-out companies arise in universities, led by highly qualified individual entrepreneurs having identified an opportunity in the (local) supply chain. The rate in Wales of business births (12%) and deaths (10%) is above the South West of England<sup>25</sup> and Northern Ireland. Just over 40% of new companies remain in business over five years. Training and business support for entrepreneurs and new businesses is key to improving sustainability. Further research is needed into zero and micro companies as in 2015 recorded births are the largest number since 2000 (when records began).<sup>26</sup>

<sup>22</sup> British Banking Association SME lending <http://bit.ly/2mdpRaD> 2016

<sup>23</sup> <https://www.fsb.org.uk/regions/south-wales/branches/south-east-wales>

<sup>24</sup> Draws on CRESC research and the concept of precarity

<sup>25</sup> <https://www.slideshare.net/statisticsONS/business-demography-in-the-uk>

<sup>26</sup> Office for National Statistics Business Demography, 2015

<https://www.slideshare.net/statisticsONS/business-demography-in-the-uk>

## LABOUR DEMAND INCLUDING GROWTH AND REPLACEMENT JOBS

The requirement for jobs in the region over the next ten years is forecast to be between 25,000 and 30,000 per annum – which exceeds the expected numbers of entrants to the labour market.

- 80% are expected to be ‘replacement’ jobs, with only 2,000 to 3,000 per annum being ‘new jobs’.
- It is also forecast that 54% of all jobs will be at Level 4+ by 2024.
- Significant increases in jobs for managers, professionals and associate professionals focused on ICT, professional services and manufacturing.
- A large increase in Level 2 and Level 3 qualifications is forecast for social care and other service roles in response to mandatory qualification and registration requirements.
- Significant growth in skills shortage vacancies is forecast in construction, human foundational economy, advanced materials and manufacturing and financial and professional services, many occurring in digital and technology skills.

Employment in the Cardiff Capital Region economy shows growth in employment in construction, health and social work, finance and insurance, ICT/digital, professional and support services. The manufacturing, engineering, media and education workforces are shrinking.

When replacement jobs are included (80%) there is a forecast demand for jobs in all sector occupations of 292,800 jobs to 2024,<sup>27</sup> a higher number than education leavers alone. The forecast net requirement for jobs over a ten year period between 25,000 and 30,000 jobs per annum across all sectors. 2,000-3,000 jobs per annum are forecast to be created through growth.<sup>28</sup>

**Table 4 Total Projected Employment Demand by Expansion and Replacement Jobs in the Cardiff Capital Region 2014-24<sup>29</sup>**

	2014	2024	Exp.	% Exp.	Rep.	Total
Food drink and tobacco	10,900	11,100	200	1.5	4,000	4,200
Engineering	9,300	6,700	-2,600	-27.6	2,900	400
Rest of manufacturing	52,400	47,400	-5,000	-9.5	17,200	12,200
Construction	43,200	46,900	3,700	8.6	15,300	19,000
Wholesale and retail trade	99,700	109,700	10,000	10.0	40,300	50,300
Transport and storage	22,400	23,100	700	2.9	8,800	9,400
Accommodation and food	36,700	41,000	4,300	11.8	15,900	20,200
Media	4,400	4,100	-300	-6.1	1,700	1,400
Information technology	9,500	10,500	1,000	10.8	3,500	4,500
Finance and insurance	19,500	23,400	3,800	19.6	7,900	11,700
Real estate	11,900	12,900	1,000	8.6	5,100	6,100
Professional services	34,500	39,400	4,900	14.2	14,400	19,400
Support services	48,900	53,300	4,500	9.1	19,600	24,100
Education	67,600	66,900	-800	-1.1	27,600	26,900
Health and social work	102,200	105,800	3,600	3.5	40,900	44,500
Arts and entertainment	15,100	16,100	1,000	6.8	6,300	7,300

<sup>27</sup> Office for National Statistics Business Demography: 2015

<sup>28</sup> Working Futures 2014-2024 Regional LMI report: Figure 7.1

<https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

<sup>29</sup> Working Futures Regional LMI Report Table 7.2 2014-24 <https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

Other services	20,200	20,700	500	2.5	8,500	9,000
All industries	671,700	701,000	29,300	4.4	263,400	292,800

Source: Working Futures 2014-2024 Notes: figures rounded to the nearest hundred, percentages are unrounded.

The term 'replacement jobs' can lead to the misconception that they are 'skills neutral' but the skills required for these 'replacement' jobs are evolving with the business and in response to digital technology. For perspective, 20 years ago cable/digital connectivity in the home was a year away (1998), wi-fi wasn't available (2000) and nor were Facebook/social media (2007). Digital technology has created a rapid period of change over 20 years and Industry 4.0 will accelerate change for the next 20 years.

Older employees need new (digital) skills to work in a modern workplace. For an employee aged 45, formal education ended at least 20 years ago and the expectation is for a further 20 years of valuable work both for the benefit of the individual and gross value added (GVA) in the economy. Therefore, upskilling the adult workforce is a priority. Currently 10% of the workforce are aged over 65<sup>30</sup> (up 4% over ten years) and 5% of further education teaching staff are over 65.<sup>31</sup>

#### Cross Sector skills for Digital Futures

- Demand 3D printing, automation, robotics, automated vehicles, drones.
- Compound semi-conductor manufacture, nano technology, personalised medicine.
- Open data, LiDAR, building information modelling (BIM).
- Fintech, blockchain, legal technology, security.
- Digital analytics, NHS Wales Informatics Service patient information, online learning.
- Artificial intelligence, augmented reality (AR), virtual reality (VR), 5G, big data, Internet of Things, wearables.
- Prototyping, digital creatives, gaming, programming.

<sup>30</sup> Office for National Statistics May-June 2016

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork>

<sup>31</sup> <http://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>

<http://www.ewc.wales/site/index.php/cy/ymchwil-ac-ystadegau/ystadegau-r-gweithlu-addysg>

## LABOUR SUPPLY

### Skills Gaps and Shortages

**Skills shortage vacancies (SSVs)** in the labour market are problems employers encounter recruiting individuals with particular skills considered essential for a job. The range of skills is reflected in Table 5. This considers related figures in Wales but consideration should also be given to the impact of workforce skills demand in the West of England that runs along the Eastern edge of the region.

**Table 5 Density of Skill Shortage Vacancies by Occupation and Region<sup>32</sup>**

	Wales %	North Wales %	Mid Wales %	South West Wales %	South East Wales %
Managers	15	-	-	-	(10)
Professionals	26	(25)	-	(32)	20
Associate professionals	24	(42)	(29)	(27)	15
Administrative/clerical	16	(17)	-	(7)	22
Skilled trades occupations	43	43	(66)	33	47
Caring, leisure and other services	30	(28)	-	(19)	34
Sales and customer services	15	(21)	-	(5)	19
Machine operatives	40	(20)	-	(56)	(36)

Nearly a quarter of all vacancies (density) reported in the Cardiff Capital Region were considered Skills shortage vacancies (SSVs), the same level as 2013.<sup>33</sup> The overall incidence of skills shortage vacancies (employers surveyed reporting SSVs) was 5% and has doubled over four years.<sup>34</sup> Vacancies and skill shortage vacancies by sector data indicates the highest levels of skills shortage vacancies are in manufacturing and construction.

In the context of UK figures the Cardiff Capital Region is likely to be pressured on retention of new recruits with increased importance training and upskilling the local workforce. UK figures rank demand for permanent jobs highest accounting/financial and IT and computing. Part-time demand is highest in hotel and catering, nursing/medical/care. In engineering, both full and part-time jobs are showing increased demand.<sup>35</sup> Availability of candidates is falling, starting salaries are increasing.

**Skills Gaps** represents skills deficiencies employers experience in their existing staff. A skills gap exists where an employee lacks full proficiency in their job role. The number of people with skills gaps is likely to expand rapidly with the introduction of digital technology and Industry 4.0. Skills gaps often disproportionately affect the adult/older workforce in businesses impacted by changes in technology.

Skills gaps affect more employers than skills shortage vacancies do, with 16% of employers in South East Wales experiencing skills gaps, compared to 6% with skills shortage vacancies. The highest

<sup>32</sup>

<http://sewso.infobasecymru.net/IAS/themes/lmi/labourmarketintelligence/employerviewsonskillsandtraining-esssurvey/tabular?viewId=2026&geold=116&subsetId=128> (-) denotes that the base is under 25 and the figure has been suppressed. Figures in parenthesis are from a base between 25 and 49 and should be interpreted with care.

<sup>33</sup> <http://sewso.infobasecymru.net/IAS/themes/databyregionalpriorities/labourmarketintelligence/employerviewsonskillsandtraining-esssurvey/tabular?viewId=2024&geold=116&subsetId=128>

<sup>34</sup> <http://sewso.infobasecymru.net/IAS/dataviews/tabular?viewId=2025&geold=116&subsetId=128>

<sup>35</sup> IHS Markit Recruitment and Employment Confederation, July 2017

<https://www.markiteconomics.com/Survey/.../af7980eece364234a2b7900a9ff0a1d6>

incidence of skills gaps occurs in South East Wales, there were 28,100 staff, just under 5%, reported as having a skills gap in 2015 (Table 6).

**Table 6 Incidence and Density of Skills Gaps by Region**

	Establishments (incidence)			Staff with skills gaps (density)			
	Unweighted base, 2015	2011 %	2013 %	2015 %	2011 %	2013 %	2015 %
UK	91,210	17	15	14	5.5	5.2	5.0
Wales	6,027	16	16	14	4.6	5.8	4.5
South East Wales	2,395	18	17	16	4.5	5.3	4.9
North Wales	1,528	15	17	13	5.0	7.6	4.4
South West Wales	1,362	14	15	13	4.2	5.0	4.5

1% of employers in South East Wales required specific Welsh language qualifications<sup>36</sup> whilst 2% of students in Cardiff Capital Region universities are partially taught through the medium of Welsh.<sup>37</sup>

<sup>36</sup> Welsh Government, Regional LMI Report, section 5.5 qualifications and training via the medium of Welsh

<sup>37</sup> Cardiff University 2.6%, Cardiff Metropolitan University 1.75%, University of South Wales 1.4% of all enrolments (compared to Bangor University at 10%)

## Qualifications levels

Skills shortage vacancies and skills gaps may be accounted for, in part, by a lack of higher level qualifications, particularly in technical subjects. Working Futures project that 54% of those in employment will hold qualifications at level 4 or above by 2024 with increases in jobs for managers, professionals and associate professionals focussed on ICT, professional services and manufacturing.<sup>38</sup> Large declines are forecast for those with low or no qualifications although a large increase in Level 2 and Level 3 qualifications are forecast for caring personal service and administrative occupations (25,000) where, for example, mandatory qualification and registration requirements in social care will have a significant impact on demand.

Currently:

- 11% of working age adults have no qualifications - above the Welsh average;<sup>39</sup>
- 57% of working age adults hold a Level 3+ qualification (36% Level 4+ qualification);
- 19% fewer further education enrolments in the Cardiff Capital Region between 2012/13 and 2014/15;<sup>40</sup>
- 3% reduction in student numbers in Welsh higher education institutions in the same period.

Working population qualification levels vary markedly between authorities in the region:

- 13.6% highly qualified to Levels 7-8 in Cardiff compared to the Welsh average of 8.5%;
- 64% qualified to Level 2+ in Blaenau Gwent - over 80% in Cardiff, Monmouthshire and the Vale of Glamorgan;
- 20% across Blaenau Gwent have no qualifications, whilst Cardiff, Monmouthshire and the Vale of Glamorgan experience less than 10% with none;
- essential skills remain a challenge with up to one third lacking skills across the region;
- people and personal skills, 'soft skills', are considered lacking across all sectors.

Overall, qualifications levels in the Cardiff Capital Region exceed Wales' average but still do not meet forecast skills level demand. There is a challenge to improve qualification levels achieved by students across the region to address a marked difference in attainment between local authorities.

### **Raising Levels of Qualifications in Further Education**

There were 129,550 learners enrolled at further education institutions in 2015/16, a 13.8% decrease on 2014/15 evenly spread across every local authority.<sup>41</sup> Whilst there is recognition of the need to develop higher level skills, there are also concerns amongst providers in further education institutions and across the third sector, that reducing numbers for those accessing lower levels of qualifications is removing the opportunity for learners to progress from entry level on a vocational pathway. New approaches are needed to ensure individuals can access provision from entry level through pathways that grow aspirations and accelerate progress towards higher qualifications. If successful, a pilot by further education colleges (2016-17) to accelerate progression and shorten timeframes, from Level 1-2 and Level 2-3 for students may provide one such solution.

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<sup>38</sup> Welsh Government, Regional LMI Report, Figure 7.2: Projections of employment by qualification level 2004-2024, South East Wales pp78

<sup>39</sup> Office for National Statistics Annual Population Survey ILM report, <https://www.ons.gov.uk/search?q=annual+population+survey+march+2017>

<sup>40</sup> Numbers fell in every local authority – by less in Merthyr Tydfil

<sup>41</sup> Welsh Government, Regional LMI Report Section 4.2 (May2017)



Further education institutions' retention of young vocational learners is low in some subject areas e.g. construction. Many are leaving early to undertake an apprenticeship but often exit with low level qualifications and little opportunity to progress. Although all apprenticeships initially offer an employed job, not all employers retain apprentices once they have completed and can command a higher rate of pay. Support is needed to retain or re-engage and support learners into suitable progression pathways.

### Apprenticeships

- Apprenticeship completion rates are 80% compared to 67% in England.
- 47% of all apprenticeships<sup>42</sup> are forecast for the Cardiff Capital Region.
- Apprenticeships at Levels 2 and 3 have seen a decline in take-up in subjects other than management and professional and business administration.
- Conversely, higher level apprenticeships doubled to 4,000 since 2012/13, with further increases forecast in demand for higher-level and degree apprenticeship opportunities.
- Over twice as many women were engaged in a higher apprenticeship than men in 2014/15.
- Apprenticeships generate around £1.1bn to the Welsh economy.<sup>43</sup>
- The average framework costs between £4,000 and £16,000, compared with a minimum of £27,000 for an undergraduate degree.
- Frameworks in Wales are being retained where possible and new frameworks developed where necessary.<sup>44</sup>

Welsh Government is committed to 'at least' 100,000 apprenticeship starts in this Assembly term,<sup>45</sup> but indicators suggest that a greater aspiration can be achieved. The National Training Federation for Wales (NTfW) reports a total of 116,150 apprenticeships over the past five years.<sup>46</sup> Whilst the Apprenticeship Levy is driving greater interest from large companies including organisations such as the National Health Service, local government and wider public services, this suggests a higher demand for apprenticeships and the potential to exceed the original target; however key challenges remain and will need to be addressed if the region is to increase participation in apprenticeships:

- Apprenticeships are perceived by some school students and adults including parents and teachers as of less value than an 'A' level progression to university. Despite economic arguments supporting apprenticeships, just 1.5% of year 11 school children went directly into apprenticeships last year – 488 in Wales and just 5% of year 11 school children even considered an apprenticeship.
- Increasing apprentices in SMEs is more challenging for the employer. Some are put off by perceived administrative and employment issues. A resolution may be to increase shared apprenticeships where administrative burdens can be covered centrally and placements with different employers may offer a wider range of skills.

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<sup>42</sup> Based on 2012-14/15 figures

<sup>43</sup> National Training Federation for Wales figures <https://www.ntfw.org/apprenticeships-wales/>

<sup>44</sup> <https://businesswales.gov.wales/skillsgateway/>

<sup>45</sup> Welsh Government Apprenticeship Policy 2016-2022  
<http://gov.wales/topics/educationandskills/skillsandtraining/apprenticeships/apprenticeships-skills-policy-plan/?lang=en>

<sup>46</sup> <https://www.ntfw.org/apprenticeships-wales/>

- Greater promotion and marketing of apprenticeships is needed to increase the number and range of apprenticeship places offered. There is a need to engage existing employers in exploring new and different apprenticeship options such as higher level and degree apprenticeships and introduce new employers to the benefits of apprenticeships to raise participation above the current figure of 13%.
- Pre-apprenticeship programmes might offer a useful introduction to vocational learning and progression through to full apprenticeship programmes.

### Careers Mismatch

There is a continued mismatch between the subjects that learners choose and those occupations within the regional economy that offer the greatest opportunities for employment, earnings and career development. There are fewer school children taking science, technology, engineering and mathematics (STEM) subjects than needed to satisfy demand and a low take up of STEM-related subjects in further education, where sciences, mathematics and computer studies have a low take-up. The number of apprenticeships from 2014/15 to 2015/16 fell in construction, engineering, manufacturing, healthcare and public services and ICT. Forecasts suggest significant numbers of job vacancies across priority sectors, however some key subject areas are under-subscribed despite excellent long-term career opportunities.

The largest increases in job opportunities of over 60,000 are forecast in health and social care sectors with 25,000 education professionals. Over 35,000 jobs are anticipated as being needed in STEM-related and skilled trades, from software programming to welding. There is a serious gender imbalance in construction, engineering and ICT with many more males taking up options than females.

Labour market information, advice and guidance is needed to inform learner choice, with teachers, parents, careers advisors and other influencers made aware of modern career opportunities and the full range of pathways available, vocational and academic. Building sustainable relationships between education and industry can assist in raising awareness of the nature and range of opportunities available, challenging perceptions (including gender stereotypes) and promoting parity of esteem between different pathways.

The lack of routine careers advice and support for all learners creates a significant gap which exacerbates the mismatch between learner choice and employment opportunity. Equally, careers information, advice and guidance needs to keep pace with changing skills demands, career pathways and job roles. For example, half of teachers did not discuss or provide any information to young people about construction with the outcome that more than 50% thought it was mainly manual labour and less than 20% considered it a good option. Nearly half of young people were told by teachers that studying for a university degree would be better for their career in the long term than undertaking an apprenticeship.

## Learner outcomes

Understanding an individual learner's outcomes (of any age) is key to recognising the impact and value of skills investment. Collection of relevant data is a priority, with the take-up and completion of courses and qualifications offering two valuable measures to understand the direction of travel for learners across the skills and training landscape. However, it is destination data that gives a true picture of the outcomes for students and it is hoped that the Welsh Government consultation in summer 2017<sup>47</sup> will result in improvements to the collection and availability of destination data and that regional skills partnerships will be included amongst recipients of this data.

A key challenge is working collectively to also measure detailed longer-term (12+ months) outcomes. This needs to go beyond looking at whether, at 6 months, an individual is in continuing education or employment and consider pathways, type of employment, the relevance and transferability of the training/qualification achieved, numbers leaving their specialisation or returning to it and numbers leaving or returning after specified time periods.

Expanding the collection of quality destination data, such as that collected by the Higher Education Statistics Agency (HESA) for higher education, across further education, work-based learning (including apprenticeships), third sector interventions and European Union funded initiatives will aid planning and funding decisions, develop understanding of skills gaps and shortages, identify success/best-practice and allow for a 360 review of skills investment, delivery and outcomes.

### Higher Education Destination Data and Retention of Welsh Domiciled Students

Higher education destination data demonstrates that investment in Welsh domiciled students for Welsh universities is paying dividends. 85% of Welsh domiciled leavers who went to university in South East Wales institutions (2014/15)<sup>48</sup> remained in Wales to work with the highest retention rates in subjects allied to medicine and education at over 90%. Retention rates for social studies, law, business and administration were all over 85%. Lowest retention rates were for mass communications and documentation (61%) and mathematics (71%). 67% of Welsh domiciled students who went to UK universities returned to Wales to work. Again, subjects allied to medicine and education had the highest return rate at over 75%.

Close working relationships between employers and universities support progression into employment, delivering positive learner outcomes and potentially competitive advantage. Destination data is a useful measure of outcomes, highlighting those programmes and institutions securing high levels of progression to employment, for example, 65%-75% of all who studied 'medicine and dentistry'; 'subjects allied to medicine' and 'education' reported working in a related area. Social studies and engineering and technology retention rates for Wales domiciled were about 10% higher than for all students. 59% of business and administrative leavers reported working in sectors other than financial and professional services and administration.<sup>49</sup>

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<sup>47</sup> <https://consultations.gov.wales/>

<sup>48</sup> Welsh Domiciled Leavers of Higher Education Who Stated that their Qualification was Useful, by Location of Employment, Subject Studied and Economic Activity Welsh Government stats 2014/15. Data source HESA StatsWales Welsh Government research

<sup>49</sup> Annex for Destination Data for Welsh Domiciled Students in Cardiff Capital Region Higher Education Institutions Data source HESA StatsWales Welsh Government research

## Unemployment and Economic Inactivity

Unemployment costs South East Wales £4bn in welfare annually. Bringing this figure down is central to the Cardiff Capital Region economic strategy. The Welsh Government has identified an additional concern which is “the growing issue of in-work poverty.”<sup>50</sup> Welsh Government sees improving the levels of qualifications held by the working age population as the key to driving up pay and driving down unemployment.

Wales has the second highest unemployment figures (4.9%) and second lowest employment rate at 71% in the UK with a high percentage of people who are economically inactive. Those people who are economically inactive in the local population negatively impact on the local economy as they cannot contribute to productivity.

Welsh Government has committed to an Employability Plan for Wales “To reshape employability support for job-ready individuals, and those furthest from the labour market, to acquire the skills and experience to gain and maintain sustainable employment.”<sup>51</sup> The Cardiff Capital Region City Deal is equally committed to a delivering an employability plan, engaging partners in a collaborative approach to tackle regional unemployment and economic inactivity.

The unemployment level in Cardiff (Table 7 below) is amongst the lowest in the region. So too is the employment level. The difference indicates levels of economically inactive people. There are marked differences in employment rates across all local authorities in the Cardiff Capital Region. Training those who are either unemployed or economically inactive is part of the equation necessary to balance the forecast difference between replacement and jobs growth demand and the market under-supply of those leaving education and training to fulfil it. With forecasts indicating shortages in workforce numbers, there is an opportunity to drive training for those people who are unemployed and economically inactive to fulfil valuable job roles. Training a significant percentage of this combined group back into the workforce will be essential.

**Table 7 Unemployment Levels**

	Employment level	Employment rate	Unemployment level	Unemployment rate
				Year ending 30 Sep 2016
<b>United Kingdom</b>	<b>30,211,000</b>	<b>73.7</b>	<b>1,628,700</b>	<b>5.1</b>
<b>Wales</b>	<b>1,356,900</b>	<b>71.1</b>	<b>69,700</b>	<b>4.9</b>
<b>South East Wales</b>	<b>663,900</b>	<b>70.0</b>	<b>36,800</b>	<b>5.2</b>
Bridgend	62,100	71.7	4,000	6.0
Vale of Glamorgan	56,200	73.7	3,400	5.8
Cardiff	163,800	67.9	7,800	4.6
Rhondda Cynon Taf	102,100	68.9	6,500	6.0
Merthyr Tydfil	25,000	66.9	1,900	6.9
Caerphilly	80,600	71.4	4,700	5.5
Blaenau Gwent	27,700	64.0	2,700	8.8
Torfaen	42,100	74.3	1,400	3.2
Monmouthshire	41,600	76.9	1,300	2.9
Newport	62,600	68.2	3,200	4.8

Source: Annual Population Survey, Office for National Statistics

(a) Regional area level data are approximations

Next update: March 2017

<sup>50</sup> <https://www.cardiff.ac.uk/news/view/758111-record-levels-of-in-work-poverty>

<sup>51</sup> <http://gov.wales/topics/educationandskills/skillsandtraining/employability-plan-for-wales/?lang=en>

Much of the projected employment demand in replacement and growth jobs (Table 4) are in areas where unemployment is low. To rebalance the workforce, it may be necessary to incentivise businesses to locate, or remain, in areas with high unemployment and economic inactivity rates linked to a programme of skills and training support.

Unemployment affects the young disproportionately in Wales with 12.7% of 16-24 year olds compared to 3.6% of 25-49 year olds and 3.0% of 50-64 year olds.<sup>52</sup> Less women are unemployed (3.9%) than men (5.5%).

One in five of 19-24 year olds are registered as not in education, employment or training (NEET) and are economically inactive. The Cardiff Capital Region has 29,800 (16-24 year olds) NEETs, 54% of 56,100 people in Wales.<sup>53</sup> All Wales statistics<sup>54</sup> reflect a significant opportunity to attract young people under 25 into work.

**Table 8 Not in Education, Employment or Training**

Age	% Not in education employment or training	Age	% Not in education employment or training
16	3.8	20	19.1
17	8.2	21	19.5
18	13.9	22	20.6
19	14.9	23	19.0
		24	19.1

### Brexit and European Union Funding<sup>55</sup>

The 'Implications for Wales of leaving the European Union' review of skills<sup>56</sup> reflects on the importance of Europe and the need for succession planning to consider:

- the status of non-UK European Union nationals, students and academics currently studying in Wales;
- support for work-based learning and skills development research and investment;
- participation in European Union mobility and research programmes e.g. Horizon 2020, ERASMUS+;
- continuing existing schemes for mutual European Union recognition of educational qualifications by the Credit & Qualifications Framework Wales (CQFW) link to European Qualifications Framework (EQF);
- ensure a framework for professional qualifications is maintained ensuring transferability; framework for trades, professions and low skilled employment (potential for shortages);
- recognition of European Union health professionals' qualifications to work across European Union health care systems;

<sup>52</sup> <https://assemblyinbrief.files.wordpress.com/2017/05/unemployment-may-eng-01.png>

<sup>53</sup> <http://bit.ly/2mtMOWT>

<sup>54</sup> Numbers are not available for South East Wales due to small sample sizes.

<sup>55</sup> <https://beta.gov.wales/brexit>

<sup>56</sup> <http://www.assembly.wales/laid%20documents/cr-ld10912/cr-ld10912-e.pdf> External Affairs and Additional Legislation Committee, January 2017

- impact on European Union nationals working in health and social care, particularly non-registered.<sup>57</sup>

The immigrant workforce brings many benefits to communities, including employment in job roles that experience skills shortages and are hard to fill.<sup>58</sup> Any reduction on the freedom of movement from continental Europe is also likely to exacerbate shortages in labour supply, and the city of Cardiff in particular may face challenges over the next period, with an estimated population of 11,000 European and 20,000 non- European Union nationals.

Welsh Government research suggests that, despite low levels of migrants, certain sectors of the Cardiff Capital Region economy are dependent on the skills of migrants from the European Union<sup>59</sup> and elsewhere. Wales has just 2% of the non-British European Union population in the UK, and 2.2% of non-European Union residents. However, since 2005 migrant worker numbers have doubled to 9.2%, around 82,600.

- Human foundational economy - health and social care sector, around 1,140 European Union nationals were employed in the National Health Service Wales, with 6% of doctors (whose nationality was known) trained in other parts of the European Union.
- The construction sector is dependent on migrant workers, with skills shortages anticipated by the UK National Infrastructure Delivery Plan (September 2015) with an additional 100,000 UK workers needed by 2020. Wages may be inflated and the workforce depleted in Wales.
- 1,360 academic staff in Welsh universities came from European Union countries (December 2014) with concerns about Wales' access to academic talent and cross-border research collaboration.<sup>60</sup>
- The Welsh food and drink sector employs over 25% of the labour force that is non-UK.
- The life sciences and the pharmaceutical industry employs significant numbers of European Union citizens.
- The tourism industry in Wales employs around 11% of migrant workers; 50% are from European Union.
- Reductions in migrants in England may create shortages, drawing employment from Wales.

### European Union Funding

A plethora of national, regional and sub-regional European Union funded initiatives operate across the region as part of the 2014-2020 European Union programming period. These range from large scale revenue projects aimed at supporting people back into employment to capital schemes to assist small and medium-sized business to become more innovative. The following provides a snapshot of some of the support currently provided by European Union funding across the Region:

- apprenticeships: a Welsh Government-led national operation providing increased opportunities for those of working age to acquire further skills (European Social Fund (ESF));
- traineeships: a Welsh Government-led national operation providing vocational-based learning for 16-18 year olds who are not in employment, education or training (ESF);

<sup>57</sup> <http://wmp.infobasemru.net/IAS/> .

<sup>58</sup> <http://www.wmp.org.uk/InformationCentre.asp?path=/documents/wsmp/News%20and%20Events/Migration%20Briefings> – Research by Swansea University using data from 2013

<sup>59</sup> [https://beta.gov.wales/sites/default/files/2017-02/31139SecuringWalesFuture\\_Version%202\\_WEB.pdf](https://beta.gov.wales/sites/default/files/2017-02/31139SecuringWalesFuture_Version%202_WEB.pdf)

<sup>60</sup> [https://beta.gov.wales/sites/default/files/2017-02/31139%20Securing%20Wales%20B9%20Future\\_Version%202\\_WEB.pdf](https://beta.gov.wales/sites/default/files/2017-02/31139%20Securing%20Wales%20B9%20Future_Version%202_WEB.pdf)

- innovation, entrepreneurship, SME start-up and expansion support: a number of national initiatives led by Welsh Government (Business Wales) and Finance Wales (European Regional Development Fund (ERDF));
- Bridges2Work: a local government-led sub-regional programme of support for the economically inactive and long-term unemployed to help them back into work (ESF);
- Inspire 2 Achieve: a local government-led regional programme of support for young people aged 11-24 to increase their self-esteem, develop soft skills and gain qualifications to enable them to enter further learning, training and/or employment (ESF);
- Inspire 2 Work: a local government-led regional programme of tailored support for young people aged 16-24 who are not in employment, education or training to address and overcome their barriers, increase their self-esteem, develop employability skills and move closer to the labour market (ESF);
- Upskilling@Work: a further education-led regional programme of support providing a strategic approach to the delivery of workforce development opportunities for those in employment to further develop their skills (ESF);
- Leading Business Growth East Wales: a higher education-led programme of support for higher level vocational and professional skills in order to increase the number of people in the workforce with technical and job specific skills at an intermediate and higher level (ESF);
- the Institute for Compound Semiconductors: higher education-led supporting research and development activities in relation to the commercialisation of compound semiconductor technologies (ERDF).

The South East Regional Engagement Team (RET) supports the delivery of European Union funded interventions across the region and plays a key role in coordinating opportunities, ensuring lack of duplication and overlaps and ensuring that the region maximises all the opportunities from the programmes. It supports, facilitates and brokers discussions between all key partners, stakeholders, project leads and beneficiaries across all sectors. Specifically, it facilitates ESF Priority Networks across the region, bringing lead partners together with key organisations, relevant Welsh Government Departments and the Welsh European Funding Office (WEFO) to ensure the smooth delivery of all operations and projects. Some key challenges include:

- avoiding duplication in the support provided by national, regional and sub-regional interventions to specific groups under ESF-funded activity in the region;
- encouraging ERDF projects to consider the skills opportunities of their interventions. Highlighting the potential for the skills requirements of a number of ERDF-funded capital projects to be considered together in order to maximise the skills opportunities of large scale ERDF interventions within the region. This is something that both the RET and LSKIP can support within the region, together with ensuring that WEFO and lead beneficiaries also address this via project review meetings, etc;
- lack of access to meaningful performance data from WEFO is currently preventing the RET from measuring and communicating the regional performance of the programmes against key regional strategies and to plan for an effective exit strategy from ESF to domestic funding streams post-Brexit. This is something that the RET is working with their counterparts across Wales to ensure that such data is made available by WEFO as more projects start to claim and report outputs and targets.

Other priorities for the coming period as follows:

- work with all key partners and stakeholders as the Welsh Government reconfigures its existing ESF-funded employability programmes as it moves towards delivering new employability

programmes from April 2019 and establish how regional and sub-regional interventions might also need to change as a result, in particular as the Valleys has been identified as a test bed to inform the new delivery approach for employability programmes;

- lobby for future domestic funding to replace ESF post-Brexit, both at a UK and Welsh Government level, to ensure the region continues to benefit from key funding opportunities of vital importance to individuals, communities and businesses throughout the region.



## PRIORITY SECTORS FOR EMPLOYMENT AND SKILLS INVESTMENT

An analysis of the regional economy has resulted in the prioritisation of five sectors in the Cardiff Capital Region which are considered to have greatest demand for labour and skills in the next five years: advanced materials and manufacturing (AMM), construction (CON), financial, legal and professional services (FPS), digital (ICT/digital including digital creativity) and human foundational economy including education, health and social care (HFE). The advanced materials and manufacturing sector includes the specialist areas of food and pharmaceutical manufacture.<sup>61</sup>

**Table 9 Cardiff Capital Region by Priority Sector – GVA**

Cardiff Capital Region by Priority Sector (UKCES 2016)	GVA Cardiff Capital Region Industry £bn	By GVA	Business Units
All Industry	29.3		41,540
Advanced materials and manufacturing <sup>62</sup>	5.0	2	2,435
Construction	1.8	4	4,755
Financial and professional	4.8	3	2,210
Human foundational economy	5.1	1	2,545
[Education £2.2bn, health and care £2.9bn]			
ICT sector including creative industries	1.2	5	2,210
Energy and environment	1.1		225
Tourism	0.6		1,970
Food and farming	.2		1,455

**Table 10 Cardiff Capital Region by Priority Sector – Skills Shortage Vacancies**

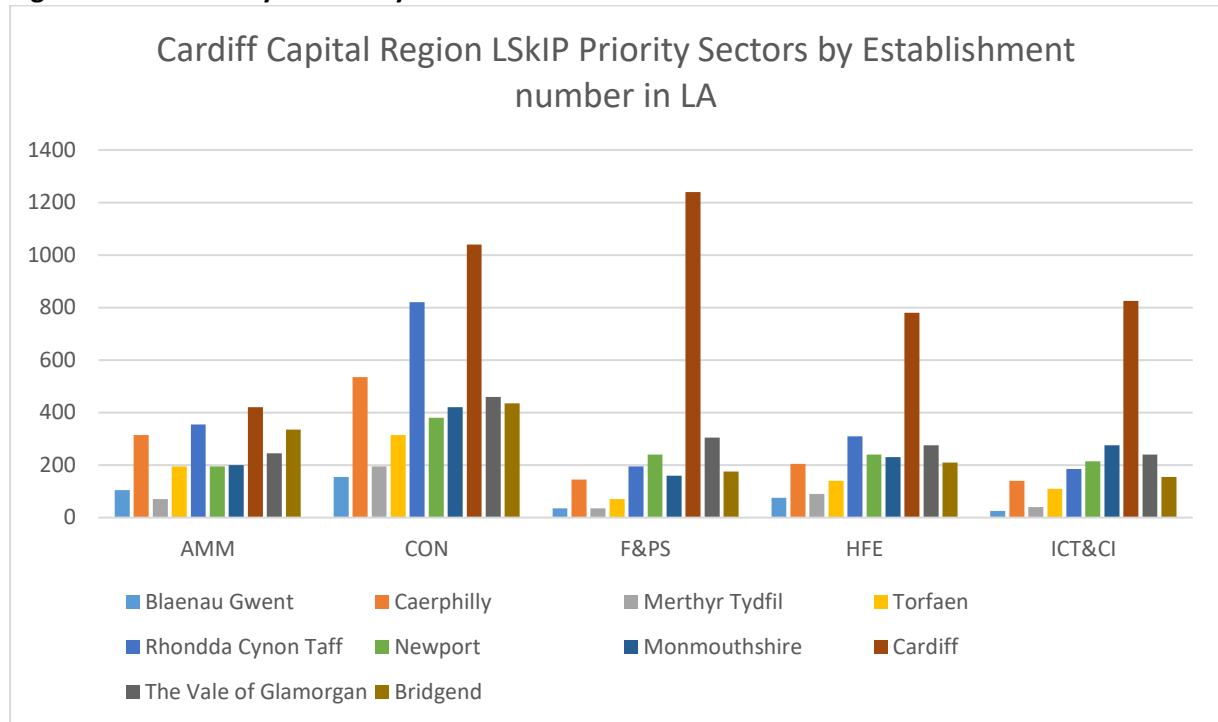
Cardiff Capital Region by Priority Sector (UKCES 2016)	SSVs in CCR by SOC employee	Base companies with vacancies	2013 % companies SSVs	2015 % companies SSVs	Increase/decrease
All Industry					
Advanced materials and manufacturing	600	177	25%	31%	+
Construction	800	123	21%	40%	+
Financial and professional	1600	722	30%	22%	-
Human foundational economy	1000	425	14%	22%	+
[Education £2.2bn, health & care £2.9bn]					
ICT Sector including creative industries	700	407	n/a	n/a	
Energy and environment	100	28	7%	16%	-
Tourism	1000	614	21%	22%	+
Food & farming	100	31	n/a	18%	

<sup>61</sup> A further review of the sectors currently prioritised by LSKIP will take place in Autumn 2017.

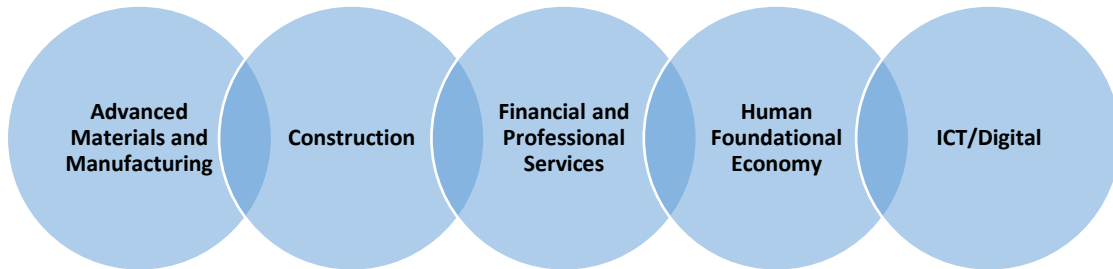
<sup>62</sup> Includes pharmaceutical manufacturing and food manufacturing.

Workforce skills demand is found across all local authorities in the Cardiff Capital Region. Although Cardiff has the largest number of businesses in every sector (with the exception of food and farming) there are significant numbers of employers in all areas. Consideration needs to be given to those areas with high concentrations of businesses in certain sectors to ensure there is associated training delivery through institutions and work-based learning providers e.g. advanced materials and manufacturing and construction in Bridgend, Caerphilly and Rhondda Cynon Taf.

**Figure 2 LSKIP Priority Sectors by Establishment number in Local Authorities**



## SECTION 2: PRIORITY SECTOR ANALYSIS



The following sections offer a more detailed regional analysis of five sectors prioritised for employment and skills support.

- 1. Advanced Materials and Manufacturing (AMM)**
- 2. Construction (CON)**
- 3. Financial, Legal and Professional Services (FPS)**
  - a. Financial Services
  - b. Legal Services
  - c. Business Services
- 4. Digital (ICT/Digital) is considered a cross-sector**
- 5. Human Foundational Economy (HFE)**
  - a. Education
  - b. Health
  - c. Social Care

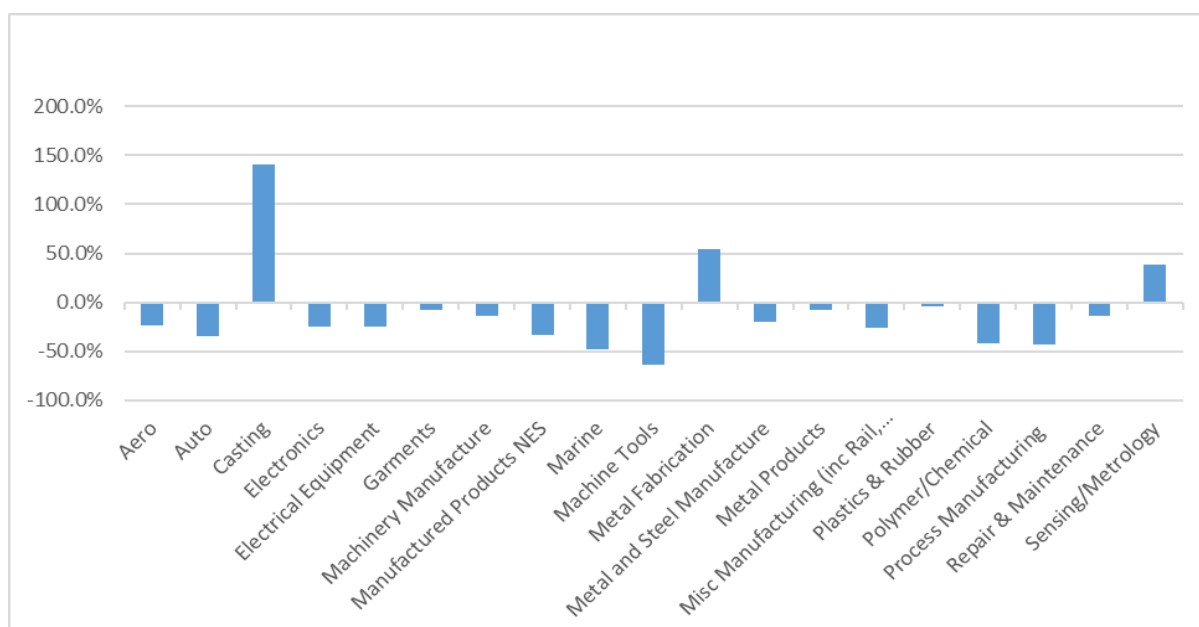
## ADVANCED MATERIALS AND MANUFACTURING

### Advanced Materials and Manufacturing Overview

Advanced materials and manufacturing (AMM) is a key sector in Wales with 40% of total enterprise turnover. Over 50% of Welsh AMM companies (2,435) are in the Cardiff Capital Region with half located in Cardiff, Bridgend, Rhondda Cynon Taf and the Vale of Glamorgan. The sector includes established industries, Anchor and Regionally Important Companies, large employers (250+) and SMEs which offer key opportunities in the supply chain.

As a sector gross value added (GVA) compares poorly with the UK, indicating a need for improved leadership and management skills, efficiencies through project management, technology and research.<sup>63</sup> Two of the largest employers in South Wales (1,000-2,000 workforce) are in steel manufacturing.

**Figure 3 Wales GVA compared to UK by Advanced Materials and Manufacturing Sub-sector 2014**



### Summary of Major Advanced Materials and Manufacturing Projects

The advanced materials and manufacturing sector will be impacted by infrastructure projects and inward investment:

- Hinkley Point C Nuclear Power Station in North Somerset (South Wales travel-to-work area);
- Wales's only UK catapult centre is the Compound Semiconductor Applications Catapult;
- The Aston Martin project in St Athans will create hundreds of manufacturing/assembly jobs;
- The TVR project in Ebbw Vale will create 150 manufacturing jobs;
- high-quality furniture manufacturing for international export;<sup>64</sup>
- Ebbw Vale Enterprise Zone – skills needed to target automotive companies in the Midlands;
- off-site manufacturing facility for construction industry e.g. Heathrow Hub.

### Advanced Materials and Manufacturing SWOT

<sup>63</sup> <http://gov.wales/newsroom/finance1/2017/59001732/?lang=en>

<https://ec.europa.eu/growth/tools-databases/regional-innovation-monitor/support-measure/score-cymru>

<sup>64</sup> Orangebox Ltd, Treforest was recently approved as a Regionally Important Company by Welsh Government.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• There 49 Anchor and Regionally Important Companies in the Cardiff Capital Region.</li> <li>• 35% of the workforce is employed by large companies.</li> <li>• Advanced materials and manufacturing (AMM) contributes over 20% gross value added (GVA) to the Cardiff Capital Region.</li> <li>• 25% of companies are registered as engineering.<sup>65</sup></li> <li>• The number of engineering enterprises is growing by 8.4% year-on-year in Wales.</li> <li>• 78% of mathematics teachers have been trained in the subject in Wales.</li> <li>• High-level research e.g. Cardiff University Innovation Centre; PDR located within Cardiff Metropolitan University.<sup>66</sup></li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Productivity weakest in UK - focus on leadership, management and innovation.</li> <li>• 44% of physics teachers in Wales are specialist teachers (56% are not) with numbers falling.</li> <li>• Engineering manufacture: 9% report retention difficulties in comparison to 5% of all.</li> <li>• Average earnings for engineers in Wales are the lowest in the UK.<sup>67</sup></li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Focus on new technologies and growth opportunities forecast for the next 5-10 years.</li> <li>• To focus on high-growth high profile opportunities for future specialist employment.</li> <li>• The Ministry of Defence Sustainable Procurement Charter offers opportunity to local companies to develop their skills base.</li> <li>• Range of training across further education institutions and higher education institutions to 'develop the leaders' - degree apprenticeships.</li> <li>• 80% of companies are micro/SMEs.</li> <li>• Over 26% of qualified engineers and technicians work for non-engineering enterprises.</li> <li>• Replacement jobs create strong demand for 12,600 jobs annual recruitment requirements (ARR) despite falling numbers.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Lack of a skilled workforce to deliver targeted training to meet skills gaps and shortages.</li> <li>• Limited development of apprenticeship frameworks and the UK apprenticeship levy.</li> <li>• Failure to market career opportunities in the sector.</li> <li>• Falling workforce numbers (manufacturing -5,000, engineering -2,600).</li> <li>• 31% of general science teachers are known to be trained in the subject (69% are not) in Wales.</li> <li>• Engineering workforce ratio male to female is 8:1. The graduates ratio male to female is 5:1.</li> </ul>

There is a balance needed across training and skills for high-profile, high-growth, new technology manufacturing e.g. compound semi-conductor technology, advanced food manufacturing technology and pharmaceutical manufacture and the new skills required to maintain employment and replacement jobs. This innovative group currently has a relatively small, specialist workforce. Large advanced materials and manufacturing companies have replacement demand for large numbers and despite being traditional also have major skills challenges to meet long term skills needs for technical innovation. e.g. Ford at Bridgend.

<sup>65</sup> <http://www.engineeringuk.com/Account/ReturnReport> State of Engineering (log-in required)

<sup>66</sup> [www.pdronline.co.uk](http://www.pdronline.co.uk)

<sup>67</sup> £23,304, £1,500 less than the North East of England and over £3,000 less than Scotland.

New entrants and apprentices are part of the solution for Level 4+ qualifications together with demand for upskilling all those aged 25 and above who are currently employed.

## Advanced Materials and Manufacturing Demand and Supply by Sub-sectors

### Aerospace and Defence

There are over 60 large companies in Wales, 10 of which are in the Cardiff Capital Region:<sup>68</sup> British Airways Avionics Engineering (BAAE); British Airways Maintenance Cardiff (BAMC); GE Aircraft Engine Services Ltd; General Dynamics UK Ltd (Blackwood and Merthyr Tydfil); Nordam Europe Ltd; Qioptiq; TES Aviation Group; Sony UK Technology Centre and Zodiac Seats UK. Two of the largest employers (1,000-2,000 workforce) are in the aerospace sector. Most of these companies are recognised as Tier One for procurement which increases opportunities to develop skills locally.

The Ministry of Defence Sustainable Procurement Charter<sup>69</sup> may offer an opportunity for local companies to develop their skills base and broaden their supply chain. The charter includes mentoring of SMEs, open competition, collaboration, SME targets and fee incentives to promote the socio-economic agenda. The involvement of the Cardiff Airport and St Athan Enterprise Zone is promoting opportunity.

### Automotive Engineering

Wales has about 8% of the UK's automotive manufacturing.<sup>70</sup> Over half of automotive manufacturers in Wales are in the supply chain producing components; over a quarter manufactures products for the aftermarket. The Ebbw Vale Enterprise Zone offers a significant opportunity to develop vocational and management skills to meet inward investment and expand engineering in the Heads of the Valleys with the A465 dualling linking to the M4 and Ireland and the M50/M5. Automotive business in the West Midlands account for over 30% of the UK's automotive business (£17.6bn). The Cardiff Airport and St Athan Enterprise Zone has attracted the prestigious Aston Martin investment.

### Compound Semi-Conductor Cluster – Manufacture, Research and Development

The Compound Semiconductor Applications Catapult is a joint venture, including IQE Europe Ltd, the Cardiff Capital Region and Cardiff University. This 'for profit' venture will develop high-level skills to build an international cluster of supply chain companies in and around the region. The Compound Semiconductor Applications Catapult centre will encourage a Mittelstand approach, collaborating with the University of Bristol, the University of Exeter and Bangor University, attracting interest through Europe, the Americas and Asia. The Cardiff Capital Region, through the City Deal, is investing £38m (on a commercial basis) towards a state-of-the-art, globally competitive manufacturing foundry.

### Food and Drink Manufacturing

There are 22,100 people working in the food manufacturing sector,<sup>71</sup> 10% of the Welsh food and drink workforce. It has a turnover of £4.8bn, 555 business units of which 85% are micro (less than 10 employees), e.g. fewer than 85 larger companies. In addition to existing production clusters (Wales has 7 protected names), NutriWales is a 'high impact business and export' cluster. Four out of five of the largest companies in the region are food or beverage-related manufacturers.

The Food and Drink Wales Industry Board has set a target of 30% growth or £7bn in sales by 2020. A large part of this will arise from food manufacturers in the Cardiff Capital Region using and developing

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<sup>68</sup> Manufacturing Centre of Excellence - Aerospace Wales data

<http://www.aerospacewalesforum.com/welcome-to-aerospace-wales-forum>

<sup>69</sup> Presentation at Procurex 2016 by Ministry of Defence Commercial Director Steven Morgan

<sup>70</sup> Wales Automotive Forum: <http://www.automotivecouncil.co.uk/wp-content/uploads/2016/02/REPORT-UK-Automotive-Industry-Jobs-and-Skills-Report-February-20162.pdf>

<sup>71</sup> Welsh Government 2015 - <https://businesswales.gov.wales/foodanddrink/key-facts>

advanced manufacturing techniques supported by a range of skills being developed at further and higher education levels. Cardiff Metropolitan University's specialist Food Industry Centre has attracted significant investment (£11.9m) for research. Higher education institutions are being encouraged to work collaboratively with local further education institutions to expand their food and pharmaceutical courses.

### **Pharmaceutical Manufacturing**

Life sciences is a high-profile sector in Wales employing around 11,000 people based at more than 350 companies with a turnover of £2bn per year. Pharmaceutical manufacture is a key sector for the Cardiff Capital Region recognised by Welsh Government through nominated Anchor and Regionally Important Companies. Life science companies work with academic institutions and health boards on medical research including biopharmaceuticals, regenerative medicine, diagnostics, e-health and biotechnology. There is a risk from the UK's exit from the European Union of losing important European Union regulatory agencies such as the European Medicines Agency.

Cardiff University, the University of South Wales, the Open University in Wales and Swansea University can collaborate to ensure a skilled workforce is available. This will help meet demand from life science companies across the Cardiff Capital Region including Bridgend and Cardiff and the Heads of the Valleys. Specialist skills required are exemplified by Bridgend College - the first training provider to deliver the new Higher Apprenticeship in Life Science and Related Science Industries in Wales.<sup>72</sup>

### **Advanced Materials and Manufacturing Specialist Nuclear Skills Annual Recruitment Requirements by Occupation**

Nuclear sector manufacturing is highly regulated with around 250 companies holding existing nuclear contracts out of a potential 700 businesses with requisite skills. Latest estimates suggest high-growth demand with an annual recruitment requirement of over 6,000 new jobs by 2021, growing to 8,500 by 2025 for off-site mechanical and off-site control, electrical and instrumentation manufacture. This workforce is in addition to the new build construction workforce dealt with in the construction section. Nuclear industry skills have not been a priority, with no nuclear facility in South Wales. However, this may change if further education institutions and higher education can develop transferable skills to meet the demand of Hinkley Point C Nuclear Power Station, which has designated South Wales as in its travel-to-work area.

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<sup>72</sup> <http://gov.wales/newsroom/educationandskills/2016/161017-minister-visits-the-first-provider-to-deliver-the-new-higher-apprenticeship/?lang=en>

**Table 11 NESAs – Nuclear Energy Skills Alliance<sup>73</sup>**

	Forecast Annual Recruitment Requirements (ARR) to 2021			
	Operation, Decommissioning, Engineering Construction and Defence			
	Number per year		Annually as a % of total	
	Technical per year	Professional per year	Technical per year	Professional per year
All Resource Codes	3000	3500	8%	13%
Control and Instrumentation	260	360	10%	19%
Engineering	1050	1800	10%	16%
Project Management	130	600	5%	13%
Quality Assurance	45	145	5%	13%
Safety Case	10	50	3%	9%
Health Physics	15	30	1%	8%
Security and Safeguards	30	20	9%	5%

The table above, which includes Hinkley Point C Nuclear Power Station, Oldbury Nuclear Power Station and Wylfa Nuclear Power Station, illustrates workforce growth from 70,000 in 2014/15 to 98,000 in 2021 over 5 years. The new-build workforce is forecast to grow by 28,000 full-time equivalent (FTE) to 2021. Professional skills demand in engineering, control and instrumentation, and project management – skills which for nuclear will take a minimum of 3-5 years training – are forecast to be up by a fifth. Fifty businesses in Wales will benefit from a £450k fund for a Fit for Nuclear (F4N) programme from the 2017 Welsh Government fund.

Hinkley Point C Nuclear Power Station includes both Swansea and Cardiff in its travel-to-work area. There is likely to be increased demand for skills locally to backfill those who choose to travel to work in North Somerset. Gross value added (GVA) will accrue to the individual’s home authority under one measure although it may accrue to the location of the business under another. Nuclear skills will be required in succession for Wylfa Nuclear Power Station from 2019 and Oldbury Nuclear Power Station from 2023. Research into the opportunity arising from intensive training programmes (further education institutions and higher education) may clarify the opportunity.

The ripple effect of infrastructure investment is already being felt with Spanish company Construcciones y Auxiliar de Ferrocarriles (CAF) receiving Welsh Government support to open a £30m rail construction centre in Autumn 2018.

### Advanced Materials and Manufacturing Skills Needs, Gaps and Shortages

Employers have the highest incidence of (verifiable) skills shortages by sector of 10%. The highest density of skills shortage vacancies in advanced materials and manufacturing in South East Wales is for machine operatives at 36% and professionals at 35%, although this is across all sectors. The most common skills shortages were specialist skills or knowledge needed to perform the role (which were the cause, at least in part, of 70% of skills shortage vacancies in South East Wales).

Advanced materials and manufacturing is a complex skills sector with a very different skill set needed in each subsector (engineering, aerospace, automotive, food and drink, furniture and pharmaceutical manufacturing). Higher-level employer engagement with discrete sectors offers a valuable granular reflection of skills needs and forecasts of shortages. Identification of skills needs (particularly large companies, and Anchor and Regionally Important Companies) to identify high risk and best practice is required to reverse decline and to take account of the introduction of digital technology and automation/robotics/Industry 4.0.

<sup>73</sup> The Nuclear Energy Skills Alliance is informed by the Construction Industry Training Board (CITB), Cogent, the UK Government, the Engineering Construction Industry Training Board (ECITB), the Science, Engineering and Manufacturing Technologies Alliance (SEMTA), the National Skills Academy (Nuclear), the University of Manchester and Welsh Government.



High-level skills training is most in demand in the sector:

- 25% of companies are confident about accessing high-level skills currently (75% are not);
- 51% of companies are confident about accessing intermediate skills (49% are not);
- 74% of companies are confident about accessing low-skilled employees (26% are not).

Skills needs common to all advanced materials and manufacturing sectors have been identified as:

- advanced materials and technology;
- leadership and management with particular reference to technology change management and succession planning;
- robotics and automation and mechatronics across all manufacturing sectors;
- machine management, software engineering, programming and maintenance;
- digital and information and communications technology skills;
- engineering, control and instrumentation (nuclear industry);
- toolmaking and production engineering;
- fabrication and welding.

Advanced manufacturing skills are required to meet the demands of the compound semiconductors foundry in Newport which is forecast to create 2,000 jobs, creating a global centre of compound semiconductor expertise. Companies are anticipating skills requirements in:

- manufacturing and applications;
- wireless;
- smart phones;
- power stations;
- imaging devices;
- automotive technology;
- driverless cars.

Automotive and aerospace manufacturing skills needs and shortages are in:

- battery technology and research;
- composites (the nearest centre for skills is in Bristol);
- seating design and construction (including materials cutting and (hand) finishing);
- driver-assisted and autonomous vehicle design;
- quality engineers;
- electric and hybrid research and design (engine manufacture change management).

Pharmaceutical and food manufacturing skills needs are for:

- quality assurance at all stages and all levels (work-based learning and industry entry requirements);
- laboratory skills for testing from Level 3+;
- high containment and clean manufacture;
- live cell research and gene technology;
- food technologist at all levels including continuing professional development.

## **Industry 4.0 for Sectors<sup>74</sup>**

The impact of Industry 4.0 across the economy in the long term will improve gross value added (GVA) but in the short term will accelerate skills shortages for those needing to use new technology to compete in the international marketplace. The challenge is to seamlessly integrate Industry 4.0 into businesses.

## **Skills Supply Engineering Manufacturing - Qualifications in Wales<sup>75</sup>**

There are 458 engineering and 147 manufacturing qualifications in Wales of which 24 are available in Welsh and English. Twenty-eight qualifications are available between Level 4-Level 7 (Higher National Certificate, Higher National Diploma, the Diploma, Business and Technology Education Council Qualification, National Vocational Qualification).

## **Apprenticeships**

Manufacturing and engineering is under-represented, a strong subject area reflecting proportionately high-level qualifications.

- 18,000 apprentices achieved the full framework, 4,000 (22%) of which were engineering related.<sup>76</sup>
- 42% were at Level 3 with the remaining 58% at Level 2.
- Over 80% attained the full framework across all engineering apprenticeships:
  - engineering and manufacturing technologies;
  - construction, planning and the built environment;
  - information and communication technology.
- ICT numbers at Level 2 and Level 3 in 2014/15 totalled 445 in Wales.
- Numbers need to be increased and the balance between Level 2 and Level 3 reversed.

Apprenticeship work-based learning provision identified through StatsWales 2015/16 are

- engineering manufacture;
- engineering manufacture - higher apprenticeship;
- improving operational performance (engineering direct entry);
- operations and quality improvement;
- rail engineering track;
- vehicle body and paint operations;
- vehicle fitting;
- vehicle maintenance and repair;
- vehicle parts.

Food and Drink:

- improving operational performance;
- other sector frameworks - manufacturing.

Available but with no take-up:

- advanced engineering construction;
- engineering;
- extractives and mineral processing operations.

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<sup>74</sup> The Farmer Review of the UK Construction Model – Modernise or Die

<http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2016/10/Farmer-Review.pdf>

<sup>75</sup> <https://www.qiw.wales/qualifications/search?lang=en>

<sup>76</sup> Welsh Government, Regional LMI Report, Table 4.7: Learning programmes for Foundation Apprenticeships, Apprenticeships and Higher Apprenticeships

## Advanced Materials and Manufacturing Priorities and Recommendations

	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
1	To Improve the brand of the sector to young people, new recruits, parents and teachers by showing the modern face of manufacturing, ensuring those with an interest in the sector are supported to study to meet their full potential.	<ul style="list-style-type: none"> <li>Review current offerings to young people to ensure that employers are aware of the support available.</li> <li>Encourage Anchor and Regionally Important Companies to continue to hold events for young people as well as ensuring that suppliers and customers are also involved in promoted a career in the sector.</li> <li>Ensure teachers are aware of the many career opportunities in the sector for students.</li> <li>Promote the inward investment and infrastructure projects to young people to ensure that they (and parents) understand the exciting opportunities within the sector.</li> <li>Promote the diversity of a career in the sector to encourage more females to apply for positions.</li> <li>Review the apprentice-matching service i.e. how Anchor and Regionally Important Company applicants can be signposted to other employers if they have been unsuccessful with their Anchor and Regionally Important Company application.</li> <li>Examine data to match the number of vacancies to the number of school leavers.</li> <li>Look at the ASPIRE model in Ebbw Vale as an exemplar on school Industry liaison.</li> </ul>	✓	✓	
2	To improve productivity and automation in the sector to ensure higher salaries and sustainable employment.	<ul style="list-style-type: none"> <li>Work with managers and Welsh Government to implement projects to raise productivity and salaries through:                             <ul style="list-style-type: none"> <li>Benchmarking against best in sector to futureproof their business;</li> <li>improved process practice;</li> <li>automation/digitisation investments;</li> <li>upskilling technical skills to support each employer’s needs but typically, welding, CNC, CAD/CAM, robotics, pneumatics, hydraulics, digital skills, coding;</li> <li>trainers/ lecturers receiving staff development to deliver cutting edge programmes or support to sector employees;</li> <li>ensure cutting edge development is available from the most appropriate source for the employer.</li> </ul> </li> </ul>	✓	✓	
3	To Improve strategic leadership and management in the sector that instills: <ul style="list-style-type: none"> <li>ambition;</li> <li>innovation;</li> <li>efficiency (improved productivity);</li> <li>vision;</li> <li>succession planning.</li> </ul>	<ul style="list-style-type: none"> <li>Review the current offering of government support for leadership and management programmes for suitability.</li> <li>Provide a list of management and leadership development programmes applicable for manufacturers.</li> <li>Develop/source new management and leadership development programmes where there are gaps in provision.</li> <li>Promote case studies where companies have successfully improved strategic management.</li> <li>Promote/signpost where companies can get support.</li> <li>Investigate support from Innovate UK.</li> <li>Develop potential young leaders using new higher apprenticeship frameworks, including Taskforce for the Valleys, across the region.</li> <li>Enhance apprenticeship frameworks to include an understanding of strategic management that promotes this priority.</li> </ul>	✓	✓	✓

### Construction Overview

Construction has 5,125 business units registered in the region with a construction workforce of 45,000 in employment (2014), forecast to grow to 46,900 in 2024 with a replacement job requirement of 15,300.<sup>77</sup> The annual rise in construction output forecast for 2017-21 in Wales (6.2%)<sup>78</sup> is twice that of the South-West of England. The annual rise in employment at 2.7% is also highest in the UK.

Government (public) investment in construction is important in the Cardiff Capital Region creating local opportunity for a wide variety of skills. In 2016 there was a higher percentage (27%) of output in 2016 from Wales Infrastructure Investment Plan (WIIP) projects in the public non-housing sector (13%) in Wales than the UK (15% and 7%). Housing repair and maintenance is high in both the UK and Wales (equal 18%).

However, future forecasts for the region cannot simply look at past performance to predict the future. Forecasts need to take account of uncertainties in the economic and investment landscape arising in part due to the UK's forthcoming exit from the European Union.

Public projects can use procurement rules to increase locally skilled employment opportunities. Skilled jobs are forecast to increase by an average of 4% while less skilled jobs are forecast to see net job losses. One of the main challenges facing the sector is that it needs to increase its productivity to deliver higher gross value added (GVA) in the region. This means helping to support innovation and ensuring the industry becomes more efficient.

In responding to the challenges identified within construction, some key themes have been identified:

1. qualifications reform to deliver higher-level skills to employers and promote economic growth;
2. improve careers information, advice and guidance to highlight construction sector opportunities;
3. professional and organisational development to improve competency in the workforce;
4. building capability and capacity within the provider network;
5. adoption of new technology and innovation e.g building information management (BIM).

In 2015 the Construction Industry Training Board (CITB) announced an investment of £6.5m to establish an innovative construction training facility in Wales. A consortium led by the University of Wales Trinity Saint David was formed with pan-Wales organisations comprising four further education colleges including Coleg y Cymoedd plus the Building Research Establishment (BRE) and Tidal Lagoon Swansea Bay. This innovative partnership is working together to develop consistent, seamless provision throughout Wales of specialist and bespoke construction-related training from Levels 1-7. The partnership has established the Construction Wales Innovation Centre (CWIC), a hub and spoke model. The CWIC aims to make a significant contribution to economic growth and job creation by responding to the current demand for skills in the construction industry and allied industries, as well as those arising from several large construction projects planned for Wales including the Metro, new nuclear build and energy projects. The CWIC will help deliver specialist training to over 1,100 people per annum. A new 'off-site manufacturing and training facility' in Wales may offer an opportunity to drive numbers at all levels and all ages to gain 'off-site' and specialist skills training locally. Collaboration is encouraged between training providers to enable a sub-regional hub and spoke

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<sup>77</sup> Working Futures 2014-2024 <https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

<sup>78</sup> Construction Industry Training Board/Office for National Statistics  
<https://www.citb.co.uk/documents/research/csn%202017-2021/csn-wales.pdf>

arrangement to emerge that increases employer engagement and extends delivery across multiple locations.

## Summary of Major Construction Projects

### Infrastructure, Transport Projects Specialisation and a Centre of Excellence<sup>79</sup>

Local transport infrastructure projects include ongoing dualling work on the A465 and the new M4 relief road. These projects have a contractual commitment to a 50 mile travel-to-work area which has the potential to protect jobs in the region. This radius includes Mid and West Wales and the West of England. Electrification and the Metro project will create demand for high-level construction, engineering, manufacturing, building and maintenance skills.

The establishment of a centre of excellence or an infrastructure academy in the Cardiff Capital Region may be a valuable means of focussing on specialist skills e.g. steel fixing and concrete work. Coleg y Cymoedd is investing significantly in a specialist training centre to meet future demand of the Metro and for the electrification of the Great Western Railway linked to the Construction Wales Innovation Centre.

Specialist transport skills in construction and engineering are needed to fulfil long-term forecast demand with a significant tail of on-going operation and maintenance and spin-off opportunities:

- early contractor involvement (ECI) design and construction on the Metro<sup>80</sup> - Transport for Wales (TfW) contractor framework;
- rail electrification, track, civil works - Welsh Government reorganisation/transfer of functions;
- Metro Phase 2 and new rail franchise procurement - £700m of capital investment for 2019-2023;
- A465 dualling sections 5 and 6: procurement in 2017, construction in 2018 and delivery in 2021;
- A4226 – improvements to Five Mile Lane through Welsh Government and Vale of Glamorgan Council partnership;
- M4 relief road, Brynglas Tunnels refurbishment and the River Usk bridge strengthening contract with Costain;<sup>81</sup>
- M4 J28 improvement (Basseleg – Tredegar Park);
- M4 corridor around Newport contract with Costain and Vinci Construction joint venture (public local inquiry).

### Other Major Projects

Constructing Excellence in Wales (CEW) has worked with the Welsh Local Government Association (WLGA) and Welsh Government on the Capital Programme 2016/17-2019/20 in the Cardiff Capital Region:<sup>82</sup>

- procurement for the Wales Infrastructure Investment Plan (WIIP) (availability at end of July 2017);
- £500m for the Band B 21st Century Schools and Education Programme and £200m for the Velindre Cancer Centre in Cardiff through the Welsh Government Mutual Investment Model (MIM);

<sup>79</sup> Andy Falleyn, Deputy Director Transport DEST Welsh Government gave a presentation at Procurex 2016

<sup>80</sup> Transport for Wales TfW not for dividend organisation to advise Welsh Government

<sup>81</sup> 92% local workforce from 50 mile radius includes Cardiff and Swansea AND Gloucester, Taunton and Worcester.

<sup>82</sup> <http://www.cewales.org.uk/files/9414/8949/3412/3 - Welsh Local Authorities Capital Profiles 2016-17 - 2019-20 - Published Mar 2017.pdf pp 28-46> Glenigan offers further current construction project analysis

- housing repair and maintenance, estate and stock;
- construction (private, commercial and public);
- social housing construction spread of 20,000 houses (geographic breakdown);
- Power industry – nuclear: Hinkley Point C Nuclear Power Station, Oldbury Nuclear Power Station (decommissioning) and Wylfa Nuclear Power Station;
- Tidal Lagoon technology (Swansea, Cardiff, Newport and Conwy) informed by the South West & Mid Wales Regional Learning and Skills Partnership.

Construction skills should not be looked at in isolation. The energy and environment (EE) sector is the sixth largest priority sector in the Cardiff Capital Region. It includes electricity, gas, steam and air-conditioning supply (£630m) and water supply, sewerage and waste management (£510m). Renewable energy projects (and nuclear) will impact on jobs with demands on civil engineering contractors.

### **Nuclear Construction (cross-over with Advanced Materials and Manufacturing)**

Hinkley Point C Nuclear Power Station (North Somerset) will have a long-term impact on construction (steel fabrication), advanced materials and manufacturing (coded welding), and energy and environment sector skills demand.<sup>83</sup> Cardiff and Swansea are inside the travel-to-work area for Hinkley Point C.

The nuclear workforce for new build is forecast to grow by just under 30,000 between 2016 and 2023, falling back to existing levels (70,000) by 2030. Forecasts suggest strong demand from the South Wales workforce to 2021. Salary inflation of 10%-12% or more is indicated with a migration e.g. formwork carpenters, steel fixers from South Wales, driving local increase in salaries.

Further understanding of occupations that sit outside the construction footprint but are still key to the process is required. There is engagement from local higher and further education institutions e.g. Cardiff and Vale College has a local campus engaging with Hinkley Point C Nuclear Power Station. The shortage of trainers may need to be sourced from outside of Wales.

Staff attrition rates in the new build workforce are forecast to be 5% per annum (circa 3,000) excluding issues around mobility of skilled workforce between sites. Nuclear construction has an ageing workforce with over 50% of the workforce aged 40-plus and under 10% of new entrants under the age of 25. The Welsh Government Economy Secretary has recently announced a second tranche of funding to support businesses in Wales to take advantage of the multi-billion pound opportunities in the nuclear industry. The £450,000 funding will secure support for a cohort of 50 companies on the Fit for Nuclear (F4N) programme, a unique service to help UK manufacturers prepare to bid for work in the civil nuclear supply chain.<sup>84</sup>

### **Swansea Bay Tidal Lagoon Power and Cardiff-Newport Tidal Lagoon Power**

The Hendry Review (January 2017)<sup>85</sup> offered a broadly favourable 'economic' review to progressing the Swansea Bay Tidal Lagoon Power pathfinder project. If it is built there will be new demands for local training for marine power, engineering and construction for a Cardiff-Newport Lagoon.

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<sup>83</sup> It will also affect future nuclear projects at Oldbury and Wylfa Newydd in Anglesey.

<sup>84</sup> <http://gov.wales/newsroom/businessandconomy/2017/170718-450000-funding-boost-to-back-Welsh-businesses-wishing-to-target-the-multi-billion-pound-nuclear-sector/?lang=en>

<sup>85</sup> <https://hendryreview.files.wordpress.com/2016/08/summary-of-recommendations.pdf>

## Construction SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Engagement with a wide range of research and an active construction sector cluster group.</li> <li>• Local Wales offices for UK institutes and organisations e.g. the Institution of Civil Engineers (ICE), the Royal Institution of Chartered Surveyors (RICS), the Confederation of British Industry (CBI) and the Civil Engineering Contractors Association (CECA).</li> <li>• Engagement with the Construction Industry Training Board (CITB) (access to CSN-Experian) and CITB Labour Forecasting Tool.<sup>86</sup></li> <li>• Access to Constructing Excellence in Wales (CEW) Welsh Government data and Wales Infrastructure Investment Plan (WIIP).</li> <li>• Construction industry careers information, advice and guidance engagement research (CIAG).</li> <li>• Investment in 21st Century Schools and Education Capital Programme and hospital construction (Cwmbran).</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of interest from young people in construction career roles and apprenticeships.<sup>87</sup></li> <li>• Poor careers advice; under 20% of children (1,000 sample) and parents consider construction a ‘good option’.</li> <li>• Parents are crucial to children’s career choices as over 50% never considered a career in construction.</li> <li>• 50% construction not discussed by a teacher or information made available in literature.</li> <li>• Lack of knowledge: over 50% of young people said construction work was mainly manual labour.</li> <li>• High numbers of low-level construction qualifications with few progression routes from further education institutions.</li> <li>• Reduction in take-up of apprenticeships.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• The South Wales Metro is creating high demand for local jobs e.g. construction/manufacturing.</li> <li>• Housing projects e.g. the urban village at the Ely Paper Mill site.</li> <li>• The Housing Supply Pact between Welsh Government and Community Housing Cymru will deliver 20,000 affordable homes (£1.5bn). Off-site construction innovative building methods promoted by Welsh Government.<sup>88</sup></li> <li>• Reducing tolls on the Severn crossing will impact on house prices in Monmouthshire and the M4 corridor.<sup>89</sup></li> <li>• Employers to actively engage schools and colleges to market career paths and opportunities.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Drain on skilled workforce from cross-border demand e.g. Heathrow, HS2, Hinkley Point C Nuclear Power Station.</li> <li>• 700,000 replacement jobs plus 120,000 growth jobs to meet UK government construction targets.<sup>90</sup></li> <li>• Over-confidence generated by over-optimistic reporting of skilled workforce demand.</li> <li>• Uncertainty about projects/timings eg. M4, Wylfa Nuclear Power Station and Swansea Bay Tidal Lagoon Power. Recognition of skills shortages.</li> <li>• Regional infrastructure strategic planning e.g. civil engineering.</li> <li>• Removal of Construction Related Occupation (CRO) card.<sup>91</sup></li> </ul>

<sup>86</sup> This will be available for the 2018 plan.

<sup>87</sup> <https://www.constructionnews.co.uk/best-practice/skills/constructions-image-problem-laid-bare-in-new-poll/10017923.article?blocktitle=Latest&contentID=14651> Research conducted by Redrow North Wales

<sup>88</sup> <http://gov.wales/newsroom/housing-and-regeneration/2016/30-million-and-new-housing-supply-pact-to-deliver-20000-homes/?lang=en>

<sup>89</sup> Tolls are currently £30+ for a weekly tariff for cars and £67-£100 for a weekly tariff for commercial vehicles.

<sup>90</sup> The Farmer Review of the UK Construction Labour Model 2016 (Arcadis, ‘People and Money’, 2015)  
<http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2016/10/Farmer-Review.pdf>

<sup>91</sup> <http://www.cscs.uk.com/cro>

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|--|---|
| <ul style="list-style-type: none"> <li>• Further education institutions addressing retention from existing courses to strengthen pipeline for higher qualifications.</li> <li>• Commercial sector projects e.g. Wales International Convention Centre</li> </ul> | <ul style="list-style-type: none"> <li>• Failure to adopt new technology and innovation in construction.</li> </ul> |
|--|---|

## Construction Skills Needs, Gaps and Shortages

Construction growth forecast in Wales is one of the highest compared to other locations in the UK, driven by significant projects and programmes of work, particularly relating to infrastructure. All projects will draw on the same labour pool creating further gaps and shortages in key occupations. The Employer Skills Survey 2015 already indicates incidence of skills shortage vacancies of 8% (second after manufacturing) and 16% skills gaps in the Cardiff Capital Region.<sup>92</sup>

The All Wales Construction Annual Recruitment Requirement (ARR) by Occupation (All Wales) report forecasts 3,890 jobs requirement per annum by occupation (2017-21).<sup>93</sup> Wales traditionally suffers from high net outflows of its construction workforce to other areas of the UK, in particular to the South West and North West of England, and thus tends to have a high relative annual recruitment requirement. The highest numbers in the annual recruitment requirement are for non-construction professional, technical and IT which, if involving ICT, are likely to be skills shortages.

Highest demand in construction is for:

- wood trades;
- bricklayers;
- painters and decorators;
- labourers (50% annual recruitment requirement);
- electrical trades and installation (25% annual recruitment requirement);
- heating, ventilation and air conditioning (HVAC) trades;
- other construction trades and technical.<sup>94</sup>

Associated training for nuclear Level 2 and Level 3 forecast requirements of 3,000 per annum is linked at professional level to Level 4 and Level 5 and graduate training, forecast at 3,500 per annum. Training for Hinkley Point C Nuclear Power Station should be carefully considered as it may be subject to different funding and qualifications. The Hinkley Point C Nuclear Power Station is forecasting major shortages in steel fixing, concrete works and scaffolding within the next 3 years so making provision in this area should be considered.

The building services and engineering sector in Wales reports an ageing workforce and a potential future labour shortage (few managers are under 30). Heating, ventilation and air conditioning (HVAC) skills are an issue – there are few operatives at Level 3 (very few are under age 22). Steel fixers, welders and ground-workers are showing shortages. Construction safety had the highest fines ever

<sup>92</sup> Welsh Government, Regional LMI Report Table 6.3: Incidence of skill shortage vacancies by sector and region

<sup>93</sup> Construction Skills Network (CSN) and Experian: the annual recruitment requirements are “employment requirements and not necessarily training requirements” and do not factor in workforce mobility and “skilled migrants’ transferable skills.” <https://www.citb.co.uk/documents/research/csn%202017-2021/csn-wales.pdf>

<sup>94</sup> The Construction Skills Network annual recruitment requirements do not indicate training needs as it ignores transferable, mobile or migrant labour skills.



(£14m) for safety offences in 2016. Long-term training for industry specialists need to be considered such as civil engineers or architects.

### **Off-site Construction Skills and Building Information Modelling<sup>95</sup>**

The Farmer Review of the UK Construction Labour Model followed reports of government savings of over £0.8bn on projects,<sup>96</sup> a significant contribution of which was building information modelling (BIM). In the rest of the UK, building information modelling is mandatory for all construction projects over £3m.<sup>97</sup> Construction companies understand the opportunities and necessity of having a workforce with building information modelling skills for contracts outside Wales.

A Construction Industry Training Board (CITB) report indicates 42% of employers (with workforces over 100) expect to use off-site methods in five years.<sup>98</sup> 100% expect to use precast concrete and 92% expect precast concrete frame usage to increase. This is despite off-site currently accounting for just 10% of construction.

This is an excellent opportunity for the region to offer an off-site construction manufacturing facility in Wales. It requires a very large facility and access for transport. There is strong potential in

“the housing and commercial sectors, where mass customisation, can create buildings more quickly and to higher standards”.<sup>99</sup>

The Welsh Government view is

“as construction transforms itself into a modern digitally enabled industry, it will need fewer quantity surveyors and bricklayers and more people with production, logistics, supply chain management, collaborative systems and data analysis skills. Training in building information modelling is essential for Welsh workforce.”<sup>100</sup>

Welsh Government has made funding available for strategic management support which is time limited (Construction Industry Training Board and Cardiff Metropolitan University).<sup>101</sup>

This ‘new’ approach to social housing construction is part of the vision for 20,000 new affordable homes by 2020 and the ‘Better Jobs Closer to Home’ policy.<sup>102</sup> The Cardiff Capital Region has had an opportunity to bid for a large ‘off-site’ construction facility to manufacture building units for housing and commercial use e.g. the new Heathrow Hub (Terminal 5). Other opportunities to exploit include the 21st Century Schools and Education Programme, workers’ accommodation, Wylfa Nuclear Power Station and social housing construction.

Although there are currently few building information modelling qualified/certified employees available in Wales, there is some experience and training. Swansea University Bay Campus was prefabricated and transported to the site; University Hospital Llandough had a new wing. A new

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<sup>95</sup> <http://www.bim4real.co.uk/Downloads/e1/BIM4Real%20Summary%20v1.0.pdf> - a ‘smart’ Industry 4; prefabrication; off-site modular assembly on-site; integrated electrics and digital intelligence; heating, ventilation and air conditioning.

<sup>96</sup> <http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2016/10/Farmer-Review.pdf>

<sup>97</sup> <http://www.cewales.org.uk/current-programme/bim/>

<sup>98</sup> <https://www.citb.co.uk/documents/research/csn%202017-2021/csn-wales.pdf>

<sup>99</sup> <http://www.citb.co.uk/news-events/uk/2017/new-skills-are-key-to-success-of-offsite-construction/>

<sup>100</sup> <http://digital-built-britain.com/DigitalBuiltBritainLevel3BuildingInformationModellingStrategicPlan.pdf>

<sup>101</sup> <https://businesswales.gov.wales/constructionfutureswales/news/wales%E2%80%99-future-construction-leaders-celebrated-graduation-ceremony>

<sup>102</sup> <https://www.betterjobswales.org/>

project commencing in 2017 is the Specialist and Critical Care Centre in Cwmbran, a £350m 'super' hospital using building information modelling Level 2 - Design for Manufacture and Assembly Approach.

Higher education (the University of South Wales) offers a building information modelling course and some construction engineering. Graduate employment opportunities are also likely to arise from large-scale infrastructure projects e.g. Hinkley Point C Nuclear Power Station is "already using offsite techniques". Building information modelling training is currently being offered by companies to staff on an ad hoc, non-standard basis which may create future problems with transferability. A standard transferable industry qualification is a priority.

A cost-benefit analysis by Construction Excellence in Wales<sup>103</sup> identified the following benefits:

- built off-site in clean environment – reduced on-site labour costs;
- embedded knowledge of building – power, plumbing, heating, standards;
- digital smart control – green power saving, future maintenance standardised;
- central data of building layout e.g. critical to blue light services, life-saving.

### **Skills Supply in Construction**

#### Qualifications in Wales<sup>104</sup>

There are 501 available 'construction' qualifications in Wales of which 19 are available in Welsh and English. 25 qualifications are available at Level 4 - Level 7 (Higher National Certificate, Higher National Diploma, Diploma, Business and Technology Education Council Qualification, National Vocational Qualification).

#### **Full-time Further Education Construction Courses (050)**

All courses are in need of review for currency of skills and relevant progression routes/opportunities:

- Construction level 1,2,3;
- Construction & Built Environment Level E;
- Brickwork Level 1,2,3;
- Carpentry & Joinery Level 1,2,3;
- Painting and Decorating Level 1,2,3;
- Trowel Trades Level 1,2,3;
- Plumbing Level 1,2,3;
- Gas Installation and Maintenance Level 2,3;
- Wall and Floor Tiling Level 1,2,3;
- Plant Maintenance Level 1,2,3;
- Electrical Installation Level 1, 2;
- Electrical Installation Level 3.

#### **Part time Further Education Construction Courses (050)**

Architecture; Building and Construction; Urban, Rural and Regional Planning.

### **Apprenticeships**

Work-based learning framework provision for apprenticeships (StatsWales 2015/16) indicates there are 1,800 vocational apprentices in the region, of which 1,000 are at Level 3 undertaking:

- construction (building - excluding specialist);
- construction (specialist);

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<sup>103</sup> <http://www.cewales.org.uk/current-programme/exemplar/> (BIM)

<sup>104</sup> <https://www.qiw.wales/qualifications/search?lang=en> where construction is in the title.

- construction (civil engineering);
- foundation apprenticeship direct entry;
- construction (technical and professional);
- electro-technical;
- heating and ventilation;
- housing;
- plumbing and heating.

N.b. fencing and construction (civil engineering) apprenticeships are not delivered.

The construction industry is well represented through trade bodies and member organisations in the delivery of apprenticeships through a network of approved training providers and is making these opportunities visible through signposting on the 'GoConstruct' website<sup>105</sup> and in collaboration with further education institutions in South East Wales. Careers Wales also offer a similar service. Companies believe in the apprentice opportunity to fill skills gaps. Ability to offer work, suitability of candidates and cost and uncertainty about government apprenticeship policy are concerns, particularly for SMEs. 74% of electrical contractor companies forecast a shortfall in recruitment of apprentices and trainees.

The Chartered Institute of Builders' (CIOB)<sup>106</sup> focus is on higher level qualifications for site supervisor, site management and production manager. They are launching a 'Higher Apprenticeship' in September 2018. The University of South Wales is applying for the Chartered Institute of Builders accreditation. Bridgend College is an approved Chartered Institute of Builders centre (one of three in Wales) offering apprenticeships across South Wales. The Chartered Institute of Builders is working with the Construction Wales Innovation College to develop a programme to provide the soft skills that further education colleges currently do not cover.

### Gender and Age

Action needs to be taken to address the gender balance and age profile of apprentices.

**Table 12 Apprenticeships by Age and Level across Construction**

Age	Level	Number	Level	Number	Gender
16	2	45	3	25	All male
17	2	140	3	60	All male
18	2	195	3	145	All male
19	2	135	3	140	5 females at Level 2
20-24:	2	270	3	470	20 females, 10 each at Level 2 and Level 3
25-39:	2	45	3	125	15 females at Level 3
40-64:	2	5	3	10	All male

<sup>105</sup> <https://www.goconstruct.org/>

<sup>106</sup> The Chartered Institute of Builders (CIOB) has 1,500 members in Wales out of 45,000 in the UK. <http://www.ciob.org/near-you> provided by CIOB Development Manager

## Construction Priorities and Recommendations

Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
<b>Qualifications:</b> The number of projects currently planned in Wales makes the need for effective apprenticeship provision even more pressing.	<ul style="list-style-type: none"> <li>• New and existing apprenticeship provision to expand beyond current trades into technical and professional roles to meet employer needs in the region and travel-to-work areas including architects, civil engineering, quantity surveyors, mechanical engineering, building services, and sustainability and multi-trade apprenticeships.</li> <li>• Deliver a pilot apprenticeship delivery model 'on site' linked to infrastructure projects in steel fixing, concrete and formwork.</li> </ul>	✓	✓	
	<ul style="list-style-type: none"> <li>• Simplify the transferability of funding of full-time learners to apprenticeship programmes across all sectors.</li> </ul>	✓		
	<ul style="list-style-type: none"> <li>• Encourage the advertisement of construction apprenticeship vacancies.</li> </ul>	✓		
Expand the current options in higher apprenticeships and degree apprenticeships in Wales.	<ul style="list-style-type: none"> <li>• Roll out existing higher apprenticeship provision and further develop degree apprenticeship programme to enable progression to an honours degree both for new entrants and upskilling existing workforce.</li> </ul>	✓	✓	
Work with Qualifications Wales to better understand potential gaps in qualifications linked to major projects/employment opportunities.	<ul style="list-style-type: none"> <li>• Develop qualifications where none exist and ensure existing qualifications meet employer needs.</li> <li>• Building information modelling/off-site and modular construction/concrete/steel fixing/dry lining.</li> <li>• Provision of employability/soft-skills including:                             <ul style="list-style-type: none"> <li>• communication;</li> <li>• work ethic and team working;</li> <li>• effective working relationships;</li> <li>• information sharing;</li> <li>• digital skills, online security.</li> </ul> </li> </ul>		✓	✓
	<ul style="list-style-type: none"> <li>• Investigate the lack of higher education provision for building services and work with higher education to find a solution.</li> </ul>	✓		
Understand usage of construction and built environment Welsh Baccalaureate challenges at all key stages.	<ul style="list-style-type: none"> <li>• Develop a co-ordinated approach to support schools and further education colleges to deliver construction and built environment challenges.</li> </ul>		✓	
<b>Careers information and advice:</b> Change public perception of apprenticeships	<ul style="list-style-type: none"> <li>• Promotion of better understanding of construction opportunities to encourage higher level aspirations/entry to parents/teachers and careers advisors.</li> </ul>		✓	

Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
[47% of young people in Wales were told by their school that studying for a university degree would be better for their career in the long term than taking an apprenticeship.]	<ul style="list-style-type: none"> <li>Support potential career changers and a focus on the development of career resources and career transition pathways, recognising transferrable skills.</li> </ul>		✓	
	<ul style="list-style-type: none"> <li>Develop and deliver a targeted campaign towards those under-represented in the sector, particularly females.</li> </ul>		✓	
	<ul style="list-style-type: none"> <li>Investigate the potential for a structured and co-ordinated regional work experience programme which results in the attainment of basic employability skills.</li> </ul>	✓		
<p><b>Organisation, professional development and succession:</b> Consider the existing workforce and the resources available; significant numbers of workers are set to retire, and the mobile nature of the workforce.</p>	<ul style="list-style-type: none"> <li>Develop management and leadership skills across the sector with consideration of succession planning within companies and upskilling/reskilling opportunities for existing workers.</li> </ul>	✓		
<p><b>Capability and capacity:</b> Work with advisory cluster to assess the supply side/provider network to identify gaps.</p>	<ul style="list-style-type: none"> <li>Develop a train-the-trainer programme to meet existing and emerging skills needs.</li> </ul>	✓		
	<ul style="list-style-type: none"> <li>Consider the establishment of further education centres of excellence focusing on specialist areas to widen current provision offer.</li> </ul>		✓	
Investigate an industry/academia/government placement programme.	<ul style="list-style-type: none"> <li>Develop a programme of exchange experience between industry and academia as part of a recognised continuing professional development programme.</li> </ul>			✓

**Financial and Professional Services Overview**

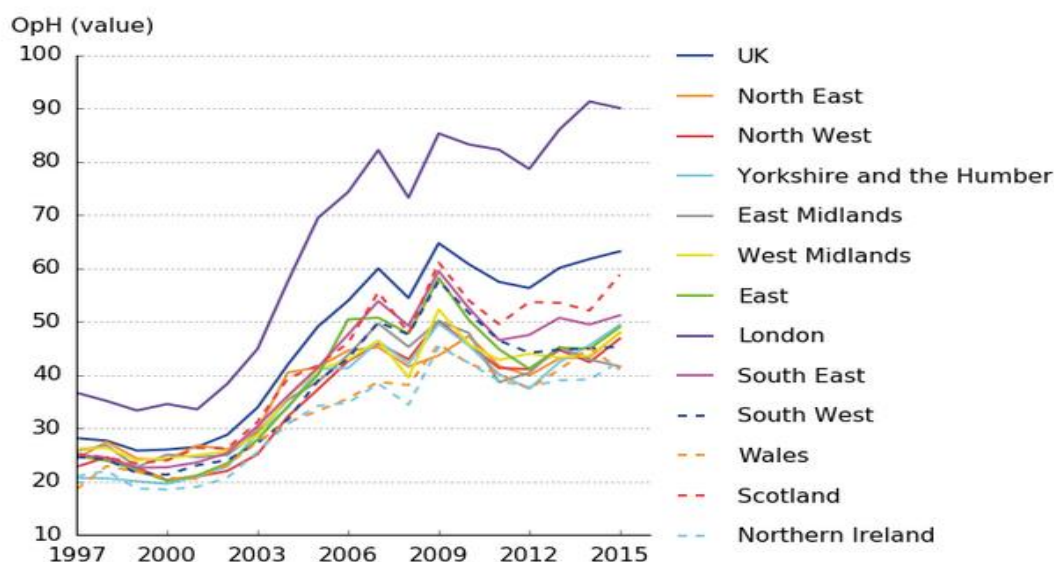
Finance and insurance, real estate and professional services have a workforce of 66,000 and over 110,000 work in support services, public administration and defence, and other services. There is an increase in the employment forecast of over 10,000 and replacement jobs of over 50,000 by 2024. Growth estimates in each of the sub-sector ranges from 2.5% to 20% (finance and insurance) with the highest finance and insurance forecast to grow by 19.6%. Gross value added (GVA) is an issue to be addressed.

A UK hot-spot for financial and professional services skills is located on the M4 corridor with Welsh head offices for Arthur J Gallagher & Co, Admiral Group, BT, Geldards, Hugh James, Creditsafe, Cunningham Lindsey, Deloitte, Legal & General, Principality Building Society and the Target Group. Wales is a centre for internet comparison sites. GoCompare is based in Newport, Creditsafe and Confused.com (part of the Admiral Group) in Cardiff.

Financial and professional services combined is high growth with the highest gross value added (GVA) of any sector. However, despite its high profile, when broken down into sub-sectors there are eight times as many people working in business services as in any other financial and professional sub-sector. Gross value added (GVA) varies widely by sub-sector.

**Figure 4 Output per hour Values 1997-2015<sup>107</sup>**

**Figure 8: Output per hour values, financial and insurance activities (K), NUTS1 regions, 1997 to 2015**



Source: Office for National Statistics

Financial and professional services is a key sector group for the local economy. However, it is currently underperforming with 3% of UK jobs (estimated target is 6%). Earnings at 75% of the UK average are rising more slowly in Wales (see Figure 4). The financial and professional services aggregated gross

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<https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/articles/introducinindustrybyregionlabourmetricsandproductivity/jantomar2017>

valued added (GVA) figure is 88% of the UK average, rising at 17.7%, one third of the UK rate. The sector is doing well in Wales but has the potential to grow and generally has good links with the education sector at all levels – these could be enhanced and leveraged to support growth.

Key challenges and opportunities for the sector over the next 5-10 years are:

- leadership and change management;
- the changing expectations of employees, customers and clients;
- the pace of change;
- the impact of technology;
- marketing the sector in relation to attracting and retaining talent;
- the perception of the Welsh sector outside of Wales;
- the need for the diversity of talent;
- soft skills - people and personal skills.

Building on the success of the relatively high gross valued added (GVA) there is an opportunity for further improved growth and productivity in the sector. Finance and accountancy performs relatively poorly in comparison with the UK – GVA in Wales for some financial and professional services sub-sectors is currently 20% below UK average. Legal and business services sectors within financial and professional services are performing above average for the UK. As an overarching theme there is a need to support the collation of good practice case studies and exemplars of growing productivity.

In response to growth potential and the challenges and opportunities posed by UK and international competition, the region will need to pay attention to specialist training to improve the performance of the finance and accountancy requirements. Training and development to meet the demands of new technologies such as fintech and blockchain will help the Cardiff Capital Region position itself as a financial centre outside London for existing UK and potential inward investors. Essential skills (numeracy and literacy) are a continuing priority.

There is a strong pipeline of students from within the Cardiff Capital Region universities. Local universities have around 10,000 business students with a growing number of courses and apprenticeships being developed through further education and training providers. Retention rates are being addressed with a number of opportunities to engage with work-related schemes.

The financial and professional services sector in London has 191,400 European Union nationals in the workforce,<sup>108</sup> which may put pressure on UK nationals in the sector in the Cardiff Capital Region if they should become difficult to recruit and/or retain.

### **Financial and Professional Services – UK and Welsh Government**

Welsh Government is investing in a skills ‘dashboard’ to map employment and skills need within UK government departments across Wales. The figure for UK civil servants based in Wales is expected to be high. Key parts of UK Government, including HM Revenue & Customs, are moving staff out of London to regional centres as part of the strategic Government Hubs Programme. This may generate demand for around 2,000 jobs in addition to those relocating to Wales.

The Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017 will lead to the development of a specialist Welsh Government office to collect taxes. The new HM Revenue & Customs regional office is due to be established in Cardiff and a new Welsh Revenue Authority (WRA) office within South Wales.<sup>109</sup> HM Revenue & Customs will collect income tax in Wales when it partially devolves from 2019. There is also the prospect of jobs growth at HM Land Registry - Swansea office

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<sup>108</sup> <https://www.markiteconomics.com/Survey/.../af7980eece364234a2b7900a9ff0a1d6> produced by IHS Markit on behalf of the Recruitment & Employment Confederation

<sup>109</sup> <http://gov.wales/funding/fiscal-reform/welsh-revenue-authority/?lang=en>

and in the newly developed Welsh Revenue Authority. The Welsh Revenue Authority will be a new public body responsible for collecting new taxes devolved to Wales to replace UK Stamp Duty Land Tax and Landfill Tax from April 2018. This is a new government authority starting from the ground up. The Tax Collection and Management (Wales) Act 2016 provides powers to establish devolved tax arrangements.

Initial employment in the Welsh Revenue Authority is anticipated to grow from about fifteen (graduate level) staff with specialist skills and knowledge to around 40 staff. LSKIP is fully engaged through its skills delivery and innovation strand. Employment growth around the Government Hub in Cardiff and HM Land Registry in Swansea as well as any powers and responsibilities coming to Wales after the UK's exit from the European Union sees the need for higher education, further education and training providers to engage on the emerging skills requirements and staff roles. The UK Government in Wales is a growing sector with a range of skill and resource requirements.

### Financial and Professional Services SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Concentration of sector businesses with head offices in Cardiff and M4 corridor.</li> <li>• Highest GVA of any sector.</li> <li>• Internet price comparison sites based locally.</li> <li>• FTSE 100 company headquartered in region.</li> <li>• Strong pipeline of students studying business.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• GVA underperforming in comparison to the UK average.</li> <li>• Perception of and recognition for the sector outside Wales.</li> <li>• Some sub-sectors performing 20% below UK average.</li> <li>• Earnings in Wales 25% below average sector earnings in the UK.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Growth and replacement jobs forecast is 60,000.</li> <li>• UK Government regionalisation of HM Revenue &amp; Customs and other services from London.</li> <li>• Lower earnings in Wales growing more slowly may be attractive to London-based companies.</li> <li>• Changing expectations of customers and clients.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Impact of technology.</li> <li>• Significant differences in GVA between sub-sectors.</li> <li>• Failure to change and improve in productivity.</li> <li>• Retention of university leavers in the area.</li> <li>• Impact of the UK's exit from the European Union with large numbers of European Union nationals leaving London, drawing workforce from Wales.</li> </ul>

### Financial and Professional Services Skills Needs, Gaps and Shortages

The Employer Skills Survey 2015 indicates an incidence of 6% in skills shortage vacancies and 13% in skills gaps in the business service sector in the Cardiff Capital Region, which contrasts with the financial services showing a decline of 4% skills shortage vacancies and a 23% decline in skills gaps.<sup>110</sup> Projected changes in employment by the UK Commission for Employment and Skills Working Futures report<sup>111</sup> in the finance and insurance sector suggest an expansion of 3,800 new growth jobs in the ten-year period to 2024. In the context of a workforce of under 20,000 there is a total additional forecast demand for jobs of 11,700 over the ten-year period, when replacement jobs are included. Customer services, project management, governance, risk analysis, compliance and strategic planning are all higher-level skills currently reflecting skills shortages.

<sup>110</sup> Welsh Government, Regional LMI Report, Table 6.3: Incidence of skill shortage vacancies by sector and region

<sup>111</sup> Regional LMI Report, Table 7.2: Working Futures 2014-2024

<https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>



Technology is forecast to have a significant impact on working practices in the sector. The use of artificial intelligence and automation may reduce workforce numbers, particularly around call centre staff and standard legal work e.g. insurance claims and renewals. Understanding the digital revolution and its impact on skills will be a key part of the training paradigm as further education seeks to enter the higher-level financial and professional services qualifications space in competition with higher education. There is increased pressure on core employability and personal security skills, digital competency, software engineering, information and communication technology, people and personal skills, social media analytics and cyber security skills.

In the long term, external factors are likely to impact operationally when the impact of disruptive technology hits e.g. insurance for driverless/assisted vehicles or overhead and fee-cutting technology linked to assisted flexible agile working. The legal sector may be at high risk e.g. current charging practices being challenged by new entrants to the market.

Consideration should be given not only to skills gaps and shortages but also to significant numbers in the workforce whose skills may become redundant if they are not retrained as technology replaces job roles. Further education colleges and universities should consider how it can better leverage value for the region from the range and type of placements, projects, Internships and research that can be offered to the sector. Companies across the sector should review their potential to increase such offers to the education and training sector with a view to retaining more graduates in the region. Adult upskilling and the upskilling of those in work requires better definition in this sector.

#### **Increasing Skills Levels for SMEs Linked to Financial Support**

There has been a shortfall in funding for SMEs despite government intervention with the banks. Professor Dylan Jones-Evans' Five Principles of Public Funding for SMEs has been accepted by Welsh Government financial and professional services sector panel.<sup>112</sup> This includes a 'must be' principal to take an integrated approach to skills "... that business and skills support is offered alongside financial support to businesses in Wales, rather than as separate elements".<sup>113</sup>

#### **Skills Supply Business Administration/ Management and Professional Qualifications in Wales<sup>114</sup>**

There are 460 'Business', 62 'Financial' and 560 'Management' qualifications entered in the Qualifications in Wales database. At Levels 4-8 there are 63 'Business', 7 'Financial' and 282 'Management' awards. There are 25 management awards at Level 7.

#### **Financial and Professional Services Apprenticeships**

There are a range of work-based learning frameworks available in Wales:<sup>115</sup>

- facilities management;
- learning and development;
- management;
- management - higher apprenticeships;
- accounting;
- business and administration;
- contact centre operations;

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<sup>112</sup> <http://gov.wales/topics/businessandconomy/our-priority-sectors/financial-and-professional-services/financial-and-professional-services-sector-panel/?lang=en>

<sup>113</sup> <http://eprints.uwe.ac.uk/25608/1/access%20to%20finance%20stage%20%20review.pdf>

<sup>114</sup> <https://www.qiw.wales/qualifications/search?lang=en>

<sup>115</sup> StatsWales 2015/16 <https://statswales.gov.wales/Catalogue/Education-and-Skills/Post-16-Education-and-Training/Further-Education-and-Work-Based-Learning/Learners/Work-Based-Learning/learningactivitiesworkbasedlearning>

- IT users;
- IT, software, web and telecoms professionals;
- project management;
- providing financial services;
- supporting teaching and learning in schools;
- other sector frameworks, ie, business administration.

### **Access to the Professions**

There is a need to engage with companies and providers to develop a mixture of routes and entry levels into the professions in this sector. A degree will remain important for some but is no longer a pre-requisite entry qualification in law, accountancy or finance. Further education is seeking to offer apprenticeship entry at Level 2/Level 3 delivered in collaboration with employers, e.g. Deloitte. Independent and in-house legal training supported by employers increasingly offers a flexible approach to legal training via full-time, part-time or on-line. The Chartered Institute of Legal Executives (CILEx) offers various training pathways into the legal sector alone or in partnership with further and higher education. Legal secretaries can enter the profession with a GCSE to a Level 6 Higher Diploma. A range of relevant qualifications can now be taken flexibly/part-time through Coleg Gwent, Cardiff & Vale College, Brightlink Learning and Pitman Training as an alternative to a full-time course.

Further consideration is required of the demand and type of higher level and degree apprenticeships and graduate training programmes required in the region. Employers may find it useful to produce and promote a 'pathways to the profession' approach demonstrating the range and level of routes in and associated progression and employment pathways. This could be helpful in promoting the full range of roles and opportunities in the sector to schools and colleges.

From 2020 there will be changes to training for solicitors (the new Solicitors Qualifying Examination) and this will provide further opportunities for the sector to work with the professional body and training providers to collaborate on the curriculum and qualifying work experience element (which will replace a training contract).

### **Financial and Professional Services Specialist Skills Providers**

#### Buzz Wales

The Welsh Financial Services Graduate Programme is an industry-led scheme for graduates supported with European funding. The course content is co-designed by industry and academics to ensure that it is current and relevant for the marketplace. Companies involved are Admiral Group, Atradius, Composite Legal Expenses, Finance Wales, GM Financial, Julian Hodge Bank, Lexis Nexis, Optimum Credit, Principality Building Society and V12 Retail Finance and is led by the Wales Contact Centre Forum.

#### Higher Education

Cardiff University, Cardiff Metropolitan University, The Open University in Wales and the University of South Wales all offer a range of specialist financial and professional services qualifications.

#### Further Education

CILEx awards are widely available through further education provision from Level 2 upwards. Cardiff and Vale College has the National Skills Academy for Financial Services LTC4 award. Coleg Gwent has CILEx Certificate in Law and Practice Level 3.

### Work-based Learning

National Training Federation for Wales members offer a range of training opportunities through internal academies and training providers. Business in the Community (BITC) offers a long-term opportunity to engage with schools and careers.<sup>116</sup>

### **Promoting Global Recognition and Digital Competence**

#### LTC4 Legal Technology Core Competencies Certification Coalition

'LTC4™ Core Competencies has established legal technology core competencies and certification that all law firms can use to measure ongoing efficiency improvements.<sup>117</sup> LSKIP has been instrumental in introducing LTC4 delivery to South East Wales through the LSKIP skills delivery and innovation workstream.

The Legal Technology Core Competencies Certification Coalition (LTC4) is a non-profit organisation that has established legal technology core competencies and certification that all law firms can use to measure ongoing efficiency improvements.<sup>118</sup> Their purpose is to maintain a set of legal technology core competencies and certification that are workflow-based:

- sufficiently flexible for firms to use in the way which suits them (incorporating best practices);
- allows for any training or testing method;
- two target audiences: attorneys and support staff. The attorney core competencies and certification have been developed to provide the skills necessary to address their professional responsibility to the firm and clients to create/oversee quality work product, avoid risk and maintain confidentiality and compliance;
- the staff core competencies and certification have been developed to provide the skills necessary to support firm attorneys and clients to create efficient quality work product.

Both Cardiff and Vale College and the University of South Wales are working with LTC4 and are able to support competency delivery in the region for existing employers, inward investors and local students.

### **On-line and Technology-related Delivery**

Across the region it is important for those in employment to be able to access support for upskilling and engage with education for continued professional development, however a limited range of provision is available. A focus might be needed on delivering accredited bite-size provision that sits with award frameworks where employees need part of an award and which can be delivered around existing job roles and responsibilities. The Open University in Wales offers several on-line part-time courses linked to financial and professional services by sub-sector to achieve a degree.

There are changes to training for solicitors from 2020 in the form of new Solicitors Qualifying Examinations. These will bring opportunities for the sector to work with the professional body and training providers to collaborate on the curriculum and qualifying work experience element. This will replace a training contract.

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<sup>116</sup> [www.bitc.org.uk/wales](http://www.bitc.org.uk/wales)

<sup>117</sup> <http://www.ltc4.org/about-us/>

<sup>118</sup> [www.ltc4.org/](http://www.ltc4.org/)

## Financial and Professional Services Priorities and Recommendations

	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
1	<ul style="list-style-type: none"> <li>• Digital futures and automation: identify opportunities to grow understanding of artificial intelligence and upskilling of new and existing workforce in digital skills, programming, operation and analysis.</li> <li>• Support SME supply chain to engage with further and higher education delivery on skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Engage further and higher education with businesses (SMEs) at different levels to inform progression routes into fintech opportunities. e.g. Blockchain, ICT cluster engagement.</li> <li>• Work with further and higher education to address skills shortages in programming, operation and analysis. SME supply chain – sector groups and supply side.</li> <li>• Support engagement with schools in these areas, e.g. First Campus.</li> </ul>	✓		
2	<ul style="list-style-type: none"> <li>• Digital analytics, documentation and security – legal, financial and business.</li> <li>• Work with locally-based and headquartered companies</li> </ul>	<ul style="list-style-type: none"> <li>• Support embedding of LTC4 in the region and encourage business engagement.</li> <li>• On the supply side further education is tasked to develop new courses as identified. Skills Priorities Programme in full to help identifying potential outside Qualifications in Wales.</li> <li>• Further and higher education, work-based learning and CILEx to come together to identify opportunities to support pathways in the private sector and for UK Government in Wales. The Welsh Government department of Skills, Higher Education and Lifelong Learning (SHELL) and the Higher Education Funding Council for Wales (HEFCW) are to consider this area for higher and degree apprenticeships.</li> <li>• Higher education to develop and promote a joined up approach by the National Cyber Security Academy at the University of South Wales, the Centre of Excellence in Cyber Security Analytics and the National Software Academy in Newport from Cardiff University, and industry in the region and beyond. Promote these two assets as regional strengths and consider hosting a financial and professional services event and showcase at these to support engagement and connectivity.</li> </ul>	✓		
3	<p>Developing a portfolio of new and existing offers that delivers on 4 core strands, supports regional upskilling and promotes the Cardiff Capital Region as a destination for inward investment- showcasing good practice.</p> <ul style="list-style-type: none"> <li>i) Legal, business, financial and digital.</li> <li>ii) High-level apprenticeships and degree apprenticeship programmes for all ages.</li> </ul>	<ul style="list-style-type: none"> <li>i) Increase further education/work-based learning availability of training to certification e.g. the Association of Accounting Technicians (AAT), the Institute of Chartered Accountants in England and Wales (ICAEW) and the Association of Chartered Certified Accountants (ACCA) to promote the full range of routes into these professions.</li> <li>ii) Further and higher education to promote a range of demand-led cyber security awards including work with the Open University and Tech Partnership on apprenticeships and high-level work-based learning degree programmes. Worldwide recognition of certification looking to innovation in flexible awards, online delivery, higher apprenticeships through ICT/digital and links to the</li> </ul>	✓	✓	

	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
	iii) Graduate master degree programme – expand industry-led opportunity to roll-out similar programmes at different levels across sub-sectors.	National Cyber Security Academy and National Software Academy. Several providers but a regionally coherent offer. iii) Support transition from European funded support of local graduates for the financial sector to placements in local businesses across legal, financial and business supported by higher education teaching staff to gain academic awards. Course content informed by business – to be explored with higher education and the Welsh Government department of Skills, Higher Education and Lifelong Learning (SHELL) and the Higher Education Funding Council for Wales (HEFCW). Level 6/7 apprenticeships with a flexible validation document offering work-based and higher-level learning bespoke to regional needs.			
4	Training current and future leaders: <ul style="list-style-type: none"> <li>• technical and subject matter expertise;</li> <li>• an increasing need for both traditional and emerging non-technical skills, including specific business, interpersonal and leadership and management skills;</li> <li>• growing importance on the need for values and trust;</li> <li>• digital and ICT skills;</li> <li>• basic and higher-level numeracy and literacy skills (not just among entry level employees).</li> </ul>	Delivery <ul style="list-style-type: none"> <li>• Traditional further and higher education courses.</li> <li>• Tailored technical and non-technical training, including from the private sector.</li> <li>• Experiential learning.</li> <li>• Partnerships, collaboration and broad networks.</li> <li>• Higher apprenticeships (and to some extent entry-level apprenticeships).</li> <li>• Coaching.</li> <li>• Online training/e-learning/other digital solutions.</li> </ul>			
5	Growing the employment pool - careers engagement between companies and delivery (schools and higher education) and peer-to-peer to identify and develop opportunities for school programmes with apprenticeship pathways at entry level for large companies, including online marketing price comparison sites and insurance companies - ensure these map to future progression. <sup>119</sup>	i) Apprenticeships, higher apprenticeships and high-level Welsh Baccalaureate degree programmes should map routes in and progression. Programmes of learning are required around digital documentation and security. Companies need to engage in long-term planning to train/future proof against redundancy of call centre staff (automation). ii) Funders and curriculum design to emphasise sector footprint – mapping and next steps for work/study. iii) Government to consider bespoke work-based learning strategy that sits within award frameworks but that support ‘bite-size’, just-in-time learning for employees and not just whole awards.			

<sup>119</sup> With regards to the challenges of encouraging young people to develop skills in procurement and supply management, the Chartered Institute of Procurement and Supply’s (CIPS) ‘Be a Buyer’ resources may be useful to schools and colleges in the region: <https://www.beabuyer.org/>

**ICT/Digital Overview**

Welsh Government estimates the sector comprises 600 enterprises employing 30,000 people. Using a broad UK government definition for information and communication technology (ICT)<sup>120</sup> which includes digital creativity, intellectual property and innovation. There are 2,210 employers in the Cardiff Capital Region (equal with financial and professional services). Over half of Wales' fastest growing fifty companies last year were ICT-related with the majority based in South Wales.

A wider definition of ICT/digital companies may be helpful when considering economic and employment opportunities. Understanding this rapidly changing cross-cutting sector is challenging and will need full engagement with the supply side. This should not hide the need to train a diverse, highly-skilled and adaptable local workforce. In Cardiff, of 1,765 creative businesses, over half are in software and digital online businesses (590), or architecture and design businesses (248).<sup>121</sup> A wide variety of digital skills are required to maximise the commercial opportunity. In the UK, e-commerce makes up 19% of business turnover (£533bn), of which 40% arise from website sales.

ICT is both a horizontal 'service' as well as a sector with diverse skills needs at all levels which cut across sectors and every sort of business activity. Our economy is increasingly digital: finance, accountancy, banking and legal services are rapidly changing to use digital skills. Manufacture and production can look to Industry 4.0, smart supply chains, automation and robotics. Smart ICT offers cheap, universal, connectivity for sales and marketing reaching through social media and across international boundaries; it offers a revolution in every sector.

Projected changes in employment<sup>122</sup> in the Cardiff Capital Region suggest an expansion of 1,000 new growth jobs in the information technology sector. In the context of replacement jobs and a workforce of under 10,000 there is an additional forecast for 4,500 jobs over the ten-year period. These figures may be very much larger if digital creative and cross-sector demand is considered.

The Newport Knowledge Quarter currently being developed is planned to include a new campus for Coleg Gwent beside the University of South Wales City Campus and Cyber Security Academy on the waterfront. The Cardiff University National Software Academy is located in the city.

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<sup>120</sup> Nesta innovation and the creative digital economy in the UK <http://www.nesta.org.uk/>

<sup>121</sup> 17% of creative media businesses are in film, television and radio (294)  
[https://www.nesta.org.uk/sites/default/files/the\\_geography\\_of\\_creativity\\_in\\_the\\_uk.pdf](https://www.nesta.org.uk/sites/default/files/the_geography_of_creativity_in_the_uk.pdf)

<sup>122</sup> Working Futures 2014-2024 Regional LMI Report Table 7.2: Total projected employment demand by expansion and replacement jobs Cardiff Capital Region <https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

## ICT/Digital SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• The importance of the ICT sector is recognised by the Welsh Government as a ‘priority sector’.</li> <li>• GVA in the Cardiff Capital Region is at £1.2bn, 4% of the total and fifth largest of the priority sectors.</li> <li>• ICT/digital is a highly entrepreneurial sector with 16% of business births in the past year.<sup>123</sup></li> <li>• 64% of workforce have a degree – compared to 32% of the creative economy.</li> <li>• Introduction of national academies for software and cyber security to meet skills demand</li> <li>• The National Cyber Security Academy (NCSA) has engaged with Cisco to deliver enhanced skills.</li> <li>• National Software Academy is expanding to accommodate increased specialist skills demand.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>• Despite 9% growth in 2015 the sector is in the bottom three regions in the UK.</li> <li>• The density of the ICT/digital specialist workforce is about 2%, less than half the expected.</li> <li>• Gender split: 23% of workforce is female (compared to 36% of creative and 47% of the UK economy).<sup>124</sup></li> <li>• Lack of skilled trainers in analytics, programming and software engineering.</li> <li>• Numbers taking computing-related subjects for GCSE and A-level are still falling, especially as the older ICT qualifications expire.</li> <li>• Universities have been slow to respond to the demand created by rapidly developing digital technology.</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>• Digital competency as an essential skill to be delivered as part of the national curriculum.</li> <li>• Three times as many businesses concentrated in Cardiff as any other local authority.</li> <li>• Growing the sector to meet opportunity as in Newport’s development of a Knowledge Quarter.</li> <li>• Expanding the National Cyber Security and Software Academies together to support the sector.</li> <li>• Every sector needs ICT/digital innovation e.g. job opportunities in contract and service employment.</li> <li>• 60% of the ICT workforce is taken up by the sector and 40% by non-specialist employers.</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>• Workforce/skills retention with the rise in skilled ICT wage levels along the M4 and in London.</li> <li>• ICT job densities for Bristol and the South East are much higher than in the Cardiff Capital Region.</li> <li>• The new Digital Competence Framework was made available to schools in September 2016 and will be one of the three cross-curricular curriculum priorities (with literacy and numeracy) from 2021.</li> <li>• The largest employer of tech-specialists in the UK are supermarket chains.</li> </ul>

Cardiff University reports 52% of companies in the Cardiff Capital Region are ‘innovation active’, 20% being product innovators and just 10% process innovators.<sup>125</sup> The remaining identified innovators are engaged in ‘non-technological innovation’, mostly around new business practices through computer hardware and software. Just 12% are engaging with training for innovative activities. It is a priority

<sup>123</sup> <https://www.slideshare.net/statisticsONS/business-demography-in-the-uk> ICT and professional, scientific and technical company births comprise about a third of the total.

<sup>124</sup> <https://www.thetechpartnership.com/Resources/factsheets/#workforce>

<sup>125</sup> Cardiff Capital Region – State of the City Region, February 2017, ONS, UK Innovation Survey 2015

to overcome this threat by building on current low levels of innovation activity focussing on leadership training and entrepreneurship.

### Superfast Business Wales

Welsh Government offers advice for companies by sector on how to utilise superfast connectivity to benefit the company. There are over 40 valuable online skills guides for companies to upskill and 'harness the power of superfast broadband'.<sup>126</sup> Currently there is no section for health, education or care services. Every local authority, except Cardiff (30.2Mbit/s), is falling below the UK average (28.9Mbit/s).<sup>127</sup> Merthyr Tydfil is worst with 13.04Mbit/s (less than 50%). In Monmouthshire, less than 40% of businesses have superfast access despite having the second largest concentration of ICT businesses (275) in the Cardiff Capital Region. Premises in Cardiff, Newport and Blaenau Gwent are best served.

Superfast delivery may encourage cross-sector demand for skills and for the supply side to 'train the trainers' for schools, further and higher education institutions and work-based learning training provision in new advances e.g. cloud technology. Over 56% of technology teachers currently have not been trained in the subject.<sup>128</sup> Superfast broadband connectivity to institutions and the technology to use it would seem a prerequisite.

### NHS Wales Informatics Service (NWIS)

Best practice identified and being piloted as health informatics is fundamental to the safe delivery of patient care with a development of a Level 4 higher apprenticeship to support the professionalism agenda.<sup>129</sup>

## ICT/Digital Skills Needs, Gaps and Shortages<sup>130</sup>

In the Cardiff Capital Region, Cardiff and the Vale of Glamorgan have a higher than average creative and high-tech economy by density compared to the UK average. The UK government has agreed to include the creative industries in the digital economy. This re-alignment has support from the digital sector. Over the past five years there has been a 64% increase in demand for IT specialists, higher only than the North East of England. However, despite Cardiff and the Vale of Glamorgan, there is less than 50% density of digital enterprises in Wales than may be expected.<sup>131</sup> Pay rates in Wales lag in the UK at 77% of UK average (£37,600). Digital (creative) economy workers are highly qualified.

**Table 13 ICT/Digital Sector Skills**

Sector skills	Those with degrees	Subsector as percentage of creative economy
ICT workforce	64%	32%
Advertising and marketing	59%	18%
Film, TV, video, radio and photography	56%	17%
Publishing workforce	62%	9%
Architecture	69%	5%

<sup>126</sup> <https://businesswales.gov.wales/superfastbusinesswales/superfast-business-guides>

<sup>127</sup> UK broadband performance <http://maps.thinkbroadband.com/#!lat=51.73437881401027&lng=-3.2402790302734297&zoom=10&type=terrain&speed-cluster&cable-coverage>

<sup>128</sup> <http://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>  
<http://www.ewc.wales/site/index.php/cy/ymchwil-ac-ystadegau/ystadegau-r-gweithlu-addysg>

<sup>129</sup> <http://www.wales.nhs.uk/sitesplus/863/page/83808>

<sup>130</sup> ICT/Digital skills shortage vacancies are not recorded in Employer Skills Survey (2015) as disclosive suppressed using current SIC codes. <https://www.gov.uk/government/publications/ukces-employer-skills-survey-2015-wales-toolkit>

<sup>131</sup> [www.thetechpartnership.com/recruit-and-train](http://www.thetechpartnership.com/recruit-and-train)



Recruitment analysis shows top IT/computing skills shortages in audio/visual, CAD (computer-aided design) designers, CNC (computer numerically controlled) programmers, cyber security, developers, digital, IT and gaming. Within these areas the skills most in demand are agile software development (twice any other demand), project management, analytical skills, scrum technology and business intelligence.<sup>132</sup> The 'tools' (specific applications, platforms, languages etc.) most often called for over the past year were Cisco, Windows, Linux and Check Point.

The most commonly advertised cyber security positions in the UK during the past year were security analysts (19%), security consultants (18%), security engineers (14%), security managers (12%) and security architects (11%). The process/methodological skills most often needed for cyber security positions are those relating to information security, firewalls and network security. A requirement for certifications is much more common amongst advertisements for cyber security jobs than for other digital positions. The most commonly referenced over the past year were CISSP (Certified Information Systems Security Professional) and ISO/IEC 27001 (International Organization for Standardization and the International Electrotechnical Commission).<sup>133</sup>

Special consideration is needed for the approach taken to training in a very fast-paced sector where 99.8% of companies in the UK are SMEs with training issues. Support for the National Software and Cyber Security Academies are a strategic regional response to the sector skills needs. However, the following detailed deficiencies remain and need to be addressed:

- the advanced materials and manufacturing sector noted “persistent gaps in [underpinning] technical expertise with introduction of new products/technology and levels of automation”;<sup>134</sup>
- in construction, building information modelling (BIM) skills are in demand with integrated smart technology and increased levels of off-site construction and logistics planning;
- in financial and professional services, fintech and data security are threatening productivity. Gaps in specialist delivery e.g. CILEx and LTC4 Legal Technology Core Competencies Certification Coalition;
- software engineering and data skills (e.g. data science and big data analytics) and management in the human foundational economy e.g. online training and communication;
- online fraud is now the most commonly experienced crime in England and Wales, but has been overlooked by government, law enforcement and industry. Creative industries deliver/publish primarily through digital media in the ICT and digital sector. As creative is key to the digital economy, skills e.g. programming and design, should be fully integrated.

The digital creative and cultural industries are an essential part of Wales and potentially have economic impact on people’s perceptions of Wales as a place to visit or to live with a high quality of life.

There is high demand for ICT/digital skills across the infrastructure and services foundational economy with much of the hotel, leisure and retail industries and commercial businesses using online systems. Customer/visitor access to broadband/wi-fi is now considered an essential offer. Many Welsh tourist attractions are in remote locations. However, this will no longer be a restriction as Superfast Cymru has promised connectivity and digital skills support to 100% of businesses by 2021 and delivery of

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<sup>132</sup> ‘Demand for Digital Specialists’, July 2016 <https://www.thetechpartnership.com/Resources/factsheets/>

<sup>133</sup> <https://www.itgovernance.co.uk/iso27001>

<sup>134</sup> Large Employers Survey (2016), University of South Wales and Cardiff and Vale College

enhanced broadband to 95% of Welsh businesses by the end of 2017. Targeted, flexible, ICT training for professionals may benefit marketing, advertising, on-line booking and local services.<sup>135</sup>

### **Virtual SMEs<sup>136</sup>**

Regional online networks of businesses will be able to collaborate commercially, in real time, sharing skills and services using the enhanced band-width. The virtual SME (in any sector) will be able to deliver a stronger, joined-up, complete commercial offer – in effect shortening the supply chain. This is a rapidly developing opportunity for the young, networked, ‘digital native’ offering a competitive approach to meet demand. Skills shortages are otherwise delivered e.g. technical skills offered by other digitally linked, flexible and commercial partners.

### **Skills Supply**

#### Apprenticeships

Tech Partnership research reports “96% of employers with apprentices say their business has benefitted as a result”.<sup>137</sup> However, in the Cardiff Capital Region, work-based learning provision shows apprenticeships as having few opportunities for progression. Qualifications currently being delivered/available in South East Wales through colleges, universities and National Training Federation for Wales (NTfW) members cover business administration, IT Users, IT practitioners, IT, software, web and telecoms professionals at differing levels. The National Software Academy offers a vocational approach to digital skills.

There is a significant opportunity to develop higher and degree apprenticeships in Wales across computing, software, digital and data areas. The Open University offers a Digital and Technology Solutions Professional Degree Apprenticeship for existing employees who wish to upskill or transfer to digital and technology roles but this is yet to be recognised within Wales. Trailblazers in England address UK Government digital, data and technology job roles in six discrete skills clusters. These are data, IT operations, product and delivery, quality assurance and testing (QAT), technical and user centred design.

### **National Cyber Security Academy and National Software Academy**

The National Cyber Security Academy and National Software Academy based in Newport have the potential to deliver the skills which are necessary to meet shortages and gaps in the Cardiff Capital Region. Cyber security and computer software skills are a growth area for skills across the UK which offers potential for skills delivery as the workplace location can be independent of the services supplied.

There were 7,000 cyber security positions advertised across the UK in 2016 with roles for security analysts (19%), security consultants (18%), security engineers (14%), security managers (12%) and security architects (11%). Remuneration averaged over £55,000 per annum and around £480 per day for contract work. Of those cyber security jobs advertised, just over 60% (4,200) were in London and the South East of England and approximately 1% (50-100) were in South Wales.

Skills needed for cyber security positions are for those related to information security, firewalls and network security. Tools called for included Cisco, Windows, Linux and Check Point. Certification is often an essential requirement, e.g. through Certified Information Systems Security Professional (CISSP) and the International Organization for Standardization and the International Electrotechnical

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<sup>135</sup> <https://businesswales.gov.wales/superfastbusinesswales/superfast-business-benefits-tourism-and-leisure-sector>

<sup>136</sup> A CREW/ foundational economy.com report, June 2017, ‘What Wales Can Do: Asset Based Policies and the Foundational Economy’  
<http://www.regenwales.org/upload/pdf/062517091442What%20Wales%20Can%20Do%2022%20June%202017%20FINAL%20V2.pdf>

<sup>137</sup> <https://www.thetechpartnership.com/Resources/factsheets/#apprenticeships>

Commission (ISO/IEC27001). A broad range of transferable software engineering skills are being addressed in the National Skills Academy.

### **Technocamps and Computing at School (CAS)**

Technocamps (led by Swansea University) has primarily served West Wales and the Valleys convergence area with European funding, but has had wider national reach and impact through other sources of funding. Computing at School (CAS), supported by BCS, The Chartered Institute for IT is largely based in South Wales but with a number of regional “hubs”. Technocamps and Computing at School have worked in partnership over the past five years to support computer science education, programming and teach professional development through a variety of initiatives and activities.

Computing activities are designed to counter “the poor reputation amongst pupils, parents and industry” of traditional ICT teaching.<sup>138</sup> Technocamps are transformative. In the Cardiff Annual Technocamps Robotics Competition, open to all Welsh Schools, all of the 43 teams travelled in from a convergence area. Technocamps are a successful intervention.<sup>139</sup>

Schools and pupils in East Wales (non-convergence) are disadvantaged because of a lack of support, especially through previous projects funded by the European Social Fund.

“The lack of confidence and isolation felt by the teacher community in Wales means that computing clubs have only arisen... through direct engagement with Technocamps.”<sup>140</sup>

Professor Faron Moller, Swansea University

It is a priority to support a broad, shared, national computing initiative to grow skills in schools and teachers now and post Brexit. Higher education can have a valuable role to play in teacher and trainer support.

### **BCS, The Chartered Institute for IT**

A new BCS Certificate in Computer Science Teaching which would help to meet local training priorities has been designed to be accessible for all teachers. It is for teachers to develop skills as a computing teacher, recognition of competence and commitment to professional development. While it has been targeted at the new computing curriculum in England, the skills and competencies are relevant for all teachers of ICT/computing.

### **A New Curriculum for Wales and the Digital Competence Framework<sup>141</sup>**

A deficit in teaching for ICT/digital technology and poor gender split over last five years is widely recognised.<sup>142</sup> Together with Qualifications Wales there is an urgent need to prioritise action, especially a review of the ICT qualifications portfolio. Teaching skills (and confidence) are patchy. In computer studies, of 786 GCSE entries in 2014/15 just under 50% gained an A-C grade. Three schools got less than 10% of pupils through GCSE while seven schools achieved a pass rate of over 85% at A-C. The high pass rates in some schools suggest that the problem may lie with the fact that over half of staff teaching computer studies have not been trained in the subject.

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<sup>138</sup> [http://issep2016.ens-cachan.fr/ISSEP\\_2016\\_Proceedings.pdf](http://issep2016.ens-cachan.fr/ISSEP_2016_Proceedings.pdf) pp.2

<sup>139</sup> [http://issep2016.ens-cachan.fr/ISSEP\\_2016\\_Proceedings.pdf](http://issep2016.ens-cachan.fr/ISSEP_2016_Proceedings.pdf) pp.5

<sup>140</sup> <http://www.technocamps.com/en>

<sup>141</sup> <http://gov.wales/newsroom/educationandskills/2017/education-secretary-praises-newport-schools-role-in-developing-wales-digital-curriculum/?lang=en>

<sup>142</sup> N. C. C. Brown, S. Sentance, T. Crick, and S. Humphreys, “Restart: The Resurgence of Computer Science in UK Schools,” ACM Transactions on Computer Science Education, 14(2), 1–22, 2014  
<http://dx.doi.org/10.1145/2602484>

At A-Level, just 151 students taking computing (2015-16) gained an A-C grade, of whom only 18 were female. As part of the wider curriculum review, the Welsh Government identified a new Digital Competence Framework as a priority and has fast-tracked it to make it currently available to schools from September 2016.<sup>143</sup> A number of schools are already using it, but there is uncertainty about the timeline for adoption in all schools by 2021.

Digital competence is one of three cross-cutting themes running across all areas of the new Welsh curriculum with numeracy and literacy. The new Welsh curriculum has four core purposes in that learners should become ambitious, capable learners; enterprising, creative contributors; ethical, informed citizens; and healthy, confident individuals. It is to be based around six Areas of Learning and Experience (AoLE):

- expressive arts;
- health and well-being;
- humanities;
- languages, literacy and communication (including Welsh);
- mathematics and numeracy;
- science and technology.

The new Welsh curriculum is to be less prescriptive, experiential and encourage development of life skills like problem-solving and collaboration. It is being developed by teachers from Pioneer Schools alongside experts and key stakeholders like Estyn.<sup>144</sup> They expect to present outline frameworks for consideration in June 2017. Qualifications Wales is planning to deliver outcomes by the end of 2017. Two National Networks for Excellence have been funded by the Welsh Government to support key Areas of Learning and Experience (AoLEs): one in Mathematics and Numeracy (NNEM),<sup>145</sup> the other in Science and Technology (NNEST),<sup>146</sup> focusing on research-informed practice, theory and professional development of practitioners.

The Welsh Schools ICT Curriculum content has been only slightly amended to allow the existing framework to be continued to 2021, following a review in 2013.<sup>147</sup> A group of science and technology curriculum pioneers will be developing how computer science will sit in this new Area of Learning and Experience (AoLE), with advice from the National Network for Excellence in Science and Technology. England has already implemented changes to the curriculum with the introduction of a new computing curriculum from September 2014, with a clear focus on algorithms, computational thinking and programming.

Research from learners by Qualifications Wales<sup>148</sup> has revealed (not unexpectedly) that some educators did not have sufficient industry skills/knowledge; computer equipment in educational establishments can be out of date, teaching software applications can be out of date and/or not suitable for age and there is little engagement with the wider ICT/digital sector.

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<sup>143</sup> <http://learning.gov.wales/resources/browse-all/digital-competence-framework/?lang=en>

<sup>144</sup> <http://www.erw.wales/professional-learning/pioneer-schools/>

<sup>145</sup> <http://gov.wales/newsroom/educationandskills/2016/new-national-network-of-excellence-for-mathematics-to-be-created/?lang=en>

<sup>146</sup> <http://gov.wales/newsroom/educationandskills/2017/new-national-network-of-excellence-for-science-and-technology-to-be-established/?lang=en>

<sup>147</sup> <http://learning.gov.wales/docs/learningwales/publications/131003-ict-steering-group-report-en.pdf>

<sup>148</sup> Qualifications Wales presentation by Jon Luton and Lu Thomas, 25 April 2017

## ICT/Digital Economy Priorities and Recommendations

#	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
1	<p>Workforce for a digital economy:</p> <ul style="list-style-type: none"> <li>recognising the importance of the ICT/digital sector to the future prosperity of the region;</li> <li>a focus on doubling the digitally skilled workforce in the Cardiff Capital Region.</li> </ul>	<ul style="list-style-type: none"> <li>Working to ensure access to all for technology across the Cardiff Capital Region.</li> <li>Expand offer of training courses from entry level to specialist skills (with various progression routes, but not specialising too early).</li> <li>Offer for all sectors e.g. data science/analytics, programming, cyber security, robotics/automation, mobile application technology, digital media/creativity in publishing, ICT and digital workflows.</li> <li>Specific initiatives to address gender, diversity and age barriers.</li> </ul>	✓ ✓ ✓	✓ ✓ ✓	✓
2	<p>Schools, further education, higher education and work-based learning talent pipeline:</p> <ul style="list-style-type: none"> <li>improve take-up of ICT/digital related courses in reversing decline with enhanced/flexible use of technology.</li> </ul>	<ul style="list-style-type: none"> <li>Early intervention to build on Digital Competence Framework (including primary school initiatives) and new science and technology Area of Learning and Experience (AOLE), emphasising applied approach and positive role models in industry.</li> <li>Identify core/baseline skills as for entry to digital jobs across a range of sectors.                             <ul style="list-style-type: none"> <li>Key examples: degree apprenticeships (inc. shared models), work-based learning and massive open online courses (MOOCs).</li> </ul> </li> </ul>	✓ ✓	✓	
3	<p>Marketing – the pitch:</p> <ul style="list-style-type: none"> <li>ICT/digital technology and innovation strategy using employers, skills and education;</li> <li>aggregate/share/enhance.</li> </ul>	<ul style="list-style-type: none"> <li>Sector focus on accessibility.</li> <li>A shared pan-sector strategy linking industry, higher education, further education, schools, Digital Tuesday, ColInnovate, Digital 2017, ESTNet, Open Innovation, Tramshed, gaming clubs, Technocamps, Computing at School, BCS, The Chartered Institute for IT, etc.</li> <li>Strategy to change the wider public perception of digital/tech/computing careers/skills.</li> <li>The Cardiff Capital Region to fund an initiative to highlight and promote “10 Great Digital Roles” across all priority sectors in Wales?</li> </ul>	✓ ✓ ✓ ✓	✓ ✓	
4	<p>Training the trainer:</p> <ul style="list-style-type: none"> <li>keeping abreast of (broad) skills for all teachers and delivery:                             <ul style="list-style-type: none"> <li>cross-curricular digital competency;</li> <li>subject specific computing.</li> </ul> </li> <li>Work with BCS, The Chartered Institute for IT, Computing at Schools and Technocamps.</li> </ul>	<ul style="list-style-type: none"> <li>Urgent need for (on-line) innovation in training/teaching/future potential for jobs/careers in the Cardiff Capital Region (including qualifications for teachers) through engagement with employers and digital specialists.</li> <li>Technocamps, continuing professional development programmes, Computing at School/BCS, The Chartered Institute for IT and Certificate in Computer Science Teaching accessible for all teachers to develop skills as a Computing teacher.</li> <li>Recognition of competence.</li> </ul>	✓ ✓ ✓		
5	<p>Future proofing:</p> <ul style="list-style-type: none"> <li>high-level digital specialist specific skills e.g. artificial intelligence, building information</li> </ul>	<ul style="list-style-type: none"> <li>Use innovation examples to help to promote the relevance of high-level skills/training offered by higher education, the National Software Academy (Cardiff University), the National Cyber Security Academy (the University of South Wales).</li> </ul>	✓	✓	✓

	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
	modelling, fintech, voice recognition security.	<ul style="list-style-type: none"> <li>Drive further education institution core progression skills.</li> </ul>			
6	Definition of ICT essential skills: <ul style="list-style-type: none"> <li>minimum requirement for up-skilling, cross-sector, whole workforce, with access to skills delivery including teacher training.</li> </ul>	<ul style="list-style-type: none"> <li>Support work with Qualifications Wales to develop a baseline framework for schools:               <ul style="list-style-type: none"> <li>entry level and Level 1-Level 3 progression;</li> <li>applicable as core transferable skills for all including apprenticeships, unemployed and disadvantaged.</li> </ul> </li> <li>Challenge the ongoing review of the vocational ICT portfolio for further education, higher education and apprentices.</li> </ul>	✓	✓	✓
7	Superfast Business Cymru: <ul style="list-style-type: none"> <li>skills utilisation and company uptake;</li> <li>business case – engagement with skills/training delivery?</li> <li>includes building information modelling.</li> </ul>	<ul style="list-style-type: none"> <li>Market Superfast Business Cymru opportunity <a href="http://bit.ly/2msWSQM">http://bit.ly/2msWSQM</a></li> <li>Expand 'Sector Business Benefits' training support to include health education and care.</li> <li>Consider technology and online delivery to improve training and education access for all.</li> <li>Address issues of uptake where Superfast Cymru exists – market opportunity.</li> </ul>	✓ ✓ ✓	✓ ✓	
8	<ul style="list-style-type: none"> <li>Improve training to increase number of innovation active companies (using technology to innovate their business in addition to efficiency).</li> <li>Share skills best practice across supply chains.</li> </ul>	<ul style="list-style-type: none"> <li>Promote skills in SMEs to support entrepreneurs and innovators, supporting the wider ecosystem in South East Wales.</li> <li>Understand and improve range of skills and support availability of part-time/online.</li> <li>Push to improve on the 12% of companies currently training in innovation skills. Increase innovation active companies from 25% in the Cardiff Capital Region.</li> <li>Wider message: digital Wales, open data, open innovation ...</li> </ul>	✓ ✓	✓ ✓	✓ ✓ ✓

**Human Foundational Economy Overview**

The foundational economy workforce in the Cardiff Capital Region is over 300,000 of which about half are employed in the human foundational economy, with 100,000 employed in health and social services and 50,000 in Education. The health and social care sector is similar in size to the financial and professional services sector. The human foundational economy sector is the largest of the sectors identified by LSKIP.

In Wales there is spending of £3.6bn every year on services from public agencies within health, education, social care and criminal justice because of ‘high levels of poverty in Wales’.<sup>149</sup> There are 36,600 health professionals and 13,100 associate health and care professionals in the Cardiff Capital Region with over 50,000 people in caring personal service occupations including nurses.

**Health Service**

The National Health Service (NHS) employs 74,000 staff in all organisations in Wales (2015) and has three major offices in the Cardiff Capital Region, with the head office in Cardiff and smaller offices in Pencoed and Pontypool. The NHS is working hard to attract and retain jobs across Wales offering strong work and benefits packages.

**Table 14 Health Service Workforce in Wales**

<b>Workforce - Wales</b>	<b>2010</b>	<b>2015</b>	<b>%</b>
Medical and dental staff	5,726	6,120	8
Nursing, midwifery and health visiting staff	28,157	28,684	39
Administration and estates staff	15,472	15,724	21
Scientific, therapeutic and technical staff	11,507	11,972	16
Health care assistants and support workers	10,033	9,753	13
Ambulance staff	1,427	1,597.9	2
Other non-medical staff	166	108	
<b>Total</b>	<b>72,488</b>	<b>73,958</b>	

The sector is a major employer in Wales with 56,500 workers in social care-commissioned services, including the independent and voluntary/third sector, across 1,414 services. The businesses are primarily SMEs with only 7% employing more than 100 staff. There are a further 24,000 staff employed by public social services including early years’ workforce.

**Education (Further Education, Higher Education and Work-based Learning)**

There are 6,358 further education teachers registered on the Education Workforce Council (EWC). Their profile reflects an aging workforce with 60% over the age of 45 and 28% over the age of 55. Five percent of teachers in further education are over 65. In the academic year 2014/2015 there were 9,079 staff employed in higher education in the region either as an academic or member of support staff.

**Table 15 Higher Education Academic/Support Staff Ratios**

<b>Organisation</b>	<b>Full Time Equivalent</b>	<b>Percentage Split</b>
Cardiff University	5,618	62%
Cardiff Metropolitan University	1,172	13%
University of South Wales	2,289	25%
<b>Total headcount</b>	<b>9,079</b>	<b>100.00%</b>

<sup>149</sup> The Joseph Rowntree Foundation, ‘Prosperity without Poverty: a Framework for Action in Wales’ <https://www.jrf.org.uk/report/prosperity-without-poverty>

It is estimated that the work-based learning workforce employs up to 2,000 training delivery personnel in Wales with a further 1,500 employed as managers and support staff. The demographics of the sector vary across the workforce which employs on average 25% male and 75% female. The average age of the sector is 40-45 with nearly 10% of employees due to retire within the next 5 years. Over 25% of the workforce are aged 50 plus.

### Third Sector

There are 9,770 third sector organisations in Wales,<sup>150</sup> with over 930,000 volunteers. Key areas requiring skills support include:

- leadership skills for charities and their support managers;
- skills to access loan finance through the Wales Council for Voluntary Action (WCVA);
- social investment and administration of resources;<sup>151</sup>
- community housing project skills from construction to administration;
- management support e.g. the WCVA is administering the 'Active Inclusion' fund.

### Welsh Language

Delivery of Welsh provision across education is a key objective of the Well-being of Future Generations (Wales) Act (2015). Welsh Government has set a target of one million Welsh speakers by 2050 serving the cultural and language needs of the population. Strategic support for the Welsh language in the Cardiff Capital Region should be targeted to meet demand and be responsive to need. The culture and language is important in Cardiff as Wales' capital city both for its own population and as it affects the way Wales is viewed internationally.

- In Wales 562,000 people or 19% of the population can speak Welsh.
- In the Cardiff Capital Region 10% speak Welsh, close to half the national average.
- By population Cardiff has more Welsh speakers (36,700) than other local authorities in the region.

Across public service the mandatory requirements for the Welsh language are clear. However, across the private sector in South East Wales there is unsurprisingly less demand. When asked about impact on the bottom line 1% said very significant; 3% fairly significant; 13% minor impact.<sup>152</sup>

### Human Foundational Economy Sector Priorities

The National Health Service and Social Care Wales are responsible for staff training. There is clear understanding for the need to share information around services, particularly an older population in hospital and care. This information sharing is creating a demand for ICT skills, particularly digital competency, programming and software engineering, data analytics and cyber security.

There may be increased pressure on the workforce following the UK's exit from the European Union. The Royal College of Nursing Labour Market Review 2015 (UK) shows the proportion of nursing staff joining the workforce from the European Union rose from 2% in 2010/11 to 8.8% in 2013/14 but has dropped back sharply since the referendum.<sup>153</sup> For social care, research by Independent Age indicates that nearly 1 in 5 care workers were born outside the UK (266,000).<sup>154</sup> Non-European Union migrants accounted for around 1 in 7 (228,000 European Union, 38,000 non-European Union). The situation

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<sup>150</sup> 2017 report: 40,800 paid jobs, circa 50,000 volunteers worth £2.37 billion to Welsh Economy.

<https://wales.coop/news/social-business-sector-in-wales-worth-2-37bn-to-the-welsh-economy/>

<sup>151</sup> <http://www.wcva.org.uk/funding/wcva-funding/social-investment>

<sup>152</sup> Welsh Government, Regional LMI Report, section 5.5 Qualifications and training via the medium of Welsh

<sup>153</sup> Royal College of Nursing, *A workforce in crisis? The UK nursing labour market review 2015*, October 2015.

<https://www.rcn.org.uk/professional-development/publications/pub-005348>

<sup>154</sup> Independent Age, UK, *Moved to care: the impact of migration on the adult social care workforce*, Nov 2015



should be monitored to ensure training is at appropriate levels. Foreign nationals working in the education sector will be subject to government policy.

There is a recognised need for continuing professional development and higher level skills for staff and new entrants to the health sector, particularly to take advantage of efficiencies available through new technology and ICT. At the same time, there is an understanding that change in such a large public organisation is likely to be evolutionary rather than revolutionary.

Skills delivery plans are required to meet Social Care Wales' vision of a workforce trained to use life-changing electronic assistive technology. This initiative was launched in 2014 but still has some way to go.<sup>155</sup> There are significant issues around further education and higher-level provision for the care sector, by level and whether course content is fit for purpose, which need to be examined in detail.<sup>156</sup> New teaching standards are being introduced in all schools in Wales including Welsh-medium schools. They will apply to all serving teachers in Wales (from September 2018) and to initial teacher training programmes from September 2019. They will require extensive levels of continuing professional development over the next 18 months.

The standards will call on considerable training resources for ICT/digital skills to meet the new Digital Competence Framework which will be mandatory by 2021. Implementation of the Digital Competence framework will be first with other challenges as Qualifications Wales re-examines the curriculum. It is urgently recommended that teachers are upskilled for the digital competency framework targets for 2021.

In core subjects across Wales there are significant deficiencies in training with little improvement since 2014.<sup>157</sup> With a focus on the Programme for International Student Assessment (PISA) scores it is challenging to see that nearly a fifth of mathematics teachers teaching in secondary school are not trained in the subject.

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<sup>155</sup> <http://www.ccwales.org.uk/technology-to-care/>

<sup>156</sup> Care Council for Wales - Analysis of Full Time Vocational Programme Delivery for the Welsh Government by Jacky Drysdale, Workforce Development Manager, Care Council for Wales, September 2015

<sup>157</sup> <http://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>  
<http://www.ewc.wales/site/index.php/cy/ymchwil-ac-ystadegau/ystadegau-r-gweithlu-addysg>

## Human Foundational Economy SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Well-being of Future Generations (Wales) Act (2015).</li> <li>• Large part of the foundational economy with a local focus on employers, employees, clients.</li> <li>• High-quality provision of education, research and training.</li> <li>• Investment in high-level education, health and social care resources (capital and training).</li> <li>• Deployment of informatics and data analysis to manage demand.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• High numbers of economically inactive (and unemployed) currently excluded.</li> <li>• Ageing workforce and marketing careers opportunities in the sector.</li> <li>• Large numbers of staff with low-level qualifications.</li> <li>• Complex skills to service areas of persistent multiple deprivation in social care, health and education.</li> <li>• Welsh language to service customer needs and in education.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• The Well-being of Future Generations (Wales) Act (2015) five pillars of sustainable development.</li> <li>• Apprenticeships at all levels.</li> <li>• Large numbers of staff requiring training.</li> <li>• Flexible approach to skills delivery – innovative ‘train the trainer’ programme.</li> <li>• Broaden the range of sector skills delivery to meet new demand.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Leadership to manage large numbers of underqualified staff requiring training (mandatory in part).</li> <li>• Changing demands on the workforce – technology, legislation, qualifications.</li> <li>• Employment and retention of workforce, movement of people affected by the UK’s exit from the European Union.</li> <li>• End of European Union social funding support to address high levels of poverty and social deprivation.</li> <li>• Meeting nearly 70,000 (skilled) jobs requirement forecast 2014/24.</li> </ul>

## Human Foundational Economy Demand and Supply

### Social Care

The UK Commission for Employment and Skills (UKCES) Working Futures report predicts an increase in demand for health and social care associate professionals which are forecast to grow by 15.6% and a total of 6,800 at Level 4+ by 2024,<sup>158</sup> with caring personal service occupations at Levels 2/3, qualifications by 12.3% and a total of 32,900 for by 2024.<sup>159</sup> Current qualifications delivered by further education need to be checked with Social Care Wales for rigour.

53% of those employed by local authorities have the required or recommended qualifications, leaving 47%, or 29,945 individuals, to become qualified. Most of these workers require a Level 2 health and social care qualification (Qualifications and Credit Framework (QCF) Diploma). The numbers of Level 2 further education provision (most of which do not meet industry requirements) and apprenticeships falls short of the industry need.<sup>160</sup>

<sup>158</sup> <https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

<sup>159</sup> Welsh Government’s Regional LMI report, Table 7.3: Projected employment change in South East Wales, by occupation, 2014-2024

<sup>160</sup> <http://www.ccwales.org.uk/profiles-of-the-registered-workforce/>

## Welsh Medium

Of 36,951 teachers registered with the Education Workforce Council (EWC) in Wales, 21,684, or 59%, identify as Welsh. Welsh speaking teachers make up one third (12,292), of which just over 10,000 are registered to teach through the medium of Welsh. Of 1,004 Welsh language teachers 232 (23%) are not trained in the subject. Demand for Welsh-speaking teachers is increasing with growth in Welsh-medium education. City of Cardiff Council plans to increase pupils enrolled in Welsh-medium education from 6,000-8,000 by 2019/20.<sup>161</sup> Welsh Government support will be needed to underpin low demand for work-based learning programmes delivered through Welsh and increase courses, e.g. Agored Cymru to consolidate growth in the Cardiff Capital Region.<sup>162</sup>

## Qualifications and Accreditation

Key to developing skills priorities for the human foundational economy sector is understanding delivery and ensuring it is fit for purpose, keeping pace with changing workforce demands.

The Qualifications in Wales sector-based library of awards designed to plug gaps in existing and future provision with a focus on specialist skills, delivered flexibly, offers potential to deliver and attract employer interest. In the Qualifications in Wales database there are:

- 161 entries listed with social care, 333 entries with health, 256 with teaching and/or education.
- 30 social care awards, 41 health and 13 teaching and/or Education awards are at Level 4+ (11%)
- 24 social care awards, 70 health and 72 teaching awards are at entry level or Level 1 (22%)

## Education

Teaching is challenging as keeping pace with technology is increasingly demanding. In the classroom, young people from the ages of 16 to 20 are working with smart phones, social media and YouTube, accessing vocational and academic instruction on a universal basis. Developing new teaching strategies for teachers, as part of continuing professional development, is likely to be critical. Vocational subjects will increase the proportion of learning outside the classroom demonstrated by junior apprenticeships.

Growing the number of work placements and work-based learning is challenging as reflected by just 13% of employers in Wales taking on an apprentice last year. Driving up engagement must be a priority to improve both student and employer outcomes. Employers need to be encouraged to play their part in skills development.

There is support for extending the skills priorities programme or introducing a similar initiative to support new specialist continuing professional development for all teaching staff. The Skills Priorities Programme includes one strand as a driver to support continuing professional development of those teaching in the further education sector and more broadly supports new and innovative responses to employer need. The programme will enable the further education sector to align delivery to regional demands, including the need for technical and job specific higher level skills identified in the regional Employment and Skills Plan.

## Higher Education, including higher-level and Degree Apprenticeships in Wales

There is a growing demand for higher-level and degree apprenticeships across the Human Foundational Economy sector, in part stimulated by the apprenticeship levy. There is a lack of clarity

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<sup>161</sup> <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Documents/Welsh%20in%20Education%20Strategic%20Plan.pdf>

<sup>162</sup> Initiatives since 2010 are detailed in an evaluation of the Welsh-Medium education strategy. <http://gov.wales/statistics-and-research/welsh-medium-education-strategy/?lang=en>

on the planning and funding mechanism for the delivery of degree apprenticeships and an appetite by employers and providers to progress development of programmes in response to industry need.

The Open University is developing a range of apprenticeships<sup>163</sup> and a number of these<sup>164</sup> are available in sectors where there is significant demand in the Cardiff Capital Region including ICT/digital, healthcare and Chartered Management Institute, however these are not currently supported in Wales. The potential exists to move swiftly to introduce degree apprenticeships in Wales by building upon successful practice elsewhere.

In addition, there are large numbers of part-time places in higher education being taken up by those employed in the human foundational economy, including full courses being delivered by the Open University in Wales. Innovative course design with longer timeframes can offer a financially acceptable alternative for universities, an example would be the part-time nursing qualification being introduced this year, which was developed in response to an identification of need in last year's Employment and Skills Plan, the University of South Wales has now commissioned 31 part-time places for 2017-18.

### Human Foundational Economy Skills Needs, Gaps and Shortages

The Employer Skills survey (2015) indicates an incidence of 5% in skills shortage vacancies in health and social work sectors and 2% in the education sector across South East Wales (which seems low).<sup>165</sup> Forecasts suggest an expansion of 2,800 new growth jobs in the human foundational economy sector and when replacement jobs are considered, 68,500 jobs in total over the ten-year period.<sup>166</sup> The social care sector has the largest replacement demand at around 25,000 from 44,500 health and social care jobs. Some are likely to be at more senior levels which will need to be found within the existing service creating associated skills and training demand through continuing professional development, top-up apprenticeships and in-house planning.

There is a need to significantly increase student numbers in science, technology, engineering and mathematics (STEM) subjects and this will require investment, both in capital equipment and staff training to meet changing digital and technological demands. Certainty about student numbers and increasing take-up on courses in STEM subjects is challenging.

#### Education – Training the Trainers

Significant numbers of vacancies in the wider workforce reflect a positive economic outlook. However, there is a major challenge for training providers to deliver new skills such as those in the high-tech, high-growth and specialist industries. There is a significant and growing knowledge gap amongst the trainers delivering the skills in colleges, universities and amongst training providers. This is further exacerbated by the push for apprenticeships (often from non-Welsh employers and/or inward investors) in skills areas where Wales has little experience e.g. nuclear or marine tidal power. To overcome training skills gaps employers may be encouraged to share the skills of specialists to 'train the trainers', building teaching expertise and accelerating response to demand. Clarity about inward investment or infrastructure projects is needed to identify levels of resource required e.g. marine construction on off-shore wind farms and shared skills with tidal lagoon power. An alternative is to mobilise skills, 'train the trainer', Technocamps for school pupils, upskilling teachers in computer

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<sup>163</sup> <http://www.open.ac.uk/business/professional-learning-development/apprenticeships>

<sup>164</sup> <http://www.open.ac.uk/business/professional-learning-development/apprenticeships/degree-and-higher>

<sup>165</sup> Welsh Government, Regional LMI Report Table 6.3: Incidence of skill shortage vacancies by sector and region

<sup>166</sup> Working Futures 2014-2024 Regional LMI Report Table 7.2: Total projected employment demand by Expansion and Replacement jobs Cardiff Region <https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

programming or 'Lab in a Lorry' sponsored by Institute of Physics and Welsh Government to promote an innovative approach to science, technology, engineering and mathematics (STEM) teaching best practices.<sup>167</sup>

### **Apprenticeships (2015-16)**

There were 21,900 apprenticeships undertaken in the Cardiff Capital Region of which over a third were in the healthcare and public services sector.

### Teaching Assistants

There is currently no formal pathway for support staff in schools to become teachers. There are apprenticeships for teaching assistants but very low take-up. A Higher Level Teaching Assistant (HLTA) award which demonstrates knowledge of professional standards and may serve as a progression route to teaching has seen 1,800 assistants gaining HLTA status.<sup>168</sup>

### Apprenticeship Opportunities for Human Foundational Economy Cross-over Skills

The National Health Service is one of the largest employers in every region with a very significant estate and a workforce cutting across all skills areas in the service sector. The following apprenticeship skills are indicated by the National Health Service as 'relevant' to the workforce and in demand within the sector.<sup>169</sup>

- administration and human resources;
- management;
- financial services;
- security and cybersecurity;
- construction;
- electrical and engineering;
- property;
- repair and maintenance;
- hospitality and catering;
- IT, data analytics, software engineering, communications and marketing;
- public services (includes clinical support, dental nursing, pharmacy, health & social care).

### Postgraduate Certificate in Education (PGCE) - Teacher Training and Skills Shortages

In education projected changes in employment by the UK Commission for Employment and Skills (UKCES) Working Futures report suggests a contraction of 800 in jobs.<sup>170</sup> However, In the context of a Cardiff Capital Region workforce of over 65,000 there is a forecast demand for 26,900 jobs over the ten-year period, when replacement jobs are considered. These jobs are likely to have much higher digital skills associated with them and a changed curriculum to consider.

Welsh Government has recently completed its consultation period on new professional standards for teaching and leadership in schools.<sup>171</sup> Pupil benefit arising from high quality teaching is recognised as the equivalent of an additional year's teaching. There are significant skills shortages.

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<sup>167</sup> [www.labinalorry.org.uk/](http://www.labinalorry.org.uk/)

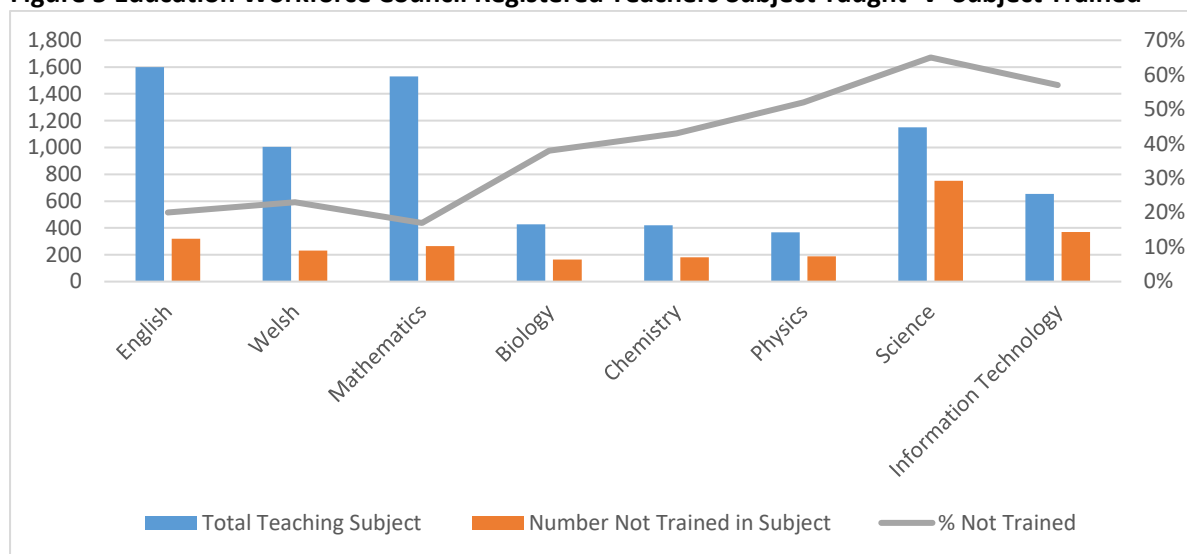
<sup>168</sup> <http://learning.gov.wales/yourcareer/school-support-staff/higher-level-teaching-assistant/?lang=en>

<sup>169</sup> Arising from discussions at the human foundational economy sector group

<sup>170</sup> Regional LMI Report Table 7.2: Total projected employment demand by Expansion and Replacement jobs  
<https://www.gov.uk/government/publications/uk-labour-market-projections-2014-to-2024>

<sup>171</sup> May 2017 & <http://learning.gov.wales/resources/collections/professional-standards?lang=en>

**Figure 5 Education Workforce Council Registered Teachers Subject Taught -v- Subject Trained<sup>172</sup>**



**Current Teaching Shortages and Gaps**

There is a significant shortage of teachers trained in the core subject which they are delivering.<sup>173</sup> Teaching a non-specialist subject, is particularly problematic in science, technology, engineering and mathematics (STEM), e.g. computer programming. Training in alternative approaches to academic delivery, flexible teaching, engaging sector specialists in business, online delivery methods, teacher continuing professional development and digital competency across subject areas is required.

**Figure 6 Core Education Subjects<sup>174</sup>**

	CORE Subjects & Religious Education															
	March 2015				March 2016				March 2017							
	Percentage (%) trained in subject	Percentage (%) not trained in subject	Percentage (%) Subject trained is unknown	Percentage (%)	Percentage (%) trained in subject	Percentage (%) not trained in subject	Percentage (%) Subject trained is unknown	Percentage (%)	Number trained in subject	Percentage (%)	Number not trained in subject	Percentage (%)	Subject trained is unknown	Percentage (%) Subject trained is unknown	Total teaching subject	Percentage (%)
Biology	56.6	39.7	3.7	100%	58.5	38.4	3.0	100%	247	58.5	168	39.8	7	1.7	422	100%
Chemistry	51.6	44.5	3.9	100%	52.7	43.2	4.1	100%	211	51.5	190	46.3	9	2.2	410	100%
English	73.1	19.4	7.5	100%	73.7	19.9	6.3	100%	1,148	75.4	297	19.5	78	5.1	1,523	100%
Mathematics	77.9	16.0	6.0	100%	77.6	17.3	5.0	100%	1,183	78.8	251	16.7	67	4.5	1,501	100%
Physics	45.3	51.7	2.9	100%	44.1	51.5	4.4	100%	165	46.2	182	51.0	10	2.8	357	100%
Religious Education	65.8	25.9	8.3	100%	66.1	27.1	6.8	100%	385	67.4	153	26.8	33	5.8	571	100%
Science	31.6	63.1	5.3	100%	30.6	65.3	4.1	100%	354	31.7	725	65.0	36	3.2	1,115	100%
Welsh	70.6	22.1	7.2	100%	71.4	23.1	5.5	100%	725	74.7	203	20.9	43	4.4	971	100%

The data in this section is based on registered teachers whose route to Qualified Teacher Status (QTS) was through a course of initial teacher training at a teacher training institution and not through any other route

<sup>172</sup> <http://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>

<sup>173</sup> <http://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>  
<http://www.ewc.wales/site/index.php/cy/ymchwil-ac-ystadegau/ystadegau-r-gweithlu-addysg>

<sup>174</sup> <http://www.ewc.wales/site/index.php/en/research-statistics/education-workforce-statistics>

## Human Foundational Economy Priorities and Recommendations

	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
1	Skills gaps in education/training workforce require continuing professional development support across all levels to enable the recruitment and development of a qualified, occupationally competent and highly-skilled workforce.	<ul style="list-style-type: none"> <li>• Provide funding /support for continuing professional development (train the trainer) for all teachers, trainers and assessors across schools, further education institutions, higher education institutions, work-based learning and specialist provision.</li> <li>• Maintain and extend the Skills Priorities Programme or an equivalent to further develop occupational competence for all and meet increasing demand for higher and specialist level skills.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Improve 'occupational competence' of teachers and assessors by developing sustained engagement and relationships between education and industry, including training and events.</li> <li>• Engage industry to grow curriculum and upskill teachers.</li> <li>• Encourage training placements with industry for teachers.</li> </ul>			✓
		<ul style="list-style-type: none"> <li>• Develop initial teacher training and continuing professional development for existing staff in ICT.</li> <li>• Use new entrants and the digitally competent as mentors in ICT for other teachers.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Assess training needs of support staff in schools and develop a training strategy and skills pathways including a pathway into teaching.</li> </ul>			✓
		<ul style="list-style-type: none"> <li>• Recruit and develop existing staff to meet increasing demand for Welsh language skills within the education workforce.</li> </ul>			✓
2	Meet new and different future skills needs driven by transformation, service changes, policy, technology and other drivers across the human foundational economy sector.	<ul style="list-style-type: none"> <li>• Assess future skills needs of the human foundational economy sector, including consolidation of existing research/reports/action plans and the impact of key drivers including the Well-being of Future Generations Act (Wales) 2015.</li> <li>• Produce clear recommendations of future skill needs.</li> </ul>			✓
		<ul style="list-style-type: none"> <li>• Increase science, technology, engineering and mathematics (STEM) tutors and teacher-training student numbers to meet growing demand for high-tech and specialist provision.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Encourage sponsored degrees and internships in science, technology, engineering and mathematics (STEM) areas.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Review and develop a plan for skills needs in response to the new professional standards and new curriculum for the education workforce.</li> </ul>			✓
3	Increase take up of apprenticeships across the human foundational economy sector; need to	<ul style="list-style-type: none"> <li>• Market and promote the value of apprenticeships to employers across the human foundational economy sector, particularly the health sector.</li> </ul>		✓	

	Priorities	Recommendations	Short (1-3)	Med (3-5)	Long (5-10)
	improve the number of Welsh employers employing apprentices to 20% as a minimum in three years.	<ul style="list-style-type: none"> <li>• Increase nature and range of public service apprenticeship options, including degree apprenticeships where appropriate, to meet higher-level skills needs.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Explore potential for a teaching apprenticeship.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Ensure access to all-age Level 2 provision across health and social care in response to mandatory qualification and registration requirements, which in part drives demand.</li> </ul>	✓		
4	Address skills shortages across health and social care, which have been exacerbated by the UK's exit from the European Union.	<ul style="list-style-type: none"> <li>• Consider new models of delivery and/or linking Level 2 to an aspiration to achieve Level 3, to maintain entry level pathways to tackle skills shortages.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Research and address portability and transferability of qualifications across health and social care, with a focus on progression from health to social care.</li> <li>• Encourage recognition of prior learning and develop the skills/structures within education to enable recognition of prior learning.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Targeted action to promote career pathways and attract potential recruits into health and social care including action to increase the diversity of the workforce.</li> </ul>			✓
5	Address cross-cutting/common skills gaps and shortages identified across the wider human foundational economy sector.	<ul style="list-style-type: none"> <li>• Implement a plan for ICT/digital skills needs, including both generic and specialist skills such as data analysis and cyber security.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Improve leadership and management skills at all levels - leadership skills from supervisor upwards are hugely important including digital competencies.</li> </ul>		✓	
		<ul style="list-style-type: none"> <li>• Provide regional co-ordination of careers support and education/industry links and encourage parental engagement.</li> <li>• The human foundational economy cluster to engage with schools/careers workstream to develop and promote career pathways for school leavers into the human foundational economy.</li> </ul>			✓
		<ul style="list-style-type: none"> <li>• Review the health services future transformation programmes and plan for workforce skill needs.</li> </ul>			✓
6	Address uncertainty, and any confusion caused by the Apprenticeship Levy, on what employment and training support is available to human foundational economy employers in Wales.	<ul style="list-style-type: none"> <li>• Improve information around access to funding and support for human foundational economy employers and clarify areas that require employer investment.</li> </ul>		✓	





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Mr Keir Duffin  
Head of Regeneration, Investment and Housing  
Newport City Council  
Civic Centre  
Newport  
NP20 4UR

16 January 2019

**Operational Programme:** ESF East Wales  
**Operation Number (Case ID):** c80901  
**Operation Name (Case Name):** Skills@Work  
**Beneficiary's Company/ Charity Registration Number:** N/A  
**WEFO Contact Name:** Mark Watson  
**Contact Tel:** 0300 062 2442  
**Contact e-mail:** mark.watson@gov.wales

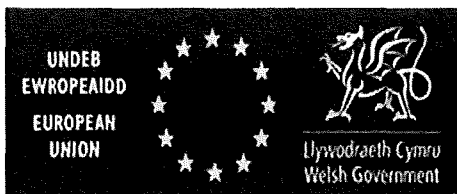
Dear Mr Duffin

## 1. Award of Financial Support

- (a) We are pleased to inform you that your application for financial support (Financial Support) from the ESF has been successful. Financial Support up to the following amounts is awarded to you:
- (i) ESF Priority 2 £1,939,880 (*one million, nine hundred and thirty-nine thousand, eight hundred and eighty pounds*)

Your application is approved only on the basis of the plans for the Operation set out in the Business Plan Version 0.7, dated 7<sup>th</sup> January 2019 and the Delivery Profile Version 2, dated 21<sup>st</sup> December 2018 agreed by us. We must also remind you of your commitments in respect of the Cross Cutting Themes; please see Condition 26.

- (b) If you have any queries in relation to this award of Financial Support or the Conditions, please liaise with the WEFO Contact who will be able to help you.



Swyddfa Aberystwyth/ Aberystwyth Office  
Rhodfa Padarn / Rhodfa Padarn  
Llanbadarn Fawr / Llanbadarn Fawr  
SY23 3UR

Ffôn/Tel: 0300 062 2442  
E-Bost/E-Mail: mark.watson@gov.wales

- (c) The Structural Funds Regulations require us to provide you with a document setting out the conditions for support for the Operation including the specific requirements concerning the products or services to be delivered, the financing plan, and the time-limit for execution. This letter sets out these requirements, together with the agreed Business Plan and Delivery Profile. If you are unsure of what we expect to be delivered, the approved financial support or the time period, you should speak to your WEFO Contact and should not sign this agreement until fully understood.

## **2. Statutory authority and State aid**

- (a) This award of Financial Support is subject to the Conditions, and is made by an official in the administrative division of the Welsh Government known as Welsh European Funding Office ('WEFO') under the authority of the Welsh Ministers. The award of Financial Support is made pursuant to the Structural Funds (Welsh Ministers) Regulations 2014, 2014 No. 92(SI). The Welsh Ministers have designated WEFO to carry out the managing and certifying authority functions in relation to the Structural Funds programmes in Wales.
- (b) The award of Financial Support is subject to compliance with the European Commission's State Aid Rules by all undertakings that receive State Aid from the Operation. Further details of the specific State Aid Rules applicable to the Operation are contained in Schedule 4. You are responsible for ensuring that the Operation is delivered in line with the State Aid rules upon which the Financial Support is awarded.
- (c) You must comply with the Structural Funds Regulations. These Conditions have been prepared so that they reflect, so far as possible, your responsibilities under the Structural Funds Regulations. However, you are responsible for ensuring that the Operation is delivered in accordance with the Structural Funds Regulations. Links to the full texts of the Structural Funds Regulations are available on the following website:

[http://ec.europa.eu/regional\\_policy/information/legislation/index\\_en.cfm](http://ec.europa.eu/regional_policy/information/legislation/index_en.cfm)

## **3. Interpreting these Conditions**

The terms which are used in these Conditions are defined in Schedule 10. You must familiarise yourself with the terms prior to reading the content of this letter.

## **4. What you must use the Financial Support for:**

- (a) You must use the Financial Support solely to manage and implement the Operation in accordance with the details described in your

Business Plan, Delivery Profile and any Special Conditions (if applicable).

- (b) You must achieve the Targets set out in Schedule 1.
- (c) Any change to the nature and/ or use of the Operation, including any change:
- (i) that alters the nature of the Operation;
  - (ii) to the Delivery Profile;
  - (iii) to the Operation's use, location, its financing or ownership inclusive of any proposed change to your constitution and
  - (iv) to the Mobilisation Phase and Milestone Dates of the Operation

will require our written consent, which must be obtained from us before implementing any change. Please note that we are not obliged to provide consent but we will consider all reasonable requests.

- (d) The amount of Financial Support payable is calculated as a proportion of the Eligible Expenditure up to the maximum level as set out below. The Financial Support shown below is the maximum payable regardless of any increase in total Eligible Expenditure which result from changes to the Operation:

**Total Financial Support (REVENUE expenditure)**

Eligible Expenditure - ERDF:	
Eligible Expenditure - ESF:	£3,592,372
Ineligible expenditure – ERDF (where applicable)	
Ineligible expenditure – ESF (where applicable)	
ERDF maximum Financial Support (EU grant) payable:	
ESF maximum Financial Support (EU grant) payable:	£1,939,880
Rate of Financial Support (as a percentage of ERDF Eligible Expenditure (total)):	
Rate of Financial Support (as a percentage of ESF Eligible Expenditure (total)):	53.999976%
Flat rate financing for Indirect Costs	40%
Total Cost of the Operation	£3,592,372

- (e) The Delivery Profile contains full details of the Total Cost of the Operation and approved Eligible Expenditure for the Operation, the

phasing of the income and expenditure of the Operation and the agreed funding arrangements for the Operation.

- (f) Subject to the Conditions, the Financial Support will only be paid in respect of Eligible Expenditure incurred and Paid Out by a Beneficiary and/ or depreciation charges and contributions in-kind, (other than Simplified Costs approved by us and outlined at Schedule 8).
- (g) The award of Financial Support contained in this letter is conditional upon no expenditure having been incurred or Paid Out before the Start Date, unless specifically agreed and confirmed in writing by us and identified as Retrospective Expenditure or Preliminary Expenditure in the Delivery Profile.
- (h) The amount of Financial Support referred to above is stated as being a maximum, the total Financial Support payable will be reduced to reflect any underspend in relation to the Operation and/ or if there is a change in the overall financial package which reduces the need for Financial Support.

#### **5. Financial Support pre-conditions**

- (a) We will not pay any Financial Support to you until you have provided us with the following information/ documentation:
  - (i) a signed copy of this letter;
- (b) We will not pay any Financial Support to you in respect of Eligible Expenditure incurred and Paid Out by any Joint Beneficiary until you have provided us with the confirmation set out in Schedule 3 signed by the relevant Joint Beneficiary;
- (c) Where a Mobilisation Phase has been agreed for the Operation, you will have to attain agreed milestones, prior to undertaking any delivery of the Operation. The milestones will be specified in your Business Plan and/ or Delivery Profile and will be set against agreed timelines. We will pay Financial Support to you, during the Mobilisation Phase, where we are satisfied with the attainment of each individual milestone.

#### **6. How to claim the Financial Support**

- (a)
  - (i) You must follow the rules on how to claim the Financial Support as set out in '2014-2020 Claiming Arrangements – Instructions for lead beneficiaries'.
  - (ii) We will make reasonable efforts to pay claims promptly but we do not accept any liability in respect of loss attributable to any delay in the payment of claims or attributable to any suspension, reduction

or cancellation of Financial Support. In accordance with Article 132 of Regulation EU 1303/2013, we will pay you the amounts due in full and no later than 90 days from the date of submission of the payment claim, subject to the specific exceptions set out in the same Article.

- (iii) We will not make any payment until we receive a satisfactory Claim Form.
- (iv) We will retain 10% of the total amount of Financial Support (unless otherwise specified in the Delivery Profile) until the Operation has been completed to our satisfaction and we have received a satisfactory final Claim Form and, where applicable, an independent external evaluation report. The final Claim Form must be submitted to WEFO within 3 weeks following the Financial Completion Date or within 3 weeks of the date of acceptance of this award of Financial Support, whichever is later.
- (v) In the event of a shortfall in match funding contributions to the Operation, you must provide additional funding from your own resources before we will make any payment of Financial Support.

(b) Advance payments from WEFO

- (i) You must comply with the WEFO guidance document entitled '2014- 2020 Claiming Arrangements –Instructions for lead beneficiaries', when making a claim for payments of Financial Support in advance.
- (ii) If you are entitled to claim payments of Financial Support (whether for yourself or on behalf of joint beneficiaries) in advance this will be reflected in the Delivery Profile. The need for advance payments will be reviewed by us at regular intervals.
- (iii) If you are not a public sector organisation and if so requested by us, you must submit copies of annual audited accounts within 6 months of the end of each financial year. The notes of the accounts must specifically itemise Financial Support receipts.
- (iv) If you are not a public sector organisation, you must submit your management accounts, profit and loss statement (or equivalent), for the previous six months, a balance sheet as at the date of submission, and cash-flow for the previous six months and projected six months) to us on a quarterly basis for the duration of the Operation. The management accounts may be submitted in your usual format. For the avoidance of doubt, we may, if necessary, request further information or explanation of the documents provided. The date for the first submission of management accounts may be chosen by you but shall be no later than 6 months from the date of this letter. If any Joint Beneficiary is in receipt of advance payments and is not a public sector organisation, you must obtain copies of the management accounts

for all such Joint Beneficiaries and provide these to us on a quarterly basis as outlined above.

## 7. Your general obligations to us

You must:

- (a) safeguard the Financial Support against fraud generally and, in particular, fraud on the part of your Personnel and notify us immediately if you have reason to suspect that any fraud within your organisation whether or not it relates to the Financial Support has occurred or is occurring or is likely to occur. You must also participate in such fraud prevention initiatives as we may require from time to time.
- (b) comply with all applicable domestic, EU or international laws or regulations or official directives;
- (c) maintain adequate insurances to cover against the risks which may arise in connection with any property or any activity undertaken in delivery of the Operation. We reserve the right to require you provide proof of your insurance. These arrangements must, at least, indemnify and keep indemnified us and our employees, servants, agents or sub-contractors from and against any and all actions, claims, costs, losses (including consequential loss, economic loss and loss of profit, revenue and goodwill), damages, demands, expenses (including legal costs and expenses on a solicitors own client basis) charges and other liabilities of whatsoever nature and howsoever arising as a result of or in connection with the Financial Support or the termination of the Financial Support for whatsoever reason including but not limited to:
  - i. death or personal injury; and/ or
  - ii. loss of or damage to any property; and/ or
  - iii. financial loss arising from any advice given or omitted to be given by you; and/ or
  - iv. any claim made against the Welsh Ministers by a third party arising out of or in connection with the Operation to the extent that such claim arises out of the breach, negligent performance or failure or delay in the performance of this letter by you; and/ or
  - v. any loss which is caused directly or indirectly by any act or omission by you in relation to the Operation
- (d) co-operate fully with any of our employees or the Welsh Government or consultants appointed by us to monitor, review or evaluate your use of the Financial Support and your compliance with these Conditions, including complying with any reasonable deadlines regarding requests for information concerning the Operation;



- (e) inform us immediately if any of the declarations made in Condition 8 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect.

## **8. Declarations**

You declare that:

- (a) you have the power to enter into and to perform the obligations set out in these Conditions and you have taken all necessary action to authorise the entry into and performance of the obligations under these Conditions;
- (b) no Litigation or arbitration is current or pending or, so far as you are aware, threatened, which have or could have an adverse effect on your ability to perform and comply with any of these Conditions;
- (c) the information contained in the Business Plan is complete, true and accurate;
- (d) you have disclosed to us all material facts or circumstances which need to be disclosed to enable us to obtain a true and correct view of your business and affairs (both current and prospective) or which ought to be provided to any person who is considering providing financial support to you;
- (e) you have discussed and agreed the Business Plan, Mobilisation Phase and Delivery Profile with us and you are confident that the financial and physical targets contained therein are realistic and achievable.
- (f) the Manager of the Operation is fully aware of the requirements, including but not limited to, technical and accounting requirements involved in implementing the Operation on your behalf.
- (g) you have the necessary systems, including but not limited to technical and accounting systems, in place to enable you to fully comply with the Conditions.
- (h) you shall take appropriate steps to ensure that neither you nor any of your Personnel are placed in a position where there is or may be an actual conflict, or a potential conflict, between you and/ or your Personnel's financial and/ or personal interests and your obligations set out in the Conditions. You will disclose to us in writing full particulars of any such conflict of interest which may arise as soon as possible after becoming aware of it.

## **9. Notification Events and their consequences**

- (a) You must notify us immediately if a Notification Event has occurred or is likely to occur but we also reserve the right to notify you where we believe a Notification Event has occurred or is likely to occur.
- (b) We will either (i) notify you that we consider that the Notification Event is not capable of remedy or (ii) if we consider that the Notification Event is capable of being remedied seek to discuss the Notification Event with you with a view to agreeing a course of action to be taken to address the Notification Event.
- (c) We will be entitled to take any of the actions listed in Condition 9(d) if:
  - (i) despite our reasonable efforts we have been unable to discuss the Notification Event with you; or
  - (ii) we notify you that the Notification Event is not capable of remedy; or
  - (iii) a course of action to address the Notification Event is not agreed with you; or
  - (iv) a course of action to address the Notification Event is agreed with you but you fail to follow it, or any conditions attached to it are not met (including without limitation the timescale for such course of action); or
  - (v) the course of action fails to remedy the Notification Event to our satisfaction.
- (d) If any of the circumstances set out in Condition 9 (c) occurs we may by notice to you:
  - (i) withdraw the award of Financial Support ; and/ or
  - (ii) require you to repay all or part of the Financial Support immediately; and/ or
  - (iii) suspend or cease all further payment of Financial Support and/ or
  - (iv) make all further payments of Financial Support subject to such conditions as we may specify; and/ or
  - (v) deduct all amounts owed to us under these Conditions from any other financial support that we have awarded or may award to you; and/ or
  - (vi) exercise any other rights against you which we may have in respect of the Financial Support.
- (e) All repayments of Financial Support must be made to us on demand.
- (f) Where amounts are due to be repaid to the European Commission and late payment by you results in the European Commission applying interest on the overdue amounts in accordance with Article 147 of Regulation EU 1303/2013, we reserve the right to pass on this interest charge to you.
- (g) If any part or all of the Financial Support paid to the you is unlawful State aid, we shall be entitled to recover such State aid in full on demand together with compound interest calculated in accordance

with Commission Regulation (EC) No 794/2004 of 21 April 2004 from the you and/or any third party recipient of the Financial Support.

## **10. Operations Generating Net Revenue**

Operations Generating Net Revenue must comply with the rules on the treatment of revenue set out in our document entitled, 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'. The applicable rule that applies to your Operation is 'Revenue Rule D'.

If your project is not a RGP but you directly generate revenue or other receipts during its implementation, your project's eligible costs must be reduced/ offset by the amount of the net revenue received, this will reduce the amount to EU grant payable.

Any payment you receive arising from a contractual condition on a breach of contract between you and third parties (i.e. contractual penalties) or has occurred as a result of the withdrawal of an offer by a third party chosen in public procurement rules (i.e. deposit) is not considered as revenue and does therefore not need to be deducted from the your eligible expenditure (you keep all of such receipts).

You should inform us of such receipts as soon as possible and no later than in the final payment claim that you submit to us.

If only part of your total project costs are eligible costs, you only need to apply a proportion of the revenue. The net revenue should be allocated pro-rata to the eligible and non-eligible parts of the total project costs.

You only need to tell us about revenue generated during project implementation - you do not need to inform us of any revenue generated following the implementation of your project.

## **11. Principles of Sound Financial Management**

You must apply the Principles of Sound Financial Management whilst delivering the Operation.

## **12. Monitoring**

Schedule 7 contains a summary of the general monitoring responsibilities and responsibilities of the Welsh Ministers relating to the audit, verification and investigations of the Structural Funds.

(i) You must:

- (a) provide us, and/ or the Welsh Ministers, with such documents, information and reports which we may reasonably require from time to time in order for us to monitor your compliance with the Conditions
- (b) meet with the WEFO Contact and such other of our representatives as we may from time to time reasonably require;
- (c) ensure that the Manager of the Operation (or such other person as we may agree) together with any other person we may require attends all meetings with the WEFO Contact.

### **13. Audit requirements**

- (a) You must:
  - (i) in accordance with Article 125(4)(b) of Regulation (EU) No 1303/ 2013 maintain either a separate accounting system or an adequate accounting code for all financial transactions relating to the Operation, in order to facilitate the verification of expenditure by the European Union and national authorities. All payments must be supported by appropriate documentation; appropriate documentation includes, but is not limited to, receipted invoices, bank statements and organisational ledgers. Our document entitled, 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020' sets out the full audit trail and documentation requirements.
  - (ii) ensure that your separate accounting system or your adequate accounting code is able to distinguish between ERDF and the ESF activity and its associated financial transactions, if the Operation has been approved to use Cross Fund Flexibility.
  - (iii) where you are managing or implement activities that contribute to more than one specific objective, you must ensure that you maintain separate audit trails and documentation for each specific objective.
  - (iv) without charge, permit any officer or officers of WEFO, the Welsh Government, Wales Audit Office, European Commission, the European Court of Auditors or European Anti Fraud Office at any reasonable time and on reasonable notice being given to you to visit your premises and/ or to inspect any of your activities and/ or to examine and take copies of your books of account and such other documents or records howsoever stored as in such officer's reasonable view may relate in any way to your use of the Financial Support. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Welsh Government, Wales Audit Office or the European Commission or any officer, servant or agent of any of the above;
- (b) Under paragraph 17 of Schedule 8 to the Government of Wales Act 2006 the Auditor General for Wales has extensive rights of access to documents and information relating to monies provided by the Welsh Government. He and his officials have the power to require relevant

persons who control or hold documents to give any assistance, information and explanation that they may require and to require those persons to attend before them for such a purpose. The Auditor General and his staff may exercise this right at all reasonable times.

#### **14. Inventory of Assets**

- (a) You are responsible for establishing and maintaining an inventory of all Assets of the Operation with a cost greater than £5,000 irrespective of its location or ownership.
- (b) The inventory must contain, at least, the:
  - i) date that the Asset was purchased, acquired, constructed or enhanced
  - ii) brief description of the Asset;
  - iii) price paid, or attributable cost, net of any VAT;
  - iv) location of the title deeds (if applicable);
  - v) serial or identification number;
  - vi) location of the Asset;
  - vii) Depreciation charged to date (if applicable) and the resulting net book value of the Asset;
  - viii) date of sale, disposal or destruction; and
  - ix) sale proceeds (if applicable), net of any VAT.

#### **15. Financial corrections**

We are (1) responsible for investigating any Irregularity and (2) entitled to make financial corrections in accordance with Article 143 Regulation (EU) No 1303/ 2013 and any guidelines issued by the European Commission regarding Articles 143-147 inclusive of Regulation (EU) No 1303/ 2013. Where we make such corrections we reserve the right to apply either a flat-rate or extrapolated correction in the same way that the European Commission applies a flat-rate or extrapolated correction pursuant to Article 144 Regulation (EU) No 1303/ 2013. We also reserve the right to take into account the principles regarding financial corrections contained in the Commission Delegated Regulation (EU) No 480/ 2014.

#### **16. Research and evaluation**

- (a) You must follow the rules regarding the collection and sharing of monitoring data with WEFO during the management and the implementation of the Operation, relating to:
  - (i) participants of an ESF Operation,

The rules are set out in our documents entitled:

'Monitoring and Evaluation plan - Guidance'

ESF Priority 2: Skills for Growth Indicator Definitions

- i. any third party, including Joint Beneficiaries, involved in the Operation complies with the requirements of Conditions 13 and 19.
  - ii. any third party, including Joint Beneficiaries involved in the Operation puts in place adequate management and control arrangements to ensure the regularity, legality and propriety of Eligible Expenditure declared to you for inclusion in the claim for re-imburement made to us.
  - iii. Joint Beneficiaries confirm that they have been made aware of and fully understand the Conditions of this agreement within 20 Working Days of your receipt of this letter. Provision for this has been made at Schedule 3.
- (d) You must not delegate any of the responsibilities set out in this agreement to any third party.
- (e) If you intend to declare and claim the Eligible Expenditure of third parties, including Joint Beneficiaries, we will pay you the associated Financial Support and you must then distribute the payments due to the Joint Beneficiaries in full and without delay. Similarly, if we agree to provide advance payments in relation to the planned expenditure of a Joint Beneficiary, you must distribute the advance payments to a Joint Beneficiary without delay.
- (f) You must ensure that Conditions 9 (g) and 13(iv) are enforceable directly by the Welsh Ministers against third party recipients of the Financial Support under the Contracts (Rights of Third Parties) Act 1999 by inserting replicas of Conditions 9 (g) and 13(iv) (with appropriate modifications as the context so requires) in each arrangement of whatever nature with the third party recipients of the Financial Support.

#### **18. Match funding (co-financing of Eligible Expenditure)**

- (a) You must inform any public or private body providing match funding towards the Operation or to whom an application for match funding has been made, that the Operation has received Financial Support, or will receive support, from the Structural Funds.
- (b) You must inform us of any public or private entity providing match funding towards the Operation.
- (c) You must immediately inform any public or private entity providing match funding towards the Operation of any changes to the match funding requirements arising from changes and/ or virements within the Operation.

#### **19. Retention of records**

- (i) In accordance with Article 140 of Regulation 1303/2013, you must ensure that all supporting documentation and audit trails relating to activities and expenditure supported by the Financial Support is available to us, the European Commission and European Court of Auditors. This includes documentation held at third party locations such as Joint Beneficiaries, contractors or off-site storage facilities. The total Eligible Expenditure for the Operation will determine the retention period, (the "Retention Period") and we shall inform you in writing of the start date and expiry date of the Retention Period. The Retention Period is without prejudice to the State Aid Rules which may require a longer retention period. All supporting documentation may need to be maintained until at least 31 December 2026 but since it is unclear what Retention Period will apply to the Operation, you must retain all supporting documentation until we inform you of the applicable Retention Period.
- (ii) You must ensure that all supporting documentation is retained and maintained in an acceptable format and/ or held on commonly acceptable data carriers, until expiry of the Retention Period. Further guidance is provided in the WEFO document entitled, 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.

## **20. Data protection**

- (a) You must comply with the provisions of the Data Protection Act 2018 ("DPA 2018"). You must provide us with information, including personal data (as defined in the DPA 2018), about any third party participants assisted/ supported by the Operation.
- (b) You must inform all participants supported by the Operation in writing that their personal data will be passed to us or any contractor acting on our behalf for the purposes of research, evaluation and verification regarding Financial Support from the Structural Funds. You must explain that this may involve linking participants' personal data collected as part of the Operation with other personal data held on the participants by other organisations – this will only be done for research and evaluation purposes. You must also inform all participants that their personal data may be passed to any third party you appoint to undertake the evaluation referred to in Condition 16 (b). Details of the personal data that you must pass to us for all participants is set out in our Monitoring and Evaluation guidance. Participants have the right to refuse to provide special category data (as defined in the DPA 2018) to be collected. In these cases you must keep documentary evidence that you have attempted to collect special category data.
- (c) Any data you provide to us in relation to the Operation will be held by us and processed in accordance with the requirements of the DPA 2018. The Welsh Ministers are registered as a data controller on the



Information Commissioner's public register of data controllers under the registration number Z7107446.

- (d) The data you provide to us will be held on a database and will be processed by us for the purposes of progressing applications and claims for Financial Support from the Structural Funds and for the purposes of research, evaluation and verification. The information provided may be shared with UK Government Departments, Welsh Government Sponsored Bodies, agencies (inclusive of fraud prevention agencies) for the purposes of audit, research, meeting statutory obligations and for the prevention and detection of fraud. Personal data will not be made public in any way that identifies individuals. Certain data will be passed to the European Commission in compliance with Structural Funds Regulations.
- (e) Data may also be passed to Welsh Government support contractors for the purpose of resolving system problems. These contractors will not be permitted to make any other use of these data.
- (f) If any person on whom data are held wishes to request details of their personal data being held on our central database they may contact our Helpline on 0845 010 3355.
- (g) Please refer to Schedule 12 which provides details of your obligations in respect of the General Data Protection Regulation (Regulation (EU) 2016/679) (the 'GDPR').

## 21. Information

- (a) You acknowledge that we are subject to the requirements of the Freedom of Information Act 2000 (the "FOIA"), the Environmental Information Regulations 2004 (the "EIR") and the DPA 2018.
- (b) You acknowledge that we are responsible for determining in our absolute discretion whether:
  - (i) to disclose any information which we have obtained under or in connection with the Financial Support to the extent that we are required to disclose such information to a person making a disclosure request under the FOIA or the EIR; and/ or
  - (ii) any information is exempt from disclosure under the FOIA or the EIR.
- (c) You acknowledge that we may share any data you provide to us with fraud prevention agencies and third parties for the purposes of preventing and detecting fraud. Any personal data we collect will be managed in accordance with our Privacy Notice which is available to view at: <https://gov.wales/docs/caecd/publications/180518-privacy-notice-en.pdf>

## 22. Publicity

You must comply with the information and publicity requirements set out in Article 115 and Annex XII of Regulation 1303/2013, Commission Implementing Regulation (EU) No 821/ 2014 of 28 July 2014 and with the requirements set out in Condition 22 below. In particular you must:

- (a) consent (by signing this letter) to your name, the name of the Operation, the aim(s) and purpose(s) of the Operation, the outputs and results of the Operation, the location and, following the Financial Completion Date, the total amount of Financial Support paid in respect of the Operation, being published, electronically or otherwise, by us.
- (b) inform those taking part in the Operation, including participants, businesses/ organisations/ enterprises and contractors that they are benefitting from the Financial Support from the European Union e.g. written acknowledgement of Financial Support and use of logo for enrolment, attendance documents or certificates, documents awarding Financial Support or/ contracts to businesses and tenders.
- (c) display a permanent commemorative plaque (provided by us) and at least one poster (minimum size A3) at a location readily visible to the public e.g. site entrance/ reception area, where the Operation is being delivered.

The poster template will be provided by us and must highlight:

- the name of the Operation,
  - the main objective of the Operation,
  - the amount of Financial Support from the EU;
  - the Structural Fund from which Financial Support has been awarded i.e. European Social Fund or European Regional Development Fund;
  - the statement, 'EU Funds: Investing in Wales',
  - the emblems/ logo of the European Union and the Welsh Government (provided by us)
- (d) publish a short description of the Operation on your website (where such a website exists), including its aims and results, the Financial Support from the European Union, the name of the Structural Fund from which the Financial Support has been awarded and the emblem/ logo of the European Union and the Welsh Government. The logo (provided by us) must be in a prominent and accessible format on your website.
  - (e) where the total public contribution to the Operation exceeds EUR 500,000 and the Financial Support is being used to finance infrastructure or construction works, you must:

- (i) during the implementation of the Operation display a temporary billboard with the emblem/ logo of the European Union and the Welsh Government (provided by us), covering at least 25% of its area and containing:
  - the name of the Operation ,
  - the main objective of the Operation,
  - the fund from which Financial Support has been awarded;
  - the statement, 'EU Funds: Investing in Wales',
  - the emblem/ logo of the European Union and the Welsh Government (provided by us).
  
- (ii) within 3 months of the Completion Date of the Operation, display a permanent billboard in an external location readily visible to the public, using a design/ template provided by us. The billboard will include:
  - the name of the Operation,
  - the main objective of the Operation,
  - the fund from which Financial Support has been granted,
  - the statement, 'EU Funds: Investing in Wales'
  - the emblem/ logo of the European Union and the Welsh Government (supplied by us), which should cover at least 25% of the signage area
  
- (f) upon request by us, provide us with photographs (as defined in the Copyright, Designs and Patents Act 1988) (content, style and format to be specified by us) relating to the Operation to enable us to compile a library of photographs to be used in publicity material from time to time, the aim of which is to promote how the Structural Funds are creating benefits for the people and communities of Wales.
  
- (g) upon request from us, provide us with case studies which can be used in publicity material to promote the impact of the Operation and the achievements of European Union programmes.
  
- (h) refer to the European Regional Development Fund/ European Social Fund delivered through the Welsh Government prominently in the main body of press notices promoting the Operation.
  
- (i) ensure that all information and publicity materials are fully accessible and available to a wide and diverse audience in accordance with your duties under the Equality Act 2010 and that the standards outlined in the Welsh Language (Wales) Measure 2011 are adopted. This includes ensuring that all materials such as publications, websites and toolkits supported by the Structural Funds can be made available bilingually and in other accessible formats, where it is reasonable and not disproportionate to do so.

## 23. Buying goods and services

You must buy all goods and services required for the Operation in a competitive and sustainable way so as to demonstrate that you have achieved best value in the use of public funds. This includes in compliance, where applicable, with the Procurement Legislation, and in accordance with the European Union Principles set out in Schedule 5. Specific rules and procedures are set out in our document entitled, 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.

## 24. Giving notice

- (a) Where notice is required to be given under these Conditions it must be in writing (this does not include email but may include a letter attached to an email) and must prominently display the following heading:

***"Notice in relation to the c80901 Skills@Work (EW) Operation"***.

- (b) The address and contact details for the purposes of serving notice under these Conditions are as follows

You: Manager of the Operation at the address stated in Schedule 10.

Us: the WEFO Contact at the address stated in Schedule 10.

- (c) A notice will be deemed to have been properly given as follows:-

Prepaid first class post:	on the second Working Day after the date of posting.
By hand:	upon delivery to the address or the next Working Day if after 4pm or on a weekend or public holiday.
By email attachment:	upon transmission or the next Working Day if after 4pm or on a weekend or public holiday.

## 25. Welsh language

- (a) Subject to Condition 25(b), where the Operation requires you to deliver a service to another person, or where you are required to deal with another person in connection with the delivering of services to that person (or a third party), you must ensure that you promote the use of the Welsh language in accordance with all service delivery and

record keeping standards (the Welsh Language Standards) which may be set out from time to time by the Welsh Ministers in accordance with the Welsh Language (Wales) Measure 2011.

- (b) Notwithstanding Condition 25(a), we may, by providing you with notice in writing, inform you that any of the Welsh Language Standards relating to service delivery are not applicable to the Operation in such circumstances where we feel that it would be unreasonable or disproportionate for the particular Welsh Language Standard to apply.

## **26. Cross Cutting Themes**

When carrying out the Operation, you must:

- (a) comply with our guidance relating to the Cross Cutting Themes, copies of which can either be obtained from WEFO's Website or by telephoning our Helpline on 0845 010 3355;
- (b) comply with the requirements regarding:
  - (i) Equal Opportunities and Gender Mainstreaming and non discrimination as set out in Article 7 of Regulation 1303/ 2013;
  - (ii) the Welsh Government's Strategic Equality Action Plan;
  - (iii) the Welsh Language (Wales) Measure 2011;
  - (iv) Sustainable Development set out in Article 8 of Regulation 1303/ 2013, and as a central organising principle for the Welsh Government;
  - (v) Tackling Poverty and Social Exclusion as set out in the EU Platform Against Poverty and Social Exclusion, Europe 2020 Flagship Initiative and the Welsh Government Tackling Poverty Action Plan.
  - (vi) the Well Being of Future Generations Act 2015, where applicable.
- (c) You must ensure that the requirements of the Cross Cutting Themes are passed onto anyone else contracted to deliver the Operation and that a lead person in your organisation is identified as being accountable for implementation of the Cross Cutting Themes.

## **27. Welsh Ministers' functions**

You acknowledge that the Welsh Ministers have a range of functions which will continue to accrue and be amended and that decisions in relation to each such function are obliged to be taken in the light of all relevant and to the exclusion of all irrelevant considerations. You agree that nothing contained or implied in, or arising under or in connection with, these Conditions will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh

Ministers or any of them to exercise, or refrain from exercising, any of their functions in any particular way.

## 28. General

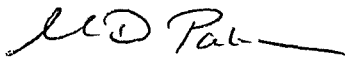
- (a) If at any time any of these Conditions is deemed to be or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.
- (b) No failure or delay on our part to exercise any power, right or remedy under these Conditions will operate as a waiver of any such power, right or remedy or preclude its further exercise or the exercise of any other power, right or remedy. The powers, rights or remedies hereby provided are cumulative and not exclusive of any powers, rights or remedies provided by law.
- (c) Any amendment or variation to these Conditions must be in writing and signed by us and you in the same manner as this letter. We may unilaterally amend these Conditions at any time to reflect changes in any relevant legislation, the documents and guidelines referred to in these Conditions, our processes and/ or the Operational Programme.
- (d) You must follow our guidelines as updated from time to time. It is your responsibility to ensure the continued compliance of the Operation with these documents and guidelines by taking account of any amendments to these documents and guidelines.
- (e) You may not assign or otherwise dispose of in any way your rights, benefits, obligations or duties under these Conditions.
- (f) Conditions 7, 8(h), 9, 12, 21, and 28(f) and such other Conditions which by implication need to continue in force beyond the final payment of Financial Support will so continue in full force and effect.
- (g) The award of the Financial Support is to you alone and no one else is entitled to make any claim in respect of the Financial Support or seek to rely on or enforce any of these Conditions.
- (h) These Conditions are to be governed by and construed in accordance with the laws of Wales and England as applied in Wales and the parties hereto submit to the exclusive jurisdiction of the courts of Wales and England.
- (i) If any uncertainty or a dispute of any nature arises in connection with the intended meaning of any Condition, we shall determine the meaning to be given to that disputed provision and our decision shall be final.

- (j) You must notify all Joint Beneficiaries of any amendment or variation to these Conditions and obtain their confirmation that they have been made aware of and fully understand the changes.

**29. How to accept this award of Financial Support**

- (a) To accept this award of Financial Support you must sign and return a copy of this letter to us. None of the Financial Support will be paid to you until we have received your signed letter.
- (b) We must, unless otherwise agreed, receive your signed letter within 20 Working Days of the date of this letter, or this award of Financial Support will automatically be withdrawn.
- (c) If you become aware that you will not be able to comply with the Start Date, you must notify us immediately. In these circumstances we reserve the right to withdraw the offer of Financial Support even if you have accepted the offer of Financial Support in accordance with this Condition 29.

Yours sincerely,



**Michael Parkinson**

**Head of Skills**

**Under authority of First Minister of Wales, one of the Welsh Ministers**

**Schedule 1  
Targets**

	<b>Total</b>	<b>NCC</b>	<b>CCC</b>	<b>Mon</b>
<b>Output: participants with no formal qualifications - male</b>	344	150	114	80
Result: gaining an essential skills or technical or job specific qualification upon leaving - Male	240	104	80	56
<b>Output: participants with no formal qualifications - female</b>	431	130	141	160
Result: gaining an essential skills or technical or job specific qualification upon leaving - Female	304	92	100	112
<b>Output: participants with qualifications up to and including Level 2 - male</b>	379	160	171	48
Result: gaining an essential skills or technical or job specific qualification at lower secondary (Levels 1 and 2) upon leaving - Male	257	105	120	32
<b>Output: participants with qualifications up to and including Level 2 - female</b>	387	131	144	112
Result: gaining an essential skills or technical or job specific qualification at lower secondary (Levels 1 and 2) upon leaving - Female	270	92	100	78
Operations integrating sustainable development into awareness raising education and training programmes	1			
Gender Male	723	310	285	128
Gender Female	818	261	285	272
Age Over 54	170	63	75	32
BME Participants	235	80	91	64
Participants with a disability	317	118	115	84
Participants with a work-limiting health condition	86	29	42	15
Migrant EU/Non EU	245	87	90	68
Care/Childcare responsibilities	170	63	75	32

NCC - Newport City Council; CCC - Cardiff City Council;  
Mon - Monmouthshire County Council

If there is any conflict between the Conditions and the Delivery Profile, we shall determine which document shall take precedence and such determination shall be final.



## **Schedule 2**

### **Notification Events**

1. You or any of your Personnel fails to adhere to the Principles of Sound Financial Management;
2. You fail to notify us immediately when you became aware (or should reasonably have become aware) of any Litigation;
3. The Financial Support, in full or in part, has not been or is not being used for the purposes of the Operation;
4. There has been a material change in the match funding, nature, scale, costs, funding, ownership or timing of the Operation;
5. Where the Financial Support comprises an investment in infrastructure or productive investment, and at any point between the Start Date and the expiry of five years from the final payment to you (the time period of five years will be reduced to three years from the final payment of the Financial Support to you, where the Operation concerns investments and/ or jobs created by SMEs), or within any period of time set out in the State Aid Rules, the Operation is subject to:
  - (a) a cessation or relocation of a productive activity outside of the programme area; or
  - (b) a change in ownership of an item of infrastructure which gives to any person or any private or public body an undue advantage; or
  - (c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives;
6. Where the Financial Support does not constitute State Aid and the Operation comprises an investment in infrastructure or a productive investment, and at any point between the Start Date and the expiry of 10 years from the final payment of the Financial Support to you, the productive activity is subject to relocation outside the European Union. This provision shall not apply to SMEs;
7. You have entered into a contract with a third party in relation to the Operation before the Start Date unless specifically agreed and confirmed in writing by us. We may agree if the cost constitutes and is identified as Retrospective Expenditure or Preliminary Expenditure in the Delivery Profile and if it is Eligible Expenditure which has not been incurred before 1 January 2014;
8. At any point between the Start Date and the expiry of five years from the final payment of the Financial Support to you an Asset is used for purposes other than the purposes of the Operation and/ or you dispose of an Asset in any way;

9. If it becomes apparent that the Financial Support exceeds the relevant ceiling on contributions from the Structural Funds, as set out in Article 120 of Regulation 1303/ 2013;
10. There is unsatisfactory progress towards completing the Operation, including meeting the Targets and requirements of the Delivery Profile;
11. You have failed to take sufficient measures to investigate and resolve any Irregularity of which you are aware;
12. You fail to provide information about the Operation requested by the Welsh Ministers, us, the European Commission or the European Court of Auditors, or any of their auditors, agents or representatives;
13. Any part of the Operation has already been paid for out of funds originating from the European Commission (other than the Financial Support);
14. If the European Commission or any competent court decides that any part of or all of the Financial Support should be withheld, reduced, cancelled or recovered;
15. In the event that any audit check identifies circumstances whereby a full or partial de-commitment of Financial Support is due;
16. You owe money to us or any European Community institution in respect of any other operation;
17. We have reason to believe that you and/ or any of your Personnel are involved in fraudulent activity or have been involved in fraudulent activity during the lifetime of the Operation;
18. Repayment of any part of the Financial Support is required under European Law (whether under State Aid Rules or otherwise);
19. You fail to comply with any of the Conditions;
20. We have made an overpayment of Financial Support to you;
21. Any declaration made in Condition 8 is incorrect in any respect or, if repeated at any time with reference to the facts and circumstances then existing, would be incorrect;
22. You fail to provide the data referred to in Condition 20.
23. Any petition is presented or resolution passed or other action taken for your bankruptcy or winding-up or a petition is presented for an administration order against you;
24. A receiver or an administrative receiver is appointed in respect of you or in respect of all or any part of your assets;

25. A moratorium in respect of all or any of your debts or a composition or an agreement with your creditors is agreed, applied for, ordered or declared;
26. You are unable, or admit in writing your inability, to pay your debts as they fall due;
27. Any distress, execution, attachment or other process affects any of your assets;
28. A statutory demand is issued against you;
29. You cease, or threaten to cease, to carry on all or a substantial part of your business;
30. Any event occurs or circumstances arise which in our opinion gives reasonable grounds for believing that you may not, or may be unable, to perform or comply with any of your obligations under these Conditions.

**Schedule 3**

**Joint Beneficiaries (refer to Condition 17 (c) (iv))**

**Please note: signing Schedule 3 does not create a legally binding agreement between a Joint Beneficiary and the Welsh Ministers**

**WEFO Reference: c80901**

**Name of Organisation: Cardiff Council**

**Address: Central Library Hub, 5th Floor, The Hayes, Cardiff**

**Post Code: CF10 1FL**

**Company/Charity Registration Number: N/A**

**Contact Name: Hayley Beynon Brown**

**VAT on expenditure incurred by the beneficiary: Recoverable under HMRC Rules**

**Date approved by us as a Joint Beneficiary (if not from start of Operation):**

**Cardiff Council**

**confirms that it is fully aware of, and understands the Conditions**

**Signed By:**

**By and on Behalf of:**

**WEFO Reference: c80901**

**Name of Organisation: Monmouthshire County Council**

**Address: County Hall, The Rhadyr, Usk**

**Post Code: NP15 1GA**

**Company/Charity Registration Number: N/A**

**Contact Name: Cath Fallon**

**VAT on expenditure incurred by the beneficiary: Recoverable under HMRC Rules**

**Date approved by us as a Joint Beneficiary (if not from start of Operation):**

**Monmouthshire County Council**

**confirms that it is fully aware of, and understands the Conditions**

**Signed By:**

**By and on Behalf of:**

**Schedule 4  
State Aid**

**DELETE AS APPROPRIATE**

***No State Aid***

Of the Financial Support £1,939,880 has been awarded on the basis that the Financial Support does not constitute State Aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union. To ensure that the Operation continues to function on a No State Aid basis, you must ensure that: training is not offered to enterprises, but only to individuals presenting in the community outside of work.

## Schedule 5

### Procurement Legislation and European Union Principles

1. The Procurement Legislation applies to contracts for works, supplies, services and utilities let by contracting authorities or subsidised contracts let by organisations who are not contracting authorities, as defined in the Procurement Legislation and explained in the rules issued by WEFO entitled, 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.
2. The Procurement Legislation requires contracts above certain thresholds to be advertised in the Official Journal of the European Communities. Bids for contracts must be assessed on an objective basis and contract awards must be published in the Official Journal of the European Union.
3. If you are a contracting authority and the contract is below the thresholds stipulated in the Procurement Legislation, you must comply with the European Union Principles.
4. If you are not a contracting authority, you must use fair and open practices, including competitive tendering, when entering into contracts of any kind for which you intend to claim funding from the Structural Funds.
5. You must use the Welsh Government's sell2wales (<http://www.sell2wales.gov.uk>) in respect of the Operation when appropriate. You must refer to the guidance issued by us regarding the use of this website.
6. In addition to the requirements outlined in Conditions 1, 2, 3, 4, and 5 of this Schedule 5, you must notify the WEFO Contact:
  - (a) as soon as you become aware of any likely procurement activities within the delivery of the Operation;
  - (b) before any tender opportunities are advertised on sell2wales;
  - (c) of the result of any procurement exercise as soon as it has been completed and provide:
    - (i) an explanation of the choice of the successful contractor(s);
    - (ii) details of the number of contractors whose service have been procured and the sectors to which those contractor(s) relate;

- (d) of any changes undertaken through procurement to the delivery arrangements or contractor base within the Operation; and
  - (e) of the sources of match funding of the Operation following the completion of any procurement exercise.
7. On our request, you must provide the WEFO Contact with:
- (a) a copy of the tender report; and
  - (b) details of the tenderer(s).
8. Where it is not possible to comply with the requirements of Conditions 6 and 7 of this Schedule 5 due to the fact that the procurement process pre-dates the Business Plan, you must provide us with any information we require, which was not provided in the Business Plan, within 6 weeks of the date of the acceptance of the Conditions.
9. Further guidance regarding procurement is available on the following website: <http://prp.wales.gov.uk>

**Schedule 6**

N/A



## Schedule 7

### Summary of monitoring requirements

(refer to Conditions 12 and 13 of this letter)

1. Regulation 1303/2013 sets out general provisions for financial control of the Structural Funds.
2. The general responsibilities of the managing, certifying, and audit authorities are set out in detail in the Structural Funds Regulations and the Operational Programme.
3. The following text is a **summary only** of the monitoring requirements of the Structural Funds Regulations and is not a substitute for Regulation 1303/2013, the Implementing Acts or the Operational Programme.
4. The general measures that we shall take in carrying out our responsibilities in accordance with the Principles of Sound Financial Management shall include but are not limited to or by the following:
  - (i) carrying out verifications to cover administrative, financial, technical and physical aspects of the Operation, as appropriate. Verifications will ensure that the expenditure declared by you is real, that the Operation has been delivered in accordance with the Conditions, that the applications for reimbursement by you are correct and that the Operation and expenditure comply with European Union and national rules. Verifications will include procedures to avoid double financing of expenditure with other European Union or national schemes, administrative checks in respect of each application for reimbursement by you and on-the-spot checks of the Operation;
  - (ii) ensuring that on-the-spot verifications are carried out on a sample basis. We will keep records which describe and justify the sampling method and identifying the Operations selected for verification. We will review the sampling method each year;
  - (iii) ensuring that you and third parties involved in the Operation maintain either a separate accounting system or an adequate accounting code for all transactions relating to the Operation;
  - (iv) ensuring that audit trails comply with the requirements of Article 25 of the Commission Delegated Regulation (EU) No 480/ 2014;
  - (v) drawing up and submitting to the Commission certified statements of expenditure and applications for payment of Financial Support;
  - (vi) certifying that the statement of expenditure is accurate, results from reliable accounting systems, is based on verifiable supporting documents, expenditure declared complies with the applicable European Union and national rules and has been Paid Out in respect

of the Operation in accordance with the criteria applicable to the Operational Programme;

- (vii) ensuring audits are carried out on the Operation to verify expenditure declared, in accordance with Article 148 of the Common Provisions Regulation;
  - (viii) preventing, detecting and correcting Irregularities and recovering amounts unduly paid together with interest on late payments where appropriate; and
  - (ix) ensuring that you have adequate monitoring systems in place so that your Claim Forms in respect of the Operation only include Eligible Expenditure Paid Out in the periods to which the Claim Forms relate.
5. WEFO is responsible for providing assurance to the European Commission that Operations have been selected in accordance with the Operational Programme and implemented in accordance with the Conditions. All expenditure declared must be in compliance with European Union and national rules and correspond to the accounting records and supporting documents held by you. In order to verify that these requirements are being met the Welsh Ministers acting through the Welsh Government's Corporate Governance and Assurance Division will audit the documentation and records held by a sample of beneficiaries from across each of the operational programmes. This sample will be selected annually, using a sampling methodology that has been agreed with the European Commission.

## Schedule 8

### SIMPLIFIED COSTS

Eligible Expenditure must be declared on the basis of Simplified Costs for the costs listed below: **ALL INDIRECT and DIRECT COSTS [40% of eligible direct staff costs]**

1. You must calculate the Eligible Expenditure for Indirect Costs by applying a **flat-rate of 40%** to applicable direct staff costs.
2. The legal basis of the 40% flat-rate is set out in article 67(1)(d) and 5(d) of Regulation (EU) 1303/ 2013 and Article 14(2) of Regulation (EU) 1304/ 2013.
3. The percentage rate is fixed and will not change during the implementation of the Operation.
4. The full terms and conditions for applying the flat-rate, including definitions of 'applicable direct staff costs' are explained in our document called 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'. You must familiarise yourself with these rules and if you are unable to accept the conditions, should notify your WEFO Contact so that Indirect Costs can be removed from your Delivery Profile.
5. Where we inform you that we are satisfied that the activities of any Joint Beneficiary also give rise to Indirect Costs, the flat-rate percentage also applies to the applicable direct staff costs of each Joint Beneficiary.
6. The flat-rate percentage is designed to cover all potential Indirect Costs and therefore you must not declare any additional Indirect Costs as Eligible Expenditure even if actual, paid out costs.
7. Audit, verifications and investigations may audit the accounting records of beneficiaries to obtain general information about actual costs for cost items that are reimbursed using Simplified Costs but this will only be for statistical purposes or to gather data to assess the adequacy of the Simplified Cost rates. Such audits will however have no direct consequences for beneficiaries that are audited, even if the actual costs turn out to be lower.

### Records and other documentation to support the flat-rate costs

You and any Joint Beneficiary applying the flat-rate must:

- keep detailed records and other supporting documents to prove that the costs to which the flat rate applies are eligible i.e. applicable direct staff costs fully comply with the applicable eligibility conditions set out in our

'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.

- keep a record of the 40% calculations together with a list, of any applicable direct staff costs that were excluded when performing the 40% calculation and the reasons why.

## **Schedule 9**

### **DOCUMENTS AND GUIDELINES**

Copies of the documents listed below can either be obtained from our Website or by telephoning our Helpline on 0845 010 3355

#### **WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020**

**Delivery Models guidance**

**Detailed Guidance on using simplified costs**

**ERDF Cross Cutting Themes Key Guidance and Matrix 2014-2020**

**ESF Cross Cutting Themes Key Guidance and Matrix 2014-2020**

**Welsh Government State Aid Unit, How to use a GBER Regional Aid Scheme, Version 1, October 2014**

**Monitoring and Evaluation plan - Guidance**

**ERDF Indicator definitions: Priority Axis 1: Research and Innovation**

**ERDF Indicator definitions: Priority Axis 2: SME Competitiveness**

**ERDF Indicator definitions: Priority Axis 3: Energy**

**ERDF Indicator definitions: Priority Axis 4: Connectivity and Urban Development**

**ESF Indicator definitions: Priority Axis 1: Poverty indicator definitions**

**ESF Indicator definitions: Priority Axis 2: Skills for growth**

**ESF Indicator definitions: Priority Axis 3: Youth Employment & Attainment**

**Information and Publicity Guidelines 2014-2020**

**2014-2020 Claiming Arrangements – Instructions for Lead Beneficiaries**

**General Data Protection Regulation (GDPR) 2018 and Structural Funds**

**Schedule 10**  
**Interpreting these Conditions**  
**(refer to Condition 3 of this letter)**

**you, your, Beneficiary** – means Newport City Council awarded Financial Support to initiate, or initiate and implement, the Operation.

**we, us, our** – means WEFO;

**WEFO Contact – means**

Mark Watson  
Rhodfa Padarn - Rhodfa Padarn  
Llanbadarn Fawr - Llanbadarn Fawr  
Aberystwyth - Aberystwyth  
SY23 3UR  
0300 062 2442  
[Mark.watson@gov.wales](mailto:Mark.watson@gov.wales)

**Manager of the Operation** – means (the person appointed by you to implement the Operation)

Mr Huw Wilkinson  
Newport City Council  
Civic Centre  
Newport  
NP20 4UR  
01633 235408  
[huw.wilkinson@newport.gov.uk](mailto:huw.wilkinson@newport.gov.uk)

**Authorising Contact Officer** – means the person with the financial authority to approve your application for funding. If your application is successful they will be asked to sign this letter

Mrs Beverly Owen  
Newport City Council  
Civic Centre  
Newport  
NP20 4UR  
01633 656656  
[beverly.owen@newport.gov.uk](mailto:beverly.owen@newport.gov.uk)

You must inform us immediately if the person/s named above cease to be responsible for managing the Operation on your behalf, whether on a temporary or permanent basis.

**Asset** – means a tangible asset acquired, built or improved, financed in whole or in part by the Financial Support. Please refer to Condition 14 for further details regarding the inventory of assets.

**Business Plan** – means version 0.7, dated 07/01/19 of your Business Plan relating to the Operation prepared by you and approved by us on 07/01/19.

**Claim Form** – means a summary of costs at the level of sub-category of expenditure which is supported by a list of individual payments and receipts (transaction list), together with a progress report.

**Completion Date of Operation** – means the date specified in the Delivery Profile for the final completion of the Operation. The Operation must be physically completed or fully implemented and all related payments have been made by you and the Financial Support has been paid to you by this date.

**Conditions** – means the terms and conditions set out in:

(i) this letter;

(ii) the **Schedules 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12** attached to this letter;

(iii) the documents and guidance referred to in this letter and the **Schedules 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12** attached to this letter and any other documents or guidance published by WEFO and made known to you. (These documents and guidance may be amended by WEFO from time to time. For the avoidance of doubt, it is your responsibility to ensure the continued compliance of the Operation with these documents and guidance by taking account of any amendments to these documents and guidance);

(iv) the Business Plan;

(v) the Monitoring and Evaluation Plan; and

(vi) the Delivery Profile.

If there is any conflict between any of the documents referred to in (i) to (vi) above, we shall determine which document shall take precedence and such determination shall be final.

**Cross Cutting Themes** – means the themes of Equal Opportunities and Gender Mainstreaming, Sustainable Development, Tackling Poverty and Social Exclusion. Please refer to Condition 26 for further details.

**Cross-Fund Flexibility** – means that the ERDF and ESF may finance, in a complementary manner, activities falling within the scope of assistance from the other fund, provided that they are necessary for the satisfactory implementation of the Operation and are directly linked to it. Details of any cross fund flexibility in relation to the Operation are contained in the Business Plan and Delivery Profile. The use of Cross-Fund Flexibility is subject to the eligibility criteria set out in the rules issued by WEFO entitled 'Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.

**Delivery Profile** - means version 2 of a document agreed on 21 /12/18 between you and us which includes financial and physical targets relating to the Operation and other amendments and additions as may be required by us from time to time provided that we give you reasonable notice in writing of such changes.

**Eligible Expenditure** – means actual costs incurred and paid out by you or the Joint Beneficiaries listed in Schedule 3, that qualify for reimbursement from the Structural Funds together with, where applicable, Match Funding in-kind and depreciation. Eligible Expenditure will be determined in accordance with the document issued by us entitled 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020', as updated, amended or replaced at the relevant time. Alternatively, Simplified Costs (flat-rates, unit costs, lump sums) are also Eligible Expenditure, where approved by us in advance. Please refer to the defined term for 'Simplified Costs'.

**Equal Opportunities and Gender Mainstreaming** – means specific actions as defined in the Cross Cutting Themes Key Guidance document and Matrix 2014-2020 ESF and ERDF Structural Funds Programmes, to promote equal access for all to education, training and employment opportunities and the prevention of any discrimination on the grounds of gender, disability, racial or ethnic origin, religion or belief, age, sexual orientation and with regards to the bilingual nature of many of the communities in Wales. There is a requirement to take account of the needs of various target groups at risk of discrimination, in particular disabled people and those covered by the 2010 Equality Act as having 'protected characteristics' and in Wales the promotion of the Welsh language and support for Welsh speakers.

**ERDF** – means the European Regional Development Fund.

**ESF** – means the European Social Fund.

**European Union Principles** – means the European Union principles, upon which the Procurement Legislation is based, of transparency, non-discrimination, equality of treatment, proportionality, mutual recognition, free movement of goods, the right of establishment and the freedom to provide services contained in the EU Treaty. Please refer to Schedule 5 for further details.

**Financial Completion Date** – means the date specified in the Delivery Profile on which the final Operation expenditure is Paid Out and/ or Operation income received.

**Indirect Costs** – means all Eligible Expenditure that does not qualify as direct costs i.e. costs which cannot be linked directly to the implementation of the Operation and/ or where it is difficult to attribute the precise value of such costs. Where indirect costs are reimbursed on the basis of a flat-rate percentage (Simplified Costs), the percentage will be established in advance and cannot be changed during or after the implementation of the Operation. Condition 4 and Schedule 8 contain details of the agreed flat rate percentage for Indirect Costs for the Operation.

**Irregularity** – means an act or omission which results in any breach of:

- (a) a provision of Union or national law; or
- (b) the 'Eligibility rules and conditions for support from the European Structural Funds 2014-2020' as updated, amended or replaced; or
- (c) the Conditions



and which would result in an unjustified item or amount of expenditure being charged to the European Structural and Investment Funds budget.

**Joint Beneficiary/ies** – those organisations listed in Schedule 3, authorised by us to declare Eligible Expenditure on the same basis as the Beneficiary.

**Key Milestone Dates** – means the milestones to achieve the Operation outlined in the Delivery Profile.

**Litigation** – means any current, pending or threatened litigation or arbitration which has or could have an adverse effect on your ability to perform and comply with any of the obligations under the Conditions.

**Match Funding in-kind** – means the provision by third parties of works, goods, services, land and buildings for which no cash payment has been made by the Beneficiary, and which are to be calculated and declared in accordance with the rules issued by WEFO entitled 'Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.

**Mobilisation Phase** – means the period of time which commences upon formal approval of the Operation and ends when the delivery phase of the Operation begins, as agreed in the Business Plan and/ or Delivery Profile. It will include agreed milestones to enable you to put in place appropriate delivery arrangements. Completion of all milestones is required before the start of the delivery phase of the Operation. Condition 5 contains details of the agreed mobilisation phase, together with the agreed milestones which you must adhere to.

**Monitoring and Evaluation Plan** – means the monitoring and evaluation plan prepared by you and agreed by us on 07/01/19

**Notification Event** means any of the events listed in Schedule 2.

**Operation** - means the activity or activities for which you have applied for Financial Support as described in the Business Plan, and which will contribute to the specific objectives of programme priorities as set out in the Operational Programme.

**Operation Generating Net Revenue** – means an ERDF funded Operation expected to generate net revenue after its completion. Net revenue means cash in-flows directly paid by users for the goods or services provided by the Operation, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short life equipment incurred during the corresponding period. We will assess whether an Operation meets this definition at appraisal.

**Operational Programme** – means the document prepared by us and adopted by the European Commission which sets out the Welsh Government's strategy and priorities for growth, jobs and smart, sustainable and inclusive growth for West Wales and the Valleys and East Wales over the period 2014-2020 with the support of the Structural Funds. For the purposes of the

Conditions, the relevant operational programme is the West Wales and the Valleys ESF Operational Programme.

**Our Helpline** – means 0845 010 3355

**Our Website** – means the website of WEFO [www.gov.wales/eu-funding](http://www.gov.wales/eu-funding)

**Paid Out** – means disbursed by the Beneficiary. Further rules and guidance on the meaning of Paid Out is provided in the document issued by WEFO entitled 'WEFO Eligibility rules and conditions for support from the European Structural Funds 2014-2020'.

**Personnel** – means your management/ employees and/ suppliers or any other person appointed or engaged by you in relation to the Financial Support and/ or the Operation.

**Preliminary Expenditure** – means costs which you have incurred and Paid Out before the Start Date which enable you to obtain a realistic estimate of the Operation expenditure and, subject to our approval, may be declared as Eligible Expenditure. Preliminary Expenditure is distinct from Retrospective Expenditure.

**Principles of Sound Financial Management** – means ensuring that all activities and related Eligible Expenditure must demonstrate value-for-money by adhering to the principles of economy, efficiency and effectiveness.

**Procurement Legislation** – means all applicable legislation which governs the procurement of works, supplies and services by contracting authorities (as defined in the Procurement Legislation) including but not limited to the Public Contracts Regulations 2015 (SI 2015 No 102), and the Utilities Contracts Regulations 2006 (SI 2006/6), as amended. Please refer to **Schedule 5** for further details regarding procurement.

**Public Expenditure** - means any public contribution to the financing of the Operation the origin of which is the budget of national, regional or local public authorities, the budget of the Union related to the Structural Funds, the budget of public law bodies or the budget of associations of public authorities or public law bodies and for the purpose of determining the co-financing rate for ESF programmes or priorities, may include any financial resources collectively contributed by employers and workers.

**Retrospective Expenditure** – means costs which, subject to our approval may be declared as Eligible Expenditure, and which you have incurred and Paid Out before your acceptance of this letter, but on or after 1 January 2014. Retrospective Expenditure is distinct from Preliminary Expenditure.

**Schedule** means the schedules attached to this letter

**Simplified Costs** – means Eligible Expenditure calculated using standard unit costs, flat-rates and/ or lump sums, and not therefore, calculated using the actual costs incurred and Paid Out by Beneficiaries. The use of Simplified Costs in this operation is only permitted if specifically referred to at Condition 4 with a full breakdown provided at Schedule 8.

**SME** – means an enterprise that falls within the criteria and parameters of the definition of micro, small and medium-sized enterprises contained in the Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC), which took effect on 1 January 2005.

**Special Conditions** – means those Special Conditions listed in Schedule 6.

**Start Date** – means the date which, in accordance with the Delivery Profile, you will begin activities, and incur expenditure, to initiate or implement the Operation.

**State Aid Rules** – means the rules set out in Articles 107 to 109 of the Treaty on the Functioning of the European Union (or in those Articles that may succeed Articles 107 to 109), secondary legislation such as frameworks, guidelines and block exemptions produced by the European Commission derived from Articles 107 to 109, case law of the European Courts and decisions of the European Commission regarding the application of Articles 107 to 109.

**Structural Funds** – means the ERDF and the ESF.

**Structural Funds Regulations** – means the Structural Funds regulations detailed at Schedule 11.

**Sustainable Development** – means the sustainable development of the environment, by promoting practices of environmental protection and improvement, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management.

**Tackling Poverty and Social Exclusion** – means taking measures to address a long-term state of not having sufficient resources to afford food, reasonable living conditions or amenities, or to participate in activities (such as access to attractive neighbourhoods and open spaces) that are taken for granted by others in society.

**Targets** – means the targets listed in Schedule 1 which are the same as the targets set out in the Delivery Profile.

**Total Cost of the Operation** – means all actual eligible and ineligible costs incurred and paid out by you or the Joint Beneficiaries for the implementation/delivery of the Operation. Details of the Total Cost of the Operation will be held within the Delivery Profile.

**WEFO** – means the Welsh European Funding Office, an administrative division of the Welsh Government serving the Welsh Ministers.

**Welsh Government** – means the Welsh Government established under section 45 of the Government of Wales Act 2006 as amended by section 4 of the Wales Act 2014 and is the executive branch of the devolved government in Wales.

**Welsh Ministers** – means the Welsh Ministers appointed under section 48 and the First Minister appointed under section 46 of the Government of Wales Act 2006

**Working Days** – means days from Monday to Friday (inclusive) but not Christmas Day, Good Friday or statutory bank holidays in England and Wales.

Any reference to any legislation whether domestic, EU or international law will include all amendments to and substitutions and re-enactments of that legislation in force from time to time.

## Schedule 11

### Structural Funds Regulations

- Regulation (EU) No 1303/ 2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/ 2006 (Regulation 1303/ 2013);
- Regulation (EU) No 1304/ 2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions concerning the European Social Fund and repealing Council Regulation (EC) No 1081/ 2006 (Regulation 1304/ 2013);
- Regulation (EU) No 1301/ 2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions concerning the European Regional Development Fund and repealing Regulation (EC) No 1080/ 2006 (Regulation 1301/ 2013);
- Commission Delegated Regulation (EU) No 480/ 2014 of 3 March 2014 supplementing Regulation (EU) No 1303/ 2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund (Regulation 480/ 2014).
- Commission Implementing Regulation (EU) No 288/ 2014 of 25 February 2014 laying down rules pursuant to Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to the model for operational programmes under the Investment for growth and jobs goal and pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal with regard to the model for cooperation programmes under the European territorial cooperation goal.
- Commission Implementing Regulation (EU) No 184/ 2014 of 25 February 2014 laying down pursuant to Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general

provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, the terms and conditions applicable to the electronic data exchange system between the Member States and the Commission and adopting pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal, the nomenclature of the categories of intervention for support from the European Regional Development Fund under the European territorial cooperation goal.

- Commission Implementing Regulation (EU) No 215/ 2014 of 7 March 2014 laying down rules for implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds.
- Commission Implementing Regulation (EU) No 1011/ 2014 of 22 September 2014 laying down detailed rules for implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for submission of certain information to the Commission and the detailed rules concerning the exchanges of information between beneficiaries and managing authorities, certifying authorities, audit authorities and intermediate bodies.
- Commission Implementing Regulation (EU) No 821/ 2014 of 28 July 2014 laying down rules for the application of Regulation (EU) No 1303/ 2013 of the European Parliament and of the Council as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data.
- Commission Implementing Regulation (EU) No 207/ 2015 of 14 February 2015 laying down detailed rules implementing Regulation (EU) No 1303/2013 of the European Parliament and of the council as regards the models for the progress report, submission of the information on a major project, the joint action plan, the implementation reports for the Investment for growth and jobs goal, the management declaration, the audit strategy, the audit opinion and the annual control report and the methodology for carrying out the cost-benefit analysis and pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council as regards the model for the implementation reports for the European territorial cooperation goal.
- Commission Delegated Regulation (EU) No 240/ 2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds.

- Commission Delegated Regulation (EU) No 522/ 2014 of 11 March 2014 supplementing Regulation (EU) No 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund.
- 2014/190/EU: Commission Implementing Decision of 3 April 2014 setting out the annual breakdown by Member State of global resources for the European Regional Development Fund, the European Social Fund and the Cohesion Fund under the Investment for growth and jobs goal and the European territorial cooperation goal, the annual breakdown by Member State of resources from the specific allocation for the Youth Employment Initiative together with the list of eligible regions, and the amounts to be transferred from each Member State's Cohesion Fund and Structural Funds allocations to the Connecting Europe Facility and to aid for the most deprived for the period 2014-2020 (notified under document number C(2014) 2082).
- 2014/99/EU: Commission Implementing Decision of 18 February 2014 setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund and of Member States eligible for funding from the Cohesion Fund for the period 2014-2020 (notified under document C(2014) 974).
- COMMISSION DECISION of 19.12.2013 on the setting out and approval of the guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement.
- COMMISSION DELEGATED REGULATION (EU) 2015/1970 of 8 July 2015 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund.
- Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/ 361/ EC) which took effect on 1 January 2005.
- Commission Implementing Regulation (EU) 2018/ 276 of 23 February 2018 amending Implementing Regulation (EU) No 215/ 2014 with regard to changes to the determination of milestones and targets for output indicators in the performance framework for the European Structural and Investment Funds
- Commission Implementing Regulation (EU) 2018/277 of 23 February 2018 amending Implementing Regulation (EU) 2015/207 with regard to changes to the models for the implementation reports for the Investment for Growth and Jobs goal and for the European territorial cooperation goal, as well as for the models for the progress report and the annual control reports and correcting that Regulation with regard to the model for the implementation report for the Investment for Growth and Jobs goal and annual control report

## Schedule 12

### Requirements of the GDPR

#### Part 1

Carrying out the Operation will require the processing of personal data on our behalf. We will be the Data Controller and our document entitled 'Monitoring and Evaluation plan – Guidance' provides details of the permitted processing to be undertaken in carrying out the Operation.

You must comply with any further written instructions from us in respect of processing on our behalf. Any such further instructions shall be incorporated into our document entitled 'Monitoring and Evaluation plan – Guidance'.

#### Part 2

1. The definitions set out below for the following terms shall be used in this Schedule 12

Data Loss Event	means any event that results or may result in unauthorised access to Personal Data held by you under the Award of Financial Support, and/ or actual or potential loss and/ or destruction of Personal Data in breach of this Award of Financial Support including any Personal Data Breach (as defined in the GDPR);
Data Protection Impact Assessment	means an assessment by the Controller of the impact of the envisaged Processing on the protection of Personal Data;
Data Protection Legislation	the GDPR, the DPA, the LED, and any applicable national implementing Legislation as amended from time to time, the DPA 2018 to the extent that it relates to Processing of Personal Data and privacy and all applicable laws and regulations relating to Processing of Personal Data and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner;
Data Subject Access Request	means a request made by or on behalf of a Data Subject in accordance with rights granted pursuant to the Data Protection Legislation to access their Personal Data;
DPA 2018	means the Data Protection Act 2018;
GDPR	means the General Data Protection Regulation (Regulation (EU) 2016/679);



LED	means the Law Enforcement Directive (directive (EU) 2016/679);
Law	<p>means:</p> <p>(a) any applicable statute or proclamation or any delegated or subordinate legislation;</p> <p>(b) any enforceable community right within the meaning of section 2(1) European Communities Act 1972;</p> <p>(c) any applicable guidance, code of practice, direction or determination with which we and/or you are bound to comply to the extent that the same are published and publicly available or the existence or contents of them have been notified to you by us; and</p> <p>(d) any applicable judgment or order of a relevant court of law which is a binding precedent in England and Wales,</p> <p>in each case in force or applicable in both England and Wales, or in Wales only;</p>
Party	<p>means:</p> <p>you, your, Beneficiary – means Newport City Council awarded Financial Support to initiate, or initiate and implement, the Operation</p> <p>we, us our means WEFO</p> <p>together 'the Parties';</p>
Protective Measures	means appropriate technical and organisational measures which may include pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of systems and services, ensuring that availability of and access to Personal Data can be restored in a timely matter after an incident and regularly assessing and evaluating the effectiveness of the measures adopted by it;
Sub-Processor	means any third party appointed to Process Personal Data on your behalf in relation to the Award of Financial Support ;
Working Days	means days from Monday to Friday (inclusive) but not Christmas Day, Good Friday or statutory bank

holidays in England and Wales .
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## 2. PROTECTION OF PERSONAL DATA

- 2.1 In this Schedule 12 the following terms shall have the meaning given to them in the GDPR: Controller, Processor, Data Subject, Personal Data, Process/ Processing, Personal Data Breach, Data Protection Officer.
- 2.2 The Parties acknowledge that for the purposes of the Data Protection Legislation as they apply to this agreement WEFO is the Controller and you are the Processor.
- 2.3 The only Processing of Personal Data that WEFO authorises you to undertake in relation to this agreement is described in this Schedule or is the subject of prior written approval by us and may not be determined by you.
- 2.4 You must notify us immediately if you consider that any of our instructions infringe the Data Protection Legislation.
- 2.5 You must provide all reasonable assistance to us in any on-going Data Protection Impact Assessment prior to and after commencing any Processing. Such assistance may, at our discretion, include:
- 2.5.1 a systematic description of the envisaged Processing of Personal Data to be undertaken by the Operation and the purpose of the Processing;
  - 2.5.2 an assessment of the necessity and proportionality of the Processing to be undertaken in relation to the Operation;
  - 2.5.3 an assessment of the risks to the rights and freedoms of Data Subjects; and
  - 2.5.4 the measures envisaged to address the risks, including safeguards, security measures and mechanisms to ensure the protection of Personal Data.
- 2.6 You must in relation to any Personal Data Processed in connection with your obligations under the Award of Financial Support:
- 2.6.1 process that Personal Data only in accordance with Condition 2.3 of this Schedule , unless you are required to do otherwise by Law. If you are so required you must promptly notify us before Processing the Personal Data unless prohibited by Law;
  - 2.6.2 ensure that you have in place Protective Measures to protect against a Data Loss Event having taken account of the:

- (i) nature of the data to be protected;
- (ii) harm that might result from a Data Loss Event;
- (iii) state of technological development; and
- (iv) cost of implementing any measures;

2.6.3 you must, where you are required to notify Data Subjects of the purpose and detail of the Processing to be undertaken, cooperate with us to agree an appropriate notice which complies with the Data Protection Legislation.

2.6.4 ensure that your Personnel do not Process Personal Data except in accordance with the Award of Financial Support;

2.6.5 ensure that you take all reasonable steps to ensure the reliability and integrity of any of your Personnel who have access to the Personal Data and ensure that they:

- (i) are aware of and comply with your obligations under the Conditions;
- (ii) are subject to appropriate confidentiality undertakings with you or any Sub-Processor;
- (iii) are informed of the confidential nature of the Personal Data and do not publish, disclose or divulge any of the Personal Data to any third party unless directed in writing to do so by us or as otherwise permitted by the Award of Financial Support; and
- (iv) have undergone adequate training in the use, care, protection and handling of Personal Data;

2.6.6 do not transfer Personal Data outside of the EU unless our prior written consent has been obtained and the following conditions are fulfilled:

- (i) we or you have provided appropriate safeguards in relation to the transfer (whether in accordance with GDPR Article 46 or LED Article 37) as determined by us;
- (ii) the Data Subject has enforceable rights and effective legal remedies;
- (iii) you comply with your obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred (or, if you are not so bound, you must assist us in meeting our obligations); and
- (iv) you comply with any reasonable instructions notified to you in advance by us with respect to the Processing of the Personal Data;

2.6.7 At our written direction, delete or return Personal Data (and any copies of it) to us on expiry of the Award of Financial Support unless you are required by Law to retain the Personal Data.

2.7 Subject to Condition 2.8, you must notify us immediately if in connection with the Award of Financial support you:

- 2.7.1 receive a Data Subject Access Request (or purported Data Subject Access Request);
  - 2.7.2 receive a request to rectify, block processing or erase any Personal Data;
  - 2.7.3 receive any other request, complaint or communication relating to either Party's obligations under the Data Protection Legislation;
  - 2.7.4 receive any communication from the Information Commissioner or any other regulatory authority in connection with Personal Data Processed under the Award of Financial Support;
  - 2.7.5 receive a request from any third party for disclosure of Personal Data where compliance with such request is required or purported to be required by Law; or
  - 2.7.6 become aware of a Data Loss Event.
- 2.8 Your obligation to notify under Condition 2.7 of this Schedule 12 includes the provision of further information to us in phases, as details become available.
- 2.9 Taking into account the nature of the Processing, you must provide us with full assistance in relation to either Party's obligations under Data Protection Legislation and any complaint, communication or request made under Condition 2.7 of this Schedule 12 (and insofar as possible within the timescales reasonably required by us) including by promptly providing us with:
- 2.9.1 full details and copies of the complaint, communication or request;
  - 2.9.2 such assistance as we may reasonably request to enable us to comply with a Data Subject Access Request within the relevant timescales set out in the Data Protection Legislation;
  - 2.9.3 at our request, any Personal Data you hold in relation to a Data Subject;
  - 2.9.4 assistance as we may reasonably request following any Data Loss Event;
  - 2.9.5 assistance as we may reasonably request with respect to any request from the Information Commissioner's Office or any consultation by us with the Information Commissioner's Office.
- 2.10 You must maintain complete and accurate records and information to demonstrate your compliance with this Condition 2 of this Schedule

12. This requirement does not apply where you employ fewer than 250 staff unless:
- 2.10.1 we determine that the Processing is not occasional;
  - 2.10.2 we determine the Processing includes special categories of data as referred to in Article 9(1) of the GDPR or Personal Data relating to criminal convictions and offences referred to in Articles 10 of the GDPR; and
  - 2.10.3 we determine that the Processing is likely to result in a risk to the rights and freedoms of Data Subjects.
- 2.11 You must allow for audits of your Data Processing activity by us or our designated auditor.
- 2.12 You must designate a data protection officer if required by the Data Protection legislation.
- 2.13 Before allowing any Sub-Processor to Process any Personal Data related to the Award of Financial Support you must:
- 2.13.1 notify us in writing of the intended Sub-Processor and Processing;
  - 2.13.2 enter into a written agreement with the Sub-Processor which gives effect to the terms set out in this Condition 2 of this Schedule 12 such that they apply to the Sub-Processor; and
  - 2.13.3 provide us with such information regarding the Sub-Processor as we may reasonably require.
- 2.14 You shall remain fully liable for all acts or omissions of any Sub-Processor.
- 2.15 We may at any time on not less than 20 Working Days notice revise this Condition 2 of this Schedule 12 by replacing it with any applicable controller to processor standard clauses or similar terms forming part of an applicable certification scheme (which shall apply when incorporated by attachment to the Award of Financial Support).
- 2.16 The Parties agree to take account of any guidance issued by the Information Commissioner's Office. We may on not less than 20 Working Days' notice to you amend the Award of Financial Support to ensure that it complies with any guidance issued by the Information Commissioner's Office.
- 2.17 For the avoidance of doubt, nothing in the Award of Financial Support shall relieve you of your own direct responsibilities and liabilities under the Data Protection Legislation.

- 2.18 You agree to indemnify and keep us indemnified against all claims and proceedings and all liability, loss, costs and expenses incurred in connection therewith by us as a result of any claim made or brought by any individual or other legal person in respect of any loss, damage or distress caused to that individual or other legal person as a result of your unauthorised processing, unlawful processing, destruction of and/or damage to any Personal Data process by you, your employees or agents in your performance of the Award of Financial Support or as otherwise agreed between the Parties.
- 2.19 The provisions of this Condition 2 of this Schedule 12 shall apply during the continuance of the Award of Financial Support and indefinitely after its expiry.

**Operation Number (Case ID): c80901**

You confirm that you wish to accept the award of Financial Support contained in this letter dated 16 January 2019 in respect of the Operation upon the Conditions, the entirety of which you confirm you have read and understood.

**1. Where the Beneficiary is a local authority**

The Beneficiary's Authorising Contact Officer must be advised of the receipt of this letter and a copy of this letter must be passed to the Beneficiary's designated section 151 officer. (Section 151 officers have their derivation from section 151 of the Local Government Act 1972).

The common seal of \_\_\_\_\_

Was affixed to this

letter in the presence of \_\_\_\_\_ a duly  
authorised officer

*(please print)*

**OR**

Name \_\_\_\_\_  
*(please print)*

Signed \_\_\_\_\_

*(a duly authorised officer of*

\_\_\_\_\_ )

Date \_\_\_\_\_

