

**Skills That Work for Wales**  
Skills and Employment strategy

Consultation response

**NIACE Dysgu Cymru**

Skills that Work for Wales

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NIACE Dysgu Cymru is happy for this response to be published.

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## Introduction

### About NIACE

- i. The National Institute of Adult Continuing Education (NIACE) is the national, independent organisation for adult learning in England and Wales. As a registered charity, founded in 1921, NIACE both represents and advances the interests of all adult learners and potential learners – especially those who have benefited least from education and training. NIACE aims to improve opportunities for adult learners across all sectors with a particular focus on those adults who have not had successful access to learning in their initial education.
- ii. NIACE Dysgu Cymru (NIACE DC) the Welsh arm of NIACE, conducts work in Wales supported by a Management Group, which is elected by NIACE members in Wales. The membership of NIACE DC comprises almost all further education colleges, all Local Authorities, most higher education institutions, individuals, Careers Wales, TUC, Ufl and other representatives of a range of organisations whose focus is specifically on responding to the needs of adult learners.

### Context

- iii. NIACE DC recognises and welcomes the broad nature of this strategy and the recognition of the major challenges facing individuals, employers and providers of education in the future. NIACE DC is particularly mindful of changing demography and the ageing population, the need to further raise skill levels and standards, the challenges and opportunities posed by migration and cultural diversity and the overarching commitment of the Welsh Assembly Government to achieving both economic prosperity and social justice.
- iv. The future of post-16 education and training will inevitably therefore be one which is characterised by flexibility, change and the need to respond to demand. NIACE DC supports the development of an inclusive system for 14-19, and wishes to see young people with an appetite for learning. They are, after-all, the adults of the future, who will need to train and learn throughout their lives, in a global economy. However, in this response NIACE DC concentrates on education and training for adults.
- v. NIACE DC is pleased to contribute to this consultation and is happy to expand on any of the points made in this submission, or provide additional evidence if required. Responses to the specific questions in Annex A of the consultation document are outlined below.

## 1. Do you welcome the broad policy direction set out in *Skills that work for Wales*?

1.1 NIACE DC supports the vision of seamless skills, employment and business support services that are responsive to the needs and demands of employers, individuals, communities and the Welsh economy.

1.2 In particular, we **welcome** the:

- recognition that skills support needs to be fully joined up with broader aspects of economic strategy;
- focus on partnership rather than competition;
- principle that individuals and employers should increase their investment in learning;
- aspiration for the highest possible quality of provision;
- acknowledgement of the important role of the third sector;

- targeting of the most deprived areas where there are high levels of worklessness; and
- the consideration of a statutory entitlement to free basic skills learning for all post-16 learners.

1.3 We do, however, have **concerns** that:

- the needs of employers appear to be given primacy over the needs of individuals and communities;
- the proposed structures for seeking the views of employers may become bureaucratic, costly and protracted;
- significant resources may be diverted to the assessment and delivery of difficult-to-predict sector-specific priorities at the expense of basic and key skills with greater longevity;
- there is no assessment of the impact on other important areas of provision of the proposed refocusing of funding towards employer-led learning;
- although the consultation refers to the issue of demographics, it does not give sufficient regard to the very serious challenges to be faced, and opportunities to be seized, as a result of an ageing population;
- although acknowledged, the proposed strategy does not appear to exploit the wider benefits of (any forms of) learning on health, well-being and social cohesion or make explicit links with other WAG strategies to which learning contributes, such as the Strategy for Older People and Designed for Life;
- the strategy appears to assume a direct link between formal qualifications and the performance of the economy<sup>1</sup>.

**2. What should be the priority actions if we are to deliver in line with our ambitions for skills and employment?**

2.1 NIACE DC feels that priority actions should be split between types of provision and groups of individuals. In terms of the *type of provision* available, NIACE DC believes that the following are essential to delivering the WAG's ambitions for skills and employment:

- **Basic Skills (literacy, language and numeracy):** There should be a statutory entitlement to free basic skills learning for all post-16 learners and delivery should be available in a variety of formats, including discrete and embedded/contextualised provision. The WAG defines basic skills as '*Literacy in English and/or Welsh and numeracy (in both English and Welsh), as well as English as a second language*'. As such we include ESOL in basic skills. ESOL provision is critical in many ways. It contributes to social inclusion and helps build successful and stable communities. It also underpins current UK policy on citizenship and settlement, and is critical to improving skills, labour market progression and fairness at work. The changing demography will require an increased emphasis on skills acquisition by adults generally, and migrants in particular. NIACE DC would also encourage the WAG to address the issue of transferability of qualifications and to find a straightforward way of validating qualifications of migrants-one in five migrants from Eastern Europe has a degree (higher than the Welsh average). Migrants contribute more in taxes than they cost in services, and finding ways to maximize their contribution is in the interests of individuals, communities and the Welsh economy more broadly.

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<sup>1</sup> Scotland has been effective at increasing levels of qualifications, yet this has not been matched by improved economic performance.

- **Key Skills (application of number, communication, ICT, improving own learning and performance, problem solving and working with others).** The importance of key skills is emphasised by Estyn: *'These skills will better equip learners for a future work environment. Those who are flexible and able to continue learning to refresh their existing skills and gain new ones will be best equipped to meet the challenges of the changing nature of work.'*<sup>2</sup>

In addition to basic and key skills and in the context of rapid technological change, NIACE DC believes that **media literacy** is particularly important to delivering WAG's ambitions for skills and employment. Although there is sometimes ambiguity about the definition of media literacy, it is increasingly being understood as a 'basic skill' in addition to literacy, language and numeracy.

NIACE defines media literacy as *'the ability to access, analyse and respond (critically) to, and benefit from, a range of media'* and Ofcom describes it as *'the ability to access, understand and create communications in a variety of contexts'*.

2.2 In relation to the *participation of individuals*, given the changing demography and particular challenges faced in Wales, we believe that specific focus should be given to the following groups:

- Those aged 50 and above who suffer from long-term sickness and/or disability (and are therefore economically inactive);
- Those who are unemployed;
- People aged 50 and above who consider that they are no longer part of the workforce (many of whom will be over 65 and retired); and
- Individuals in work who fall within socio-economic class C2s (skilled manual workers) and DEs (including semi-skilled, unskilled working classes).

Wales has the joint third highest inactivity rate in the UK after Northern Ireland and London and level with the North East of England. The major difference between Wales and the rest of the UK is the percentage of people inactive through long-term limiting illness. This is particularly the case for those aged 50 and over<sup>3</sup>.

Wales has an ageing population. By 2020, the retirement age population is expected to have increased by 13.4 percent. Engagement in lifelong learning can make a significant contribution to active and successful ageing, with particular economic, health and well-being benefits. Despite this, between 2003 and 2007 participation in learning amongst those over 65 has decreased by 12.5 percent<sup>4</sup>.

The adult participation in learning survey also indicates that socio-economic class is a key determinant of participation in learning. Adults in socio-economic groups AB are more than twice as likely to be learning as those in groups DE. In addition, 50 percent of DEs have not participated in learning since leaving full-time education, compared with only 10 percent of ABs. Furthermore, the gap in participation between socio-economic classes has widened since 2003<sup>5</sup>.

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<sup>2</sup> Estyn remit letter 2004-5

<sup>3</sup> Statistical Bulletin 65/2006 *Economic Inactivity in Wales*.

<sup>4</sup> Aldridge, F., Furlong, C. & Nettleship, S. (2007) *Wales: Moving towards a Learning Country*, Welsh Assembly Government (research document number 007-07)

<sup>5</sup> Ibid.

**3. Does the strategy strike the right balance between the needs and responsibilities of individuals, businesses, and communities?**

- 3.1 It is difficult to comment on the balance of the strategy until the full implications of the proposed refocusing of funding are assessed. However, based on the information provided in the consultation document, NIACE DC is concerned about the primacy being given to the needs of employers – who are described as the ‘key customers of skills’.

Whilst we strongly support an increase in access to education and training for employees, particularly those from the lower socio-economic groups, and welcome the increased opportunities for individuals to follow apprenticeships, the emphasis given to the needs of employers appears to be inconsistent with the WAG’s statutory duties which are towards individuals (sections 31 and 32 of the Learning and Skills Act 2000 refer).

If this emphasis is retained within the final strategy, it should be helpful if the WAG would clarify the rationale for subsidising employers’ investment in training, given that other forms of government subsidies for employers are considered as distorting competition, reducing efficiency and creating barriers to entry for new firms.

- 3.2 Whilst we welcome the aspiration that employers (and individuals) should contribute more to the cost of learning, it is not clear how extending the subsidy available to employers can meet this objective. NIACE DC feels that more should be done to encourage employers to contribute to the cost of learning (which is a WAG statutory duty under section 33 (c) of the Learning and Skills Act 2000 refers).
- 3.3 We do agree that employers (and individuals) should have greater opportunity to articulate their demand for learning. We are concerned, however, that the proposed approach to strengthening the voice of employers risks becoming bureaucratic, costly and protracted. There is a real danger that by the time demand information has been gathered, synthesised by officials, considered by committee, turned into reports and provision commissioned – the external environment would have changed.

Indeed, this is recognised in paragraph 2.3 of the consultation document which notes that *‘...in a rapidly-changing economy it is impossible to predict accurately future demand for particular skill types and then plan all learning provision to meet them’*. This statement, however, appears inconsistent with other proposals set out in the document, including that relating to a new Sector Priorities Fund.

Given the risk in predicting sector-specific skills, we would encourage the WAG to invest more of its funding in basic and key skills which can be gained through, and should be embedded within, a wide range of formal and informal learning opportunities.

NIACE DC would also welcome the establishment of an alternative system whereby employers are able to circumvent lengthy planning cycles and interface directly with providers, possibly through an online brokerage facility, in order to articulate (and subsequently pay for) their immediate demand for training/skills. Similar systems should be available for individuals and communities, albeit backed up with facilities to engage the views of those who do not have the access or skills to use technology in this way.

- 3.4 The proposals set out in the consultation paper make much of the role of Sector Skills Councils (SSCs) which will have key functions in the recognition of qualifications. We believe that SSCs are as yet untested as representative of the full employer base. Small and medium enterprises in particular are often unclear of the value of SSCs to their operations and this group is crucial in the effort to move from a low skill base to the kind of society envisaged by the WAG.

A particular exception is LLUK, which should be seen as integral to delivering the WAG's skills agenda, given its responsibility for the professional development of staff working within the lifelong learning sector.

- 3.5 NIACE DC welcomes the commitment to increasing the Wales Union Learning Fund, and believes that Union Learning Representatives have a crucial role to play in identifying skills needs and supporting employees in their learning. However, NIACE DC believes that more could be done to encourage employers/sectors who are 'cool to training' of the benefits (to their business) of education and training opportunities for staff. Furthermore, the proposals offer little to individuals whose careers aspirations are bigger and/or broader than those of their employer.
- 3.6 NIACE DC welcomes the concept of greater community ownership of priorities for ACL, but is concerned that the refocusing of funding towards employer-led provision will mean that there will be little ACL for communities to own.

### **Specific questions**

#### **4. What are your views on our proposed financial contributions policy?**

- 4.1 NIACE DC would be keen to assist the WAG develop a financial contributions policy, and is mindful of the need for such a policy to be implemented over a realistic timeframe. NIACE DC supports the proposal that free learning should be available to adults pursuing basic skills courses and/or in receipt of income-related benefits, and that ESOL should be free up to and including Level 1. However, NIACE DC points out that effective basic skills programmes are often delivered as embedded provision through, for example, informal courses in arts and crafts, sport or cookery.

NIACE DC also supports the view that where benefit is gained through education or training, by either individual or employer, those who can afford to pay should increase their investment in learning, and furthermore, that public funding should focus on those most in need. Whilst NIACE DC agrees that those most in need should be the priority, there is little recognition that targeting these groups is both more difficult and more expensive. There also appears to be little in the consultation document to describe how the WAG plans to encourage individuals and employers to contribute more. Indeed, the general emphasis appears to be a shifting of public funding from individuals to employers – something that NIACE DC does not support.

In the implementation of a financial contributions policy, we would urge the WAG to take into account the advice from Webb:

*We have no desire to see general adult and community education wither upon the vine; we believe that comfortably well off adult learners might reasonably be expected to pay more for their leisure learning. Unless substantial funding is available, we believe Wales has to give priority to the neediest learners, but such a change should be introduced in a measured way that allows adjustment to and monitoring of the impact of increased charges (paragraph 5.9).*

#### **In particular:**

##### **a) do you agree with the case for change?**

- 4.2 NIACE DC recognises that the WAG's budget will be insufficient to meet the whole demand for all types of post-compulsory learning, and that public funding should therefore be focused on priority areas. NIACE DC also agrees that employers, and individuals who can afford to pay, should increase their investment in learning.

However, given the finite nature of the WAG's resources and the rapidly-changing nature of the global economy, we do not feel that the case has been made to invest significant sums of public funding on future sector-specific skills on a speculative basis. Whilst we appreciate the appeal of focusing on priority sectors, the consultation document does not provide evidence to justify diverting funds to employers at the expense of other, non-specified, areas of provision.

NIACE DC believes it would be more prudent to invest limited public resources in transferable basic skills and key skills which benefit individuals and are sought by employers. Indeed, Future Skills Wales reports that the skills most commonly lacking amongst employees are key skills such as: problem solving skills, customer handling skills, communication skills, and team working skills<sup>6</sup>. These skills are often gained through informal learning. In fact, NIACE's survey on learning in work shows an overwhelming preference for less formal ways of learning to improve job performance; it reveals that activities more closely associated with the workplace-such as doing the job, being shown techniques by colleagues, engaging in self-reflection and active observation-can be of more help to employees in raising their performance than attending formal training courses. One in four employees (26 per cent) reported that training courses were of little or no value in improving work performance and around one in three (32 per cent) thought that studying for qualifications has not helped them at work<sup>7</sup>.

- 4.3 Whilst qualifications do give individuals job mobility and are a core passport to employability for life, productivity performance is not determined by skills levels alone, and qualifications in themselves, do not motivate learners. In Scotland, large increases in the numbers of qualifications gained across the population have not led to any marked improvement in economic performance. Furthermore, a simplistic demand led approach may not lead to a highly skilled workforce for a variety of reasons, not least because some employers can choose a low skill route which is still highly profitable. Indeed Chris Humphries, the Chief Executive of the new UK Commission for Employment and Skills argues that the way the UK economies are changing is often misunderstood-that while there is an ever increasing demand for people with higher level skills, there is also a growing need for people to do jobs that typically need lower level skills<sup>8</sup>.
- 4.4 NIACE DC is also concerned that the current proposals do not take full account of the limitations of education and training systems to deliver the economic outcomes required. Ewart Keep (2007) argues that: *'Incentive structures faced by both employers and individuals provide a weak, often a very weak, pull factor to encourage either party to invest much beyond current levels, particularly for those occupying low paid employment. Put bluntly the demand for skills in many of these jobs is low, and unlikely to increase more than incrementally in the foreseeable future... Moreover these jobs are not set to vanish and constitute perhaps a quarter of all paid employment (a third for female workers). This is not a problem of skill supply. It is a problem about weak demand, and in some cases the poor usage of skill once created'*<sup>9</sup>.

NIACE DC is concerned that there are insufficient proposals aimed at increasing the demand for learning.

- 4.5 NIACE DC also believes that the WAG's investment decisions should take into account the full public value of learning, as set out in One Wales: *'We will work to widen participation for*

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<sup>6</sup> Future Skills Wales (2005) *Sector Skills Survey*

<sup>7</sup> Aldridge, F., Felstead, A. et al. (2004) *Better Learning, Better Practice*, NIACE: Leicester.

<sup>8</sup> Humphries, C. (2006) *Future Skills Scotland Expert Briefing*, Scottish Government.

<sup>9</sup> Keep, E. (2007) *Initial Submission on Adult Learning in the Workplace- Explaining current patterns and their outcomes*, Inquiry into the Future of Lifelong Learning.

all ages in further and higher education, promoting adult and community learning both in relation to employability and the wider benefits which education brings<sup>10</sup>. The work of the Centre for Research into the Wider Benefits of Learning is providing a growing body of quantitative evidence that taking part in adult education and learning activities is associated with wider positive impacts, including improved health, reduced crime and increased civic engagement<sup>11</sup>.

Adults who take part in learning activities are more likely to exercise, to give up smoking and to reduce their consumption of alcohol<sup>12</sup> are less likely to become obese<sup>13</sup> and are more likely to take up health screening services. It has been estimated that for every 100,000 women enrolled in adult education 116-134 cancers could be prevented<sup>14</sup>. Older adults with poor health report an improvement in their health when involved in learning<sup>15</sup>. Learning also increases confidence, self-worth and general well-being and those who take part in learning in adult life are more likely to take part in community activity and are less likely to be intolerant of the views of others. Therefore, learning has a positive effect on social cohesion. Furthermore, it has been quantified that taking women without qualifications to level 2 would reduce their risk of depression at age 42 by 15%, thereby saving the UK up to £200m a year<sup>16</sup>.

**b) do you agree that public funding should focus on ensuring that everyone is equipped with the basic platform of skills necessary for employment and participation in community life?**

4.6 NIACE DC agrees with this statement provided the definition of 'skills' is not constrained to the acquisition of qualifications and is broad enough to incorporate skills such as communication, team working, creativity, and problem solving.

However, NIACE DC does not think that the proposals within the consultation document are entirely consistent with the aspiration set out above. Indeed, some of the proposals relate to the public funding of bespoke provision for employers which appears difficult to justify given the level of the basic skills deficit within Wales.

Also, NIACE DC believes that the balance of proposals is heavily tilted to focus on the skills for employment, rather than skills for participation in community life. Indeed, we are concerned that the proposed refocusing of funding to employers may undermine the variety of provision and entry routes which are so important for civic participation and social cohesion and the broader objectives of the Welsh Assembly Government.

NIACE DC notes that in England, where there has also been a refocusing of funding on vocational skills, 1.4m fewer adults are now participating in learning. Whilst the evaluations of English employer-led programmes have demonstrated high levels of deadweight, there has been limited assessment of the negative impact on community participation.

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<sup>10</sup> One Wales: A progressive agenda for the Government of Wales (2007: 24)

<sup>11</sup> [www.learningbenefits.net](http://www.learningbenefits.net)

<sup>12</sup> Feinstein, L., Hammond, C., Woods, L., Preston, J. and Bynner, J. (2003), *Adult Education and Health and Social Capital*, Centre for Research on the Wider Benefits of Learning, ISBN 1 89043 39 X

<sup>13</sup> Feinstein, L. (2002) *Quantitative estimates of the social benefits of learning 2: Health (Depression and Obesity)* Centre for Research on the Wider Benefits of Learning

<sup>14</sup> Sabates, R. & Feinstein, L. (2004) *Education, training and the take up of preventative health care*. Centre for Research on the Wider Benefits of Learning

<sup>15</sup> Dench, S and Regan, J (2000), *Learning in Later Life: Motivation and Impact*

<sup>16</sup> Chevalier, A. & Feinstein, L. (2006) *Sheepskin or Prozac: The Causal Effect of education on Mental health*, IZA Discussion paper No 2231

**5. Do the proposals go far enough in giving employers, as customers of the skills system, influence on the content and delivery of skills programmes?**

As mentioned above, NIACE DC is concerned that the needs of employers appear to be given primacy over the needs of individuals and communities. As such, we feel that the proposals need to be urgently rebalanced to avoid negative impact on community based provision in line with One Wales: *We are also strongly committed to promoting and supporting learning for adults whether in further education, higher education or community based learning*<sup>17</sup>.

**6. This document sets out many specific proposals. We would welcome comments on all of these and in particular we would like to know if you support our proposals in the following areas:**

**a) recognising and rewarding excellent provision (2.18-2.23);**

6.1 NIACE DC supports all the proposals set out in paragraphs 2.18 to 2.23 and would be keen to assist their implementation. In addition, NIACE DC believes the WAG should articulate clearly its expectations of providers in terms of quality and spell out clearly the consequences for those who fail to meet minimum thresholds. Given that Estyn are currently reviewing inspection arrangements, NIACE DC encourages the WAG to discuss any new proposals with Estyn prior to implementation.

**b) a focus on priority sectors and businesses in our workforce development programmes (3.7);**

6.2 As mentioned above, NIACE DC agrees that skills support needs to be fully joined up with broader aspects of economic strategy, as the unfocussed supply of vocational skills will not in itself impact on economic performance. To that extent, if the WAG wishes to expand its workforce development programme, we agree that it should attempt to focus on priority sectors and businesses; albeit we reiterate the challenges of predicting sector-specific skills needs in an ever changing world and our preference for public investment to focus on basic and key skills.

NIACE DC also notes that there appear to be inconsistencies between the priority sectors as defined by the Department for Children Education Lifelong Learning and Skills (DCELLS) and those identified by the Department for Economy & Transport (DE&T). It would therefore be helpful if the final strategy articulates a coherent cross-WAG view of priority sectors, and explains any divergence of policy between individual departments.

Our concerns relating to the proposals regarding workforce development are reiterated below.

**c) directing more of the existing resource into a discretionary Workforce Development Programme and a new Sector Priorities Fund (3.8-3.14);**

6.3 As mentioned in the response to question 3, NIACE DC is not aware of the evidence or assessment to demonstrate that the proposed redirection of existing resources would be a more effective use of public funding. NIACE DC also reiterates strongly that it is not possible to provide a full and considered response to this question without a clear understanding of the areas of provision which would be contracted in order to facilitate such a refocusing of funding.

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<sup>17</sup> One Wales (2007:21)

The consultation document states that *'public funding should focus on ensuring that everyone is equipped with the basic platform of skills necessary for employment and participation in community life'*. However, given that 440,000 adults in Wales do not have Level 1 literacy skills and 990,000 do not have Level 1 numeracy, it is clear that public funding alone will not address the basic skills deficit in Wales. Given this fact, it appears inconsistent that the consultation also proposes the use of public funding to subsidise bespoke in-company learning (paragraph 3.7).

- 6.4 Any redirecting of existing resources should be based on assessment, underpinned by evidence, of the overall impact of the proposals across a range of WAG priorities and statutory duties. Such an assessment should take into account the full public value and wider benefits of adult learning and not be focussed solely on the acquisition of vocational qualifications. In particular, NIACE DC believes that it is crucial that this strategy takes account of the broader Welsh Assembly Government commitments outlined in *One Wales*<sup>18</sup>, in particular to: establish a right to learning, develop adult learning, enhance citizenship and community cohesion, regenerate communities and promote arts and culture.

In addition, whilst anecdotal evidence appears to indicate that the Workforce Development Programme has been successful, we would urge the WAG to consider the outcome of the evaluation of the programme before investing further resources. We reiterate our points about the difficulty predicting sector-skills priorities and the inherent risk in diverting public funding to this challenge.

**d) encouraging stronger links between employers, Further Education Institutions and Higher Education Institutions (3.13-3.14, 3.21-3.26);**

- 6.5 NIACE DC supports the encouragement of stronger links between employers and FEIs and HEIs. However, in relation to FE, we are concerned with the proposal that such links are bought through the development of the proposed Sector Priorities Fund. Whilst we maintain our view that basic and key skills provision should be the priority for public funds, greater investment in the infrastructure of FEIs might better enable them to deliver sustainable full-cost recover provision to employers, whilst also providing better facilities for individual learners.

NIACE DC feels that the final strategy document would benefit from the inclusion of proposals aimed at developing stronger links between FEIs, HEIs and other providers.

**e) establishing an integrated skills and employment service based on the overarching 'Careers Ladder' model (4.11-4.25);**

- 6.6 NIACE DC welcomes the concept of the WAG and UK Government Department for Work and Pensions working together to deliver 'seamlessly integrated' skills and employment services. We would hope that this extends to the joint procurement of providers to deliver such services, given the significant savings to be realised through such an approach.

NIACE DC particularly welcomes the focus on disadvantaged groups and the acknowledgement that many unemployed/economically inactive adults require help to overcome motivational barriers to employment and to develop the attitudes, behaviours and basic skills needed in the workplace. There is a serious risk, however, that the important first steps to learning available within the 'wider general provision in FE and Community Learning' (4.21) will be eroded as a result of the refocusing of public funding towards employer-led learning. Indeed there is some evidence that information, advice and

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<sup>18</sup> One Wales: A progressive Agenda for the Government of Wales (2007)

guidance for adults in community settings has been lost over recent years. This is crucial in engaging the hardest-to-reach.

NIACE DC does not disagree with the statement that *'worklessness is strongly associated with deprivation and physical and mental ill-health. Finding a job can help lift someone out of poverty and improve their self-esteem, health and well-being'* (4.2). However, an alternative perspective would be that physical and mental ill-health is a barrier to work, and that such barriers can be addressed by participation in ANY forms of learning (see information on wider benefits of learning in 4.5).

**f) reviewing the operating model for Careers Wales (4.10);**

6.7 NIACE DC supports the need for a review of operating model for Careers Wales and we would stress the importance of including learners in such an exercise. NIACE DC would not wish to pre-empt the outcome of such a review, but believes that there would be merit in examining the concept of a single national careers company.

**g) refocusing Skillbuild and Individual Learning Accounts (4.21);**

6.8 The consultation does not offer a rationale for focusing skillbuild on younger people and creating two new replacement programmes for adults. As such, it is difficult to offer specific observations on these proposals. We do, however, have reservations about the refocusing of the ILA programme on specific training needs. Currently, the ILA programme offers support for a wide range of learning opportunities for individuals on income-related benefit or those without qualifications at NQF level 3 or above. We feel that the retention of a broad range of learning opportunities is essential if the programme is to attract (and retain) those most in need. Engagement in such wide-ranging programmes gives people the confidence to develop the learning skills necessary to progress, and its importance should not be underestimated.

**h) funding and support for basic skills (5.5-5.9);**

6.9 NIACE DC welcomes the focus on basic skills. In particular, we would welcome a statutory entitlement to free basic skills learning for all post-16 learners. NIACE DC also believes that following the merger of the Basic Skills Agency in Wales with the DCELLS, there is an opportunity to review the approach to improving basic skills for adults across all WAG policies and strategies.

NIACE DC also welcomes the acknowledgement that a substantial increase in the amount of basic skills provision is needed, using a wider range of courses and venues delivered in ways that are accessible to the hardest-to-reach learners. Given the limited nature of the WAG's resources, however, we struggle to reconcile the aspirations in relation to basic skills with the refocusing of scarce resources on employer-led vocational training – including bespoke in-company learning.

**i) identifying and targeting groups most at risk (5.10-5.14); and**

6.10 NIACE DC welcomes the identification and targeting of groups most at risk, but note that most of the proposals within the consultation document relate to the diverting of public funding to employers – rather than the groups identified as being most at risk.

Whilst it is appreciated that identification of additional groups at risk may dilute the focus of the WAG, we were surprised that this section does not identify those aged 50 and above who suffer from long-term sickness and/or disability.

NIACE DC also highlights the effect of raising the skill levels of adults on their children, as Bynner & Parsons (2008) report: *'The educational level of parents also had an obvious relationship with the literacy and numeracy development in their children. Cohort members with the poorest skills were the most likely to have parent who had left school without any qualifications at the end of compulsory education'*<sup>19</sup> and *'far fewer parents of those with Entry 2 literacy wanted their children to continue in education after age 16 – 27 per cent compared with 51 per cent with Level 1 or higher skills'*<sup>20</sup>.

Given the positive role of family and intergenerational learning in engaging with many of the groups identified as being most at risk, NIACE DC urges the WAG to do more to develop this area.

**j) supporting community-based learning through the reform of Adult Community Learning (5.15-5.17).**

- 6.11 It is difficult to comment until the details of the proposed reform are available. NIACE DC is, however, pleased that the consultation document recognises the importance of ACL in engaging the hardest-to-reach. NIACE DC was also pleased to work with WAG in engaging the sector as part of its review of ACL, and refers to the specific recommendations made in the report that followed this event<sup>21</sup>. In particular, we reiterate the generally held view that the current funding regime does not support adequately the provision of informal community based learning.

NIACE DC supports the proposal to widen the opportunities for providers within the third sector, on the assumption that this supplements ACL currently delivered by FEIs, LEAs and other providers. The third sector is a critical additional pathway for hard-to-reach learners, but should not be seen as a low cost alternative to the ACL provision currently funded by DCELLS.

NIACE DC is pleased that the WAG have committed to increased support for ACL within the One Wales agenda. We hope that, as well as through reform, the support manifests itself through increased investment for an area which contributes to many WAG priorities, but which has suffered real term cuts in recent years.

**7. What are the most important measures of success (1.16-1.19)?**

- 7.1 In addition to the measures outlined in 1.16-1.19 NIACE DC believes that the success of the skills and employment strategy, and its contribution to WAG wider objectives (particularly those set out in One Wales) should also be measured by the participation of adults in learning (both in and outside the workplace). To collect participation data, and to ask providers to benchmark their own, helps to identify who needs to be targeted in the future. The strategy should also have a mechanism for reviewing who is not benefiting. NIACE DC also believes that the human development index is a useful measure, as it looks beyond GDP to a broader definition of well-being<sup>22</sup>.
- 7.2 NIACE DC is also concerned that tracking qualification levels is an incomplete measure of success, particularly of increased economic productivity (as outlined in 4.3 above). Furthermore, it does not take into account the significant informal learning activity that improves employees' productivity (also outlined above) and individuals' broader skills, such as communication and problem solving (which may be better measured by distance travelled). In fact qualifications only measure part of the skills spectrum, rarely gauging key

<sup>19</sup> Bynner, J. & Parsons, S. (2008:12) *Illuminating Disadvantage*, NRDC.

<sup>20</sup> *Ibid*

<sup>21</sup> [http://www.niace.org.uk/Organisation/advocacy/WAG/NIACE DC-ACL-review-WAG.pdf](http://www.niace.org.uk/Organisation/advocacy/WAG/NIACE%20DC-ACL-review-WAG.pdf)

<sup>22</sup> <http://hdr.undp.org/en/statistics/>

or soft skills, which are so often desired by employers. Ewart Keep (2006) argues that *'many employers do not share the passion for qualifications that is a hallmark of national policy makers' thinking about vocational education and training*'.

- 7.3 NIACE DC is also concerned that the targets outlined in 1.18 (as identified in the *Learning Country: Vision into Action*) fall short of those identified by Leitch as necessary to achieve 'world class skills'.

#### **General Comments:**

- I. NIACE DC is concerned that the proposals do not take sufficient account of the realities of demographic change. In 2005 there were 88% more people aged 75 and over than in 1971<sup>23</sup>. Thus, if skills levels are to be improved, there must be at least as much emphasis upon the 'stock' of the existing workforce (whether working at present or otherwise), as upon the 'flow' of new entrants to the labour market. This is not a problem Wales faces alone, indeed the ageing workforce is a European problem, one characterised by author Paul Wallace as an 'agequake'<sup>24</sup>. This problem is recognised by the Council of the European Union in its Communication *'Adult learning: It is never too late to learn'* which states that:

*'Education and training are critical factors for achieving the Lisbon's strategy objectives of raising economic growth, competitiveness and social inclusion. The role of adult learning in this context, in addition to its contribution to personal development and fulfilment, is increasingly recognised in Member States' National Reform Programmes... However [...] most education and training systems are still largely focussed on the education and training of young people and limited progress has been made in changing systems to mirror the need for learning throughout the lifespan'*<sup>25</sup>

The ageing population also presents serious challenges for employers in terms of workforce development, as Flint & Hughes (2008) point out:

- Competition between industries and employers to attract young people to their occupations and industries will increase
- Employers will have to target older workers, as well as those currently economically inactive (indeed older workers might be a more receptive audience)
- Older workers seeking to extend their careers or enter new ones will have to engage in yet more learning (if their skills are to continue to be relevant over working lives of perhaps 50 years, rather than 35-40 years)<sup>26</sup>

Although the need for brevity and succinctness is understood, given the demographic change being faced, we were surprised that the consultation document includes only two paragraphs relating to older workers. NIACE DC would be keen to assist the WAG develop strategies relating to older workers, drawing on expertise from the Centre for Research into the Older Workforce (CROW). The Centre now is part of NIACE, having previously been a

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<sup>23</sup> Statistics for Wales (2006) *Wales Population: A Demographic Overview 1971-2005*, Welsh Assembly Government.

<sup>24</sup> Wallace, P. (2001) *'Agequake: Riding the Demographic Rollercoaster, Shaking Business Finance and our World'*, Nicolas Brealey: London

<sup>25</sup> Communication from the Commission of the European Communities (2006) *Adult Learning: Its never too late to learn* COM (2006) 614

[http://ec.europa.eu/education/policies/lll/adultcom\\_en.html](http://ec.europa.eu/education/policies/lll/adultcom_en.html)

<sup>26</sup> Flint, C. & Hughes, C. (2008) *'Not Just the Economy: the Public Value of adult learning'*, NIACE: Leicester

research centre of the University of Surrey (further information on CROW can be obtained from [www.niace.org.uk/crow](http://www.niace.org.uk/crow)).

In particular, NIACE DC believes that there would be merit in the WAG investigating the concept of 'Work Ability' – a system developed in Finland which has resulted in the 'older worker' employment rate in that country increasing from 33.5% (1994) to 53%. In essence, Work Ability is a system to assess and predict the issues which may lead to premature withdrawal of older people from the labour market, with a view to the early implementation of measures to retain them.

Despite the success of trials in several other EU countries, we understand that the Work Ability index has not been trialed in the UK on any significant scale; thus gives the opportunity for Wales to lead the way. Further information on the Work Ability model, provided by CROW, is set out at Annex A to this consultation response.

- II. NIACE DC is surprised and concerned that the proposals do not consider the use of new technologies to deliver skills more effectively. NIACE DC would be happy to work with the WAG to develop strategies in relation to e learning.
- III. NIACE DC broadly welcomes the Commissioning Consortia model suggested in the Webb Review of Further Education. However, NIACE DC is concerned changes to the planning and funding of 14-19 provision should not be considered in isolation from arrangements for post-19 provision. Furthermore, NIACE DC is concerned that consortia could become overly bureaucratic.
- IV. NIACE DC encourages the WAG to take account of the consultation currently taking place in England- where John Denham, Secretary of State for Innovation, Universities and Skills- has launched a debate about informal learning. NIACE's initial response to the paper '*Informal Adult Learning- Shaping the Way Ahead*' is available on our website<sup>27</sup>. Similarly NIACE DC is keen that the WAG engages with the Inquiry into the Future of Lifelong Learning in the UK which is hosted by NIACE and chaired by Sir David Watson. The Inquiry was launched in September 2007 and will report in Spring 2009<sup>28</sup>.

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<sup>27</sup> <http://www.niace.org.uk/Organisation/advocacy/DIUS/Informal-AL.htm>

<sup>28</sup> <http://www.niace.org.uk/lifelonglearninginquiry/Default.htm>

## **Annex A**

### **Work Ability, an alternative approach to later working life**

The traditional approach to occupational health in the UK has been to focus on the individual, adopting primarily a medical, rather than a social model. A social model would recognise that many of the difficulties relate not to the individual worker, but to the environment in which he or she works. Poor performance, poor health and premature retirement may be consequences of poor work design and management practices, rather than some inevitable failing of the worker. The evidence of rising mental health problems in the workplace suggests that this may be a very widespread issue, and this is confirmed by qualitative research into older people's attitudes to work and retirement (Humphrey et al 2003; Irving, Steels and Hall, 2005; Maltby, 2007).

NIACE believes that an alternative approach to health and work in later life, which adopted a social model would be better for individuals, physically and mentally, and for firms and the economy. We believe that work carried out in Finland over more than a decade demonstrates that such an approach is possible, and merits exploration in a UK context. This model, developed by the Finnish Institute of Occupational Health, is known as "Work Ability", and has not, to date, been evaluated in this country. At its simplest, it uses a carefully designed instrument to assess an individual's long-term capacity to work in his or her present job, and the results can be used to design individual and workplace interventions that reduce premature withdrawal from the labour market.

We do not suggest that it will necessarily work (especially without development) in a UK context, but that the documented success of the Finnish programme, and of emerging work in other countries would justify serious study here. We would welcome the opportunity to discuss the model with the Welsh Assembly Government.

#### **The Finnish model**

The paragraphs below outline the Finnish Work Ability approach as developed and evaluated by the Finnish Institute of Occupational Health. We are aware that Waddell and Burton reviewed one paper on the model, but they did not examine some of the more extensive literature on the measurement of workability and its use in modifying working practices, and improving individual workability.

The Finnish Work Ability programme suggests that the systematic measurement of Work Ability, linked to improvements in age management can lead to real reductions in premature labour market withdrawal, as well as greater job satisfaction, better health and raised productivity. Its originator, Professor Juhani Ilmarinen of the Finnish Institute of Occupational Health defines the context as:

*A consideration of age related factors affecting both white and blue-collar employees in the daily management, design and organisation of individual work task, as well as the work environment, so that everybody, regardless of age feels empowered in reaching both personal and corporate goals'*

The ageing of the population happened earlier in Finland than in most EU countries. The Finnish Government identified this as a policy issue in the early 1980s. In 2005, the 55-64 employment rate was 69.5 in Sweden, 63.5 in Japan, 61 in the US, 60 in Denmark, 57 in the UK and 46 in Germany, 41 in France, 32 in Austria, Italy and Belgium (see table 1). Over the last ten years, the

'older workers' employment rate has increased by a massive 17 percentage points in Finland and by 15 in the Netherlands, (i.e. by 10 percentage points more than the total employment rate). In most cases, particularly in Denmark, Finland and Sweden, the employment of ageing workers had fallen sharply during the first half of the 1990s. However, these countries have been able to boost employment of 'older workers' in the ten-year period from 1995. Sweden experiences a structural high employment rate of seniors; Denmark, Finland and the UK were able to reach again a higher than prior the crisis level. There was a remarkable rise in 'older workers' employment in the Netherlands, which was ranking at the bottom of EU countries in the 1990s.

In 1994, the 'older workers' employment rate was 33.5 per cent in Finland, i.e. close to the French rate. It has risen since then to 53 per cent in Finland and to 41 per cent only in France. The Finnish Institute of Occupational Health (under Prof. Juhani Ilmarinen) undertook a research and development programme to develop and test tools to support retaining people longer in the workforce. The key tool is the Work Ability Index (WAI), which is a measure described by Ilmarinen and his colleagues as a test of

How good is the worker at present, in the near future, and how able is he or she to do his work with respect to the work demands, health and mental resources

It does this by a relatively simple questionnaire, the Work Ability Index (WAI) (see Tuomi et al 1998) which examines seven key areas:

- Health
- Mental well being
- Stress
- Quality of life
- Job coherence
- Job satisfaction
- Competitiveness

Table 1: Employment rates

	Employment rate 55-64		Unemployment rate Global		Employment rate 25-54		Employment rate 55-64 Evolution		Unemployment rate Change, percentage point		Employment rate Relative Evolution	
	2005		2005		2005		2005-1995		2005-1995		2005-1995	
Sweden	69.5	(1)	7.8	(8)	84.0	(1)	7.5	(9)	- 1.4	(9)	6.0	(6)
Japan	63.4	(2)	4.8	(3)	79.0	(10)	- 0.4	(16)	1.5	(14)	- 0.1	(11)
United States	60.8	(3)	5.1	(5)	79.4	(9)	5.5	(12)	- 0.5	(11)	5.8	(7)
Denmark	59.8	(4)	4.9	(4)	84.0	(2)	10.5	(5)	- 2.1	(6)	8.2	(4)
UK	56.8	(5)	4.6	(2)	81.1	(5)	10.9	(3)	- 4.1	(4)	6.9	(5)
Ireland	51.7	(6)	4.3	(1)	78.0	(12)	9.2	(7)	- 8.1	(2)	- 4.1	(14)
Finland	51.6	(7)	8.5	(12)	81.7	(4)	17.2	(1)	- 7.0	(3)	11.6	(1)
Portugal	50.5	(8)	8.1	(10)	80.7	(7)	7.2	(11)	0.5	(12)	4.2	(9)
Germany	45.5	(9)	11.3	(16)	77.4	(13)	10.0	(6)	3.1	(16)	9.3	(3)
Netherlands	44.9	(10)	5.2	(6)	80.9	(6)	15.5	(2)	- 1.9	(7)	9.6	(2)
Spain	43.1	(11)	9.2	(13)	74.4	(14)	10.7	(4)	- 13.6	(1)	- 4.2	(15)

Greece	41.6	(12)	9.8	(14)	74.3	(15)	1.1	(15)	0.5	(13)	- 4.4	(16)
France	40.6	(13)	9.9	(15)	79.6	(8)	7.5	(10)	- 1.7	(8)	4.9	(8)
Belgium	32.0	(14)	8.1	(11)	78.3	(11)	8.8	(8)	- 0.7	(10)	4.2	(10)
Austria	31.8	(15)	5.2	(7)	82.6	(3)	1.4	(14)	1.5	(15)	- 0.7	(12)
Italy	31.5	(16)	7.8	(9)	72.2	(16)	3.1	(13)	- 3.9	(5)	- 3.6	(13)

Note: Rank in (). Source: OECD

The Index has been validated on a range of different populations, including some large ones, over significant periods (up to 11 years). It has been shown to:

- accurately measure job satisfaction and depression,
- predict future levels of mental well being and emotional exhaustion,
- predict active and meaningful life after retirement,
- identify the types of work which cause problems for 'older workers'.
- It has also been demonstrated that WAI can be improved, or deterioration stopped, by specific interventions.
- It is cheap and simple to administer, and produces reliable objective results
- It examines both physical and psychological health and the relationship of the individual to the organisation.
- It has been tested on large populations in a range of different kinds of employing organisations
- It has been shown to produce a reliable indication of current employability and, when used on people in their mid 40s, to predict the likelihood that an individual will withdraw prematurely from the labour market
- It has also been used successfully to identify individuals in need of specific interventions (work redesign, training, job change) and these interventions have been shown to lead to improved workability scores.

Studies of the applicability in other countries are currently in progress but include a number of EU states other than Finland (particularly Sweden, Netherlands and Germany) and there has been a major research study with the acronym RESPECT (<http://respect.iccs.ntua.gr/index.html>) funded through CORDIS. A European wide review led by the University of Warwick's Institute of Employment Research (Lindley et al 2006) documents this work and reports on several case studies where the approach has been implemented and lists a range of recommendations. These demonstrate that it is not only robust but also culture free thus allowing international collaboration and comparison.

In this country the use of the Index has the potential to:

- Reduce premature involuntary withdrawal from the labour market;
- Improve the fit between worker and organisation; and
- Contribute to the Welsh Assembly Government's vision of a strong and enterprising economy with full-employment based on high-quality, highly-skilled jobs.

Since its publication in 1992 the WAI has been translated into 19 languages, and it is in use in Sweden, Austria and the Netherlands. Two international symposia have been held to develop and discuss the ideas. In 1989 promotion of Work Ability was incorporated into a national agreement between employers and trades unions in Finland and 80 per cent of Finnish companies have made some use of the concepts.

Work Ability is now described as having four dimensions:

- work organisation and leadership (environment, content and demands, community and organisation, management and leadership)
- values (attitudes and motivation)
- competence (knowledge and skills)
- health (functional capacities)

*The model demonstrates the importance of external non-work based factors influencing working performance and productivity such as the family, relatives and friends and society. Good health, both physical and mental forms the foundation of Age Management and is fundamental to it.*

We understand that the Work Ability index has not been trialled in the UK on any significant scale and it is important that such a trial should be conducted. Such trials have been successfully carried out in several EU countries (Sweden, Germany, Netherlands). Although the New Dynamics of Ageing research programme (funded by the Joint Research Councils (RC-UK) and Directed by Professor Alan Walker) has a focus upon this area, yet no research to date has been funded to investigate its applicability to the UK.

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