

The New Deal in Wales

The Match Between Vacancies And Training Opportunities

A report for Employment Services Wales

by Estyn

**(Her Majesty's Inspectorate for
Education and Training In Wales)**

The New Deal

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SUMMARY

Main Findings

- Some 30–50 per cent of employers in Wales have experienced difficulties in filling vacancies. Generally, they are less concerned with recruiting individuals with specific occupational skills than they are with recruiting people with generic skills, including basic skills. Geographical remoteness of both labour and industry is a bigger issue for Welsh companies than it is overall in the UK.
- In most cases, those advising New Deal clients are close to the local labour market and they have effective relationships with employers, training providers and the local TEC. However, in some areas, changes to the structure of the local TEC have disrupted the communications flow.
- New Deal has helped many clients to gain employment successfully. However, the current client base has considerably more difficulties than previous groups. Many of the current clients have a low skills base and have social or personal problems. Drugs abuse is a common problem. A considerable number have already experienced the New Deal at least once.
- Transport is a problem for many New Deal clients. Even in the urban areas, they cannot find employment because they have no way of travelling to it. In some areas, clients are unwilling to travel, even relatively locally, to find work.
- A high proportion of clients are male. Their aspirations tend to be gender stereotypical. Many clients are unwilling to consider vacancies in other, non-traditionally male dominated industries, even where such opportunities exist.
- Training is available from a wide range of sources. New Deal personal advisors know their local training providers well. They have clear views of suitability and expertise and use their information to place clients appropriately. In a few cases, New Deal personal advisors have unrealistic expectations as to what should be available to New Deal clients.
- Training providers can be flexible and responsive. However, many, especially further education colleges, are not able to respond flexibly to meet the needs of individual New Deal clients, even where appropriate provision is in place. Employers involved in the New Deal generally have an appropriate approach and attitude.
- The training provision available is generally reasonably well matched to occupational routes. However, some occupational routes do not lend themselves to the New Deal for a variety of reasons, usually related to time requirements for completion. In such cases providers appropriately offer part qualification and encourage clients to find employment where they can complete. A few occupations do not have established training standards. In such cases training

providers and the TECs identify equivalent standards, or in a few instances, accredit employers' in-house training.

- There is a lack of occupational training in languages other than English, particularly in Cardiff and insufficient active promotion of training through the medium of Welsh.
- There is a tension between the client-driven nature of New Deal and the need to secure training to meet local job vacancies. In several areas of Wales, there are jobs available, but clients are reluctant to have training to take those jobs. In other areas, training is limited by what the local provider offers.
- Recently, there has been a much better match between off-the-job training and other aspects of the New Deal. Much more, and better, use is made of tailor-made training and specific occupational qualifications to increase clients' employability. However, some specific training can be expensive or have limited availability. In many areas there is no effective mechanism for promoting liaison between providers to improve access to such training for New Deal clients.
- There are areas where there are opportunities for employment, but insufficient training available to New Deal clients. Many of these shortages are in industries that require a lot of training before clients are considered to be employable. However, construction and carpet fitting were repeatedly identified as industries where there were job opportunities, but insufficient appropriate training, as was motor vehicle engineering and body repair in South Wales.
- The biggest single issue surrounding the match between training available and job vacancies is that of basic skills training. Almost all areas of Wales reported problems in securing suitable basic skills training for clients. One reason for the problem related to the providers' need to have a minimum number of clients attending together. Another reason was clients' suspicion of such training and their reluctance to take advantage of it. Basic skills training is most effective where it is provided on-site as part of a vocational training programme. However, the length of New Deal training entitlement can limit the effectiveness of such training.

INTRODUCTION

Background

In 1999, Employment Services asked Estyn to inspect the quality and standards of provision of the New Deal in Wales under the terms of a memorandum of understanding. The current programme of inspections consists of short visits to individual providers to assess quality and standards and a series of wider thematic and regional surveys, leading to published reports. This report presents the findings of a thematic survey dealing with the match between job vacancies and the training opportunities available in the Government's New Deal programme in Wales. It is based on inspection visits carried out between June 2000 and December 2000.

Clients entering New Deal have up to four months of special help, advice and activity in finding a job. This is called the "Gateway". At an appropriate point in the Gateway, if a client has been unable to find a job, they are asked to choose one of the four New Deal options. These options are:

- a subsidised job with an employer;
- work with the Environmental Task Force;
- work in the Voluntary Sector; and
- Full Time Education and Training to gain a recognised qualification (FTET).

Each of the options carries with it an entitlement to 26 days off-the-job training, or its equivalent.

Evidence Base

The findings in the report are based on evidence gathered during inspections and assessments undertaken in the course of:

- specific inspection visits to New Deal providers;
- evidence derived from inspections of organisations offering assembly-funded training who also offer the New Deal FTET route;
- evidence derived from assessments of further education colleges carried out by Estyn on behalf of the Further Education Funding Council for Wales (FEFCW);
- inspection activity undertaken by Estyn in other phases of education and training in Wales, such as youth and community provision and inspection of local education authority provisions; and
- meetings with employers, staff in the TECs, and staff in Employment Services local offices.

In addition, inspectors looked at a number of labour market surveys identifying skills needs and opportunities in Wales, particularly the report of the "Future Skills Wales Project" (Mori Research and Business Strategies Ltd, 1998).

FINDINGS

Overview of Vacancies in Wales

- 1 The economy of Wales is very disparate. There are a small number of large towns and cities and large areas with low levels of population. The labour market opportunities in these areas are very different. In the bigger towns and cities, there tends to be a good mix of small, medium and large employers. In the more rural areas there tend to be few large or medium sized employers and more small firms. In a few places, a single large employer dominates, or until recently has dominated, the local labour market.
- 2 Structural employment trends in the Welsh economy, as shown by percentage share of employees, show that the fastest growing sector has been in other (mainly public sector) services, with education and health and retailing being the two occupational sectors showing the greatest growth. The Welsh economy counters the UK trend in a number of other sectors. These include engineering, construction and other manufacturing, where there has been growth in Wales, contrary to the UK as a whole. The fall in numbers employed in agriculture is in line with that of the UK overall, at about a third, although Wales started with a higher base number.
- 3 In terms of job classifications, the Job Skills Wales Project identifies that there have been increases in the number of:
 - managers (particularly specialist managers in IT);
 - technical and associate professionals and other professionals;
 - personal service occupations (such as restaurant and bar staff); and
 - sales staff.
- 4 At the same time, there have been decreases in the following:
 - secretarial staff (as a result of new technology);
 - skilled engineering and other skilled trades;
 - machine operators in the manufacturing sector; and
 - unskilled workers.
- 5 When giving a job to a New Deal client, many employers are less concerned with specific vocational skills than they are with generic skills. Employers generally take the attitude that they can train a New Deal client in the specific job skills on-the-job, but that it is necessary for the client to have certain underlying attitudes and abilities prior to starting. The skills which are most highly prized by employers are:

Skill	Per cent of employers considering skills to be "very important"
Communications	88
Understanding customer needs	88
Ability to learn	81
Team working	81
Showing initiative	80
Ability to follow instructions	79
Literacy	76
Numeracy	71
Product knowledge	71
Problem solving	66
Organising own learning	58
Job-specific	57
Management	50
Leadership	45
Basic IT	39
Formal qualifications	24
Advanced IT	16
Welsh language	11
Foreign language	4

(Source: Future Skills Wales Project, 1998)

- 6 In a survey undertaken for the Future Skills Wales project, 70 per cent of employers said they had experienced no hard to fill vacancies in the past year. This implies that 30 per cent had experienced some difficulties. The Skills Need in Great Britain and Northern Ireland 1998 report put the figure at 42 per cent for companies with more than 25 employees in the UK as a whole, and as high as 51 per cent for companies in Wales. Within individual sectors in Wales, companies in education, health and public administration, manufacturing and construction experienced the most difficulty recruiting suitable staff. Of those identifying problems recruiting, only 18 per cent said that the difficulty was due to a lack of qualifications. Remoteness was an issue for 10 per cent of Welsh companies, as opposed to 2 per cent for the UK overall.
- 7 Vacancies reflect the nature of the local economy. This means that it is important for those advising New Deal clients to be close to the local labour market and aware of the opportunities that are available. In most cases, this is happening. Local Employment Services offices have a variety of different strategies to ensure that new job opportunities are monitored and the information is passed on the New Deal personal advisors. Most district offices hold lists of local vacancies of which Employment Services have been notified. Estimates of vacancies not notified vary across districts, but a figure between 40 and 50 per cent would be typical. In many Employment Service districts, staff actively market the New Deal to employers and encourage them to consider taking clients on work placements and subsidised employment.
- 8 Most districts have effective relationships with the local TEC and this enhances the flow of information about labour market developments. This is particularly important when there are new industries moving into an area, for example the introduction of

call centres in many parts of Wales. However, in some areas the changes of structure to the local TEC (for example the mergers of three separate TECs to form TECSEW) have caused some disruption to the communications flow and new links are only just being established.

The Clients

- 9 The New Deal is designed to provide opportunities for training and work experience for those aged 18-24, who have been unemployed for more than six months. When it was initially introduced, there was a large pool of unemployed people who were eligible to participate. Although some of these people had been unemployed for a number of years, they represented a fairly broad cross-section of the population in terms of skills levels and desire to find work. Over the last three years, many of these have passed through the New Deal and successfully obtained employment, or ceased to claim benefit for other reasons.
- 10 At the same time, levels of unemployment across the UK have fallen. In many areas of Wales, particularly in the larger towns and cities, unemployment is at a very low level. In a few instances it is only just above 3 per cent, which is regarded as “full employment” or the natural rate of unemployment (ie where those who are unemployed are either incapable of work for a variety of reasons, are short-term unemployed, or are between jobs). This means that in these areas there are few new clients becoming eligible to join the New Deal. The current client base is thus a very different one from that initially identified, with far fewer “job ready” clients now starting on, or emerging from, The Gateway.
- 11 Many of the current clients have already experienced the New Deal at least once. A few have been through the process several times. A consistent picture of these individuals has emerged across Wales. Generally, they have a low skills base and have social or personal problems. Many come from second generation unemployed families. A significant number are ex-offenders. Most feel that they have had bad experiences of education at school. Drugs abuse is a common problem (in some areas, about half the client group are estimated by Employment Services staff to have a drugs abuse problem). Such clients are often difficult to place and do not wish to re-enter education or training. Although many have basic skills needs, they are often reluctant to admit to needing specialist help and many have devised effective strategies for hiding their needs. Additionally, a small number of these New Deal clients do not appear to have any real intention of improving their chances of gaining employment and enter New Deal to maintain their benefits. Many of these clients are eventually mandated to the Environmental Task Force option.
- 12 New Deal personal advisors care deeply about their clients and work hard to provide a range of help and support, along with other agencies, such as the Probation Service, drugs support groups and NACRO. Current provision allows New Deal advisors to “stop the clock” for a short time. This gives clients a few weeks to address problems such as drug abuse. Many clients are benefiting from this. However, as the New Deal client base has changed, so has the extent of their problems, and many of the current clients need longer than is now available to address their severe problems.

- 13 Although New Deal personal advisors have access to a detailed computer record of interviews and client histories, for a variety of reasons, many of the clients' problems cannot be recorded on this. Such reasons would include the very personal nature of some problems, or lack of definite evidence for others. Also, many clients with severe problems will not allow their personal advisors to be involved and therefore the client's needs cannot be assessed or any successes measured.
- 14 A particular problem encountered in North Wales is that of the itinerant population. A significant number of claimants come to the North Wales coastal towns, particularly Rhyl, from Manchester and Liverpool. These clients frequently have low-level basic skills and significant social and personal problems. Many move on again after six months or so, often after much work has been done with them. Such clients make up about a third of the local New Deal personal advisors' caseloads.
- 15 Those clients in rural areas rarely have their own transport and public transport is frequently inadequate. Many clients (and training providers) identify that the opportunity to obtain a driving licence would significantly improve their prospects of getting a job. Even clients in more urban areas, such as Cardiff, Swansea and Newport, find that they cannot gain employment in local factories and warehouses in out-of-town industrial areas or on building sites because they do not have a means of getting there. Even when public transport is apparently available, the working day frequently starts, or the night shift finishes, much earlier than the first public transport arrives. This means that the provision of subsidised travel has limited effect. In a few Employment Service districts, innovative schemes have been introduced to address these problems, such as the provision of motorbikes or bicycles for clients. However, these schemes are limited and not uniformly successful. The provision of driving lessons as part of their New Deal training has proved beneficial for many clients, particularly when the lessons have been included as an incentive, or reward, for achieving other aspects of training or attendance, but to use these skills clients need access to a suitable vehicle.
- 16 This problem of client mobility is not helped by the attitudes encountered in some areas, where many New Deal clients are very reluctant to travel beyond their local community. For example, clients in Neath are reluctant to travel to Port Talbot for work, in one case likening this to being asked to work abroad. The DVLA, a big clerical employer on the outskirts of Swansea is seen as inaccessible to some clients from the local valleys towns.
- 17 In many areas there is a heavy gender bias within the client group. A typical mix of clients in an area would be 75 per cent males to 25 per cent females. The aspirations of those who would like jobs tend to be stereotypical, with the men seeking labouring or production work and women often seeking nursery nursing or care work. Many clients, particularly the men, are unwilling to consider vacancies in non-traditional industries, even where they do exist, for example in the buoyant retail and customer services sector in Wrexham.

New Deal Training Provision

- 18 Generally, this is available through a wide range of sources. Most district offices have a variety of training providers available to them, either directly or through third party arrangements, usually involving the local TECs. These often include the local

college(s) of further education; other providers of Assembly funded training (usually private, voluntary sector and local authority providers); and employers' in-house training provision. New Deal personal advisors generally know the local training providers well. They have clear views of their suitability and expertise and use these to place clients appropriately. However, in a few cases they have unrealistic expectations of what should be available to New Deal clients. For example, one New Deal personal advisor referred a client for helicopter training, expecting that such a course would be provided within the finances available (£750).

- 19 Most TECs regard themselves as “honest brokers”, matching clients to the training that is available. They emphasise that it is not their role to determine if the client is suitable for the training, but rather to supply it. They then monitor the training to ensure it meets contractual requirements and their quality criteria. The TEC will also organise training for employers where a client is on the subsidised employment option.
- 20 Experiences with training providers vary across Wales. In the best cases, local providers are flexible and responsive, offering a start date within a week of referral. In many instances, however, training providers, particularly the further education colleges, are not able to respond flexibly to the needs of individual New Deal clients, where their provision is already in place.
- 21 Employers offering subsidised employment or work experience opportunities generally have an appropriate approach and attitude. They understand the nature of New Deal, the purposes of the subsidised employment scheme and their responsibilities to clients. Employment Services staff interview them prior to any placement. However tensions can arise where employers are accepted by Employment Services for placement of New Deal clients, having already been rejected by the local TEC for placement of trainees on other Assembly funded schemes. The main reason for such rejection is on health and safety grounds. When this arises, the local TEC will usually refuse to organise training for the client.
- 22 Generally, the training provision available is reasonably well matched to occupational routes, and this match is improving, as providers gain experience in the New Deal and in the demands and expectations of the local companies offering employment. However, some occupational routes do not lend themselves to the New Deal. This is because of the time-based nature of courses, or the requirements of the lead body. For example, in childcare, much training is available leading to the CACHE qualification, but often, in order to gain employment, a NNEB qualification is also needed. This latter qualification takes two years to complete. Similarly, to obtain an NVQ at Level 2 in information technology, the lead body stipulates a minimum training period in the workplace. This training period can be longer than the time available to New Deal clients, particularly if they have started on the FTET route or in off-the-job training. The better providers address this problem by offering a part qualification. They accredit units towards the full NVQ where appropriate and encourage clients to find employment where they can complete the rest of the qualification after they have left the New Deal.
- 23 A few occupations do not have established training standards, for example, car parking attendants and carpet fitting. In such cases training providers and the TECs

discuss the skills involved in the job and what standards might be most appropriate. They will also look at other qualifications to see if there is anything there that might be suitable. In one case, for example, after discussions with the client and their employer, an engineering course was agreed for a client working as a jeweller. A frequent fallback qualification in such cases is NVQ Level 2 customer services, although this is not always appropriate to the client's needs. In a few instances, providers have arranged for clients to study distance-learning packages leading to specific qualifications such as Microsoft Certified Technician. In a very few companies, such as the "Orange" mobile phone company and Clogiau Gold, where no appropriate external training or qualification was available, internal training has been recognised and offered to New Deal clients.

- 24 In Cardiff, there is no specific occupational provision for clients whose first language is other than English. This is an important issue in the city with the highest ethnic minority population in Wales. Official statistics may not recognise the full extent of the problem, as many potential clients are not registered with Employment Services, or other government agencies. Generally, provision through the medium of Welsh is available to those clients who request it, although few providers outside of northwest Wales actively encourage clients to undertake their training in Welsh.

The Match

- 25 Although the main aim of the New Deal is to assist clients in gaining employment, many New Deal personal advisors and their managers emphasise that the system should be client driven. This means there is an immediate tension between training opportunities (which tend to follow demand) and job vacancies, which are often in industries that New Deal clients do not wish to enter. An example of this would be the catering industry in North Wales. Here there are many opportunities for employment, but the perception amongst New Deal clients is of an underpaid industry working long, anti-social hours. Few clients therefore consider training for this industry. A similar problem is encountered in the Vale of Glamorgan. Opportunities exist for training and employment in Cardiff (Wales) Airport. However, the vacancies are mainly seasonal, being available between April and October, and frequently involve 24-hour shift work. Many New Deal clients are not attracted to such employment.
- 26 A few clients undertake training because it is all that is available to match the New Deal option they are on. For example, in the Swansea area, there is a relatively high number of clients training in horticulture, because this is what the main training provider for the environmental task force option offers. This training does lead to employment for some clients, but not all, as the numbers being trained exceeds the number of jobs currently available.
- 27 Another problem in securing training that enables clients to gain employment is the need for more specific training than that covered in NVQs. Recently, clients have benefited from a better match between off-the-job training and the rest of their New Deal scheme. Option managers have developed more tailor-made training which, in many cases, is closely linked to project work undertaken. Clients often develop good skills and make a real contribution to improving the local environment through this project-based training. Providers are also more willing to provide a raft of training,

including many separate individual qualifications required under Health and Safety legislation, such as chainsaw operating, poisons handling and first aid at work. This increases the client's employability. It also makes good use of the training time available to the client, particularly when the main qualification can be completed speedily and clients would otherwise be making slow progress.

- 28 Some specific job-related training can be expensive, or has limited availability, and is only offered by a relatively small number of providers who can infill New Deal clients with trainees on other schemes. This means that other providers may be unable to offer this training to clients through the New Deal. An example of this is forklift truck training in the Newport area. Often, successful completion of this specific training would greatly enhance the employability of New Deal clients and meet existing labour market needs. However, in many areas, there is no effective mechanism for promoting liaison between providers. This liaison would enable providers who do not offer the training to negotiate together with those that do offer training to obtain more favourable rates and access the training in a more consistent and coherent way.
- 29 Inspectors' discussions with local Employment Services and TEC staff identified a number of areas where there were opportunities for employment, but insufficient training available to New Deal clients to assist them in getting these jobs. Many of the shortages are in industries where a lot of training is required before a client is eligible for employment. An example of this is nursing, which is a shortage area in many districts across Wales. In other areas, the shortages are for fully qualified staff in industries where there is a tradition of training on-the-job, for example, hairdressers in Wrexham and time-served tool makers in Shotton. Another area of shortage identified across both North and South Wales was that of HGV and PSV drivers. However, given the minimum age for obtaining a licence, and the number of New Deal clients who have not passed their basic driving test, numbers who would benefit from such training would be limited.
- 30 The existence of job vacancies and a lack of suitable training in construction crafts was identified in several parts of Wales. Particular shortage areas varied across districts, but gas fitting, welding and scaffolding were all mentioned several times. In many cases, the training in construction that was available locally did not meet the needs of New Deal clients, being too inflexible to accommodate small numbers of roll-on roll-off clients. Similar problems were mentioned in connection with motor vehicle engineering and body repair, particularly in South Wales.
- 31 It was indicated by several districts that carpet fitting is another job where training is difficult to find. This is not made easier by the absence of a specific vocational qualification. In South Wales, for example, the nearest appropriately accredited training provider is in Swindon.
- 32 Other specific training shortages identified included:
 - customer care and tourism related training in West Wales;
 - window cleaning in Newport;
 - plant operations and tree surgery in Cardiff and the Vale; and
 - thatching, window fitting and tie making on the North Wales Coast.

- 33 There is also an issue over training for jobs that are not yet available, for example future skills shortages are predicted in engineering, IT, retail, skilled operatives and sewing machinists in the Ebbw Vale area, and in call centre work and IT/computing work in the Caerphilly and Heads of the Valleys areas. In such cases it is difficult to encourage clients to undertake training when they do not see the immediate benefits of employment. Training providers are also unwilling to be involved, when one of the major measures of their success is for the client to obtain a job at the end of their training.
- 34 However, the biggest issue surrounding the match between the training available under the New Deal and job vacancies is that of basic skills training. This is particularly worrying, given the contrast between the emphasis employers place on these skills and the nature of the current New Deal client cohort. Almost all areas in Wales reported problems in securing suitable basic skills training in numeracy and literacy for their clients. In the more rural areas, this problem was exacerbated by the limited number of providers offering suitable training. In order to offer basic skills training, many providers, especially the colleges, require a minimum number of clients to attend together. In many rural areas it is not possible to identify sufficient numbers of clients in one place to meet this requirement. Even where it has been possible to provide basic skills training, clients frequently regard it with suspicion and are reluctant to take advantage of the opportunity provided.
- 35 Basic skills training is most effective where it is provided on-site, as part of a vocational training programme. Colleges are sometimes seen as intimidating to clients. Incentives, often in the form of free driving lessons, help focus clients on attaining their personal development plans. Multi-agency approaches, reflecting the complexity of clients' problems, result in the best outcomes.
- 36 The length of New Deal training entitlement also limits the effectiveness of skills training, particularly the development of the softer skills. Some clients make good progress whilst on New Deal training schemes, but once these finish they still do not have employment. The clients must then spend six months before they are entitled to re-enter the New Deal. During this time, few access training or practice the skills they have learned. When the clients do restart on New Deal, many have reverted to previous skills levels and the gains made have been lost.

KEY ISSUES FOR ATTENTION

37 In order to build on the good foundations which have been established, and to further improve quality and standards, there is a need to address the following:

Issues for Employment Services:

- devise strategies, building on existing local successes, to address the issue of transport to work;
- extend the timescale for clients with particular problems, especially those on the Environmental Task Force option;
- improve liaison between Employment Services and the TECs on Health and Safety assessments of employer premises; and
- encourage providers to be more flexible, particularly in the occupational areas of construction, motor vehicle engineering and body repair.

Issues for training providers:

- improve the liaison mechanisms between training providers so that problems and solutions can be more effectively shared and opportunities for collaboration identified, for example in obtaining job specific training;
- address the need in Cardiff for occupational training for those whose first language is other than English; and
- actively promote training opportunities through the medium of Welsh.

Issues for both Employment Services and training providers:

- devise strategies to challenge gender stereotypical attitudes of clients and their reluctance to consider vacancies in non-traditional industries or travel beyond the local community for work;
- improve the provision of basic skills training and ensure that it is better targeted and more directly integrated into clients' occupational preferences; and
- improve progression routes from New Deal into other training.