

Education, Children and Young People Committee

13th Meeting, 2021 (Session 6), Wednesday 15 December

Skills session cover note and submissions pack

Introduction

The Committee agreed, at its business planning day, to take evidence on the alignment of skills provision via the education system with the needs of businesses and the outcomes that are delivered for both individuals and businesses. The Committee, at this meeting, will take evidence on the alignment of skills policy with business needs.

Committee meeting

The Committee will take evidence from—

- Frank Mitchell, Chair, Skills Development Scotland (SDS)
- Allan Colquhoun, University Liaison and Emerging Technologies Manager, Leonardo representing the Skills Apprenticeship Advisory Board (SAAB)
- Scottish Funding Council (SFC)

Supporting Information

Written submissions have been provided by [Scottish Apprenticeship Advisory Board](#), [Scottish Funding Council](#), and the [Skills Development Scotland](#). These are provided at [Annexe A](#) to this paper. A SPICe briefing to support this evidence session is at [Annexe B](#).

Jane Davidson
Committee Assistant
Education, Children and Young People Committee
10 December 2021

Annexe A

Scottish Apprenticeship Advisory Board (SAAB)

SAAB Submission to the Scottish Parliament Education, Children and Young People Committee: On the alignment of skills provision between the education system and the needs of businesses, and the outcomes that are delivered for both individuals and businesses.

Introduction to SAAB

The [Scottish Apprenticeship Advisory Board \(SAAB\)](#) is an independent industry-led body which ensures apprenticeships are demand-led, fit for purpose and future orientated.

The purpose of SAAB is to provide employer leadership and contribution to the development of apprenticeships in Scotland, so that they are aligned with industry and economic need, Fair Work and job opportunities.

SAAB was established by Skills Development Scotland (SDS) in 2016 following recommendations from the Commission for Developing Scotland's Young Workforce. SDS provides organisational, secretarial and communications support to SAAB. The Scottish Funding Council (SFC) is also represented.

As the voice of industry, SAAB is made up of leading employers and representatives from industry bodies across a range of sectors. SAAB covers policy, standards and frameworks, communications, and funding across five groups:

- The SAAB [Group Board](#) (GB) oversees the other groups and is responsible for providing advice and making recommendations on the guiding principles, operational policy, systems, and structures supporting apprenticeships in Scotland.
 - Scottish Government (SG) lead: Adam Reid, Deputy Director of Fair Work and Skills
 - Agency leads: Damien Yeates, Chief Executive, SDS and Karen Watt, Chief Executive, SFC
- The [Standards and Frameworks Group](#) (SFG) oversees apprenticeship standards and framework development for the apprenticeship family in Scotland and ensures they are demand and employer led.
 - SG lead: Elaine Herd, Apprenticeship Policy Team Leader
 - Agency leads: Jonathan Clark, Director of Service Design and Innovation, SDS and Sharon Drysdale, Assistant Director, Skills and Economic Recovery, SFC
- The [Employer Engagement Group](#) (EEG) aims to strengthen employer input to the strategic direction of apprenticeships and work-based learning pathways, and to ensure the apprenticeship system meets the needs of industry.
 - SG lead: Elaine Herd, Apprenticeship Policy Team Leader
 - Agency leads: Diane Greenlees, Director of Critical Skills and Occupations, SDS and Sharon Drysdale, Assistant Director, Skills and Economic Recovery, SFC

- The [Employer Equalities Group](#) (EEG) aims to address under-representation in apprenticeships and to support better access and participation.
 - SG lead: Nicola Craig, Senior Policy Manager
 - Agency leads: Katie Hutton, Director of National Training Programmes, SDS and Alaa Elaydi, Senior Policy Officer, SFC
- The [Apprentice Engagement Group](#) (AEG) is made up of current and former apprentices and aims to promote the value of apprenticeships and champion the contribution they can make to individuals, employers and the economy in Scotland.
 - Agency leads: Sharon McIntyre, Head of CIAG Operations, SDS and Fiona Burns, Assistant Director: Access and Student Experience, SFC

Full details and the Terms of Reference for all SAAB groups are available in the [SAAB Structure and Remit document](#).

The SFG provides leadership to and works closely with the [Apprenticeship Approvals Group](#) (AAG), which has responsibility for approving all Scottish apprenticeships. The AAG is an employer-led group aimed at ensuring Scottish apprenticeships meet the needs of employers. It was set up in October 2019 as part of the new governance structure for apprenticeships in Scotland. AAG replaced the existing body at that time – the Modern Apprenticeship Group (MAG) which brought with it a shift from apprenticeship development being government-led, to industry-led.

SAAB membership

SAAB comprises of over 80 senior representatives and business leaders from organisations across all sectors and sizes from employers, public sector, industry and representative organisations in Scotland. Full membership details are available on the [SAAB pages](#) and include the following sectors:

- | | |
|---------------------------------|---------------------------|
| • Agriculture & Land management | • Hospitality and Tourism |
| • Automotive | • Life Sciences |
| • Business Management | • Local Authority |
| • Construction | • Public Sector |
| • Creative Industries | • Retail |
| • Energy & Utilities | • Technology |
| • Engineering & Manufacturing | • Textiles |
| • Food & Drink | • Third Sector |
| • Financial Services | • Trade Union |
| • Higher and Further Education | • Training |

SAAB's role in apprenticeships

SAAB is the 'voice of industry' in Scotland for apprenticeships. SAAB members have detailed engagement with the apprenticeship system throughout the whole process.

SAAB members believe in the concept of 'growing our own' which resonates across all sectors and sizes, recognising the long-term investment that apprenticeships bring to an organisation's talent pipeline.

In Scotland, apprenticeships are 'owned' by employers through SAAB leadership and the governance structure. SAAB:

- Ensures that underpinning infrastructure can support policy objectives
- Provides recommendations to Scottish Government
- Provides strong and relevant employer leadership
- Act as custodians of Apprenticeships in the absence of a sector skills council

Recent examples of SAAB work and influence

Standards and Frameworks Strategy

Through the Standards and Frameworks Group (SFG), SAAB provides leadership to the Standards and Frameworks development programme, a full review of Scottish Apprenticeships over the next three to five years to ensure they are fit for the future. SDS has been working with SAAB, employers, and key partners in the skills system to develop and trial the new approach over the past few years and is now rolling it out across all apprenticeships.

The approach will ensure an apprenticeship system that is responsive and resilient, governed by SAAB, approved by the Apprenticeship Approval Group (AAG) and driven by employers. The new system entails improved progression pathways through direct alignment of Foundation Apprenticeships (FA), Modern Apprenticeships (MA) and Graduate Apprenticeships (GA), agile broad sector apprenticeships with occupational pathways and direct employer and employee involvement in the process. The new, layered model for future apprenticeship standards provides apprentices with transferrable higher order 'meta skills', such as communication and collaboration, to ensure they can adapt throughout their working lives and thrive in the new world of work.

Employers are at the heart of apprenticeship development through their active involvement in [Technical Expert Groups](#) (TEGs). TEGs are short-life working groups that develop apprenticeships through the expertise of the people involved. Typically, a TEG is made up of 10 to 15 members including employers, industry and professional bodies, qualification and education experts and social partners, such as trade unions. All members are from the relevant sector or occupation aligned to the apprenticeships in development. They understand the apprenticeship role and know the skills and behaviours required from employees within the sector. This approach is entirely employer-led to ensure the result is an apprenticeship which meets the needs of employers.

So far, two apprenticeships and four occupational standards have been developed and approved using the new employer-led approach and another two apprenticeships are nearing completion. 150 employers within 22 TEG workshops

participated across four pilot developments. Further employer and TEG engagement is now underway developing apprenticeships within phase 1 of the mainstream plan with a further seven sectors due to commence in 22/23.

Demand analysis and forecasting

SAAB is involved in demand analysis and forecasting of all Scottish apprenticeships, including MA, FA and GA. SAAB's role is to check and challenge and to provide valuable industry insight for the demand assessment, through a process agreed between SDS and the SAAB Employer Engagement Group (EEG) to strengthen demand analysis and forecasting.

The EEG is involved at three key stages of the process: Review and scope at proposal stage; review of findings and estimates before the finalisation of the demand statement reports; and provides feedback on the final allocations.

Review of Graduate Apprenticeships in Scotland

SAAB recently commissioned independent education research body the Edge Foundation to conduct a review of Graduate Apprenticeships (GAs) in Scotland. [Graduate Apprenticeships: Developing Scotland's Future Workforce](#) was published in November and confirms that degree-level work-based learning has a critical role in driving economic growth, increasing productivity and responding to future skills needs.

Researchers found that GAs are valued by employers and learners alike, and recommended changes around flexibility, funding and the broadening of disciplines and opportunities available. SAAB is pleased with and fully supportive of the recommendations in the report and will continue to use this evidence to positively influence the skills landscape. The recommendations are:

- **Increase flexibility** in GAs and build a more flexible system to support the delivery of Graduate Apprenticeships
- Upskill and introduce an agile, **demand-led funding system**, driven by employer demand
- **Make a clear commitment to longer-term funding** to provide certainty and clarity of provision
- **Broaden the frameworks on offer**, to future proof GAs, including sectors where there might be more female applicants
- **Drive demand and increase awareness** of the GA programme in schools and colleges

Sustainability in Scottish apprenticeships

As part of the skills legacy for COP26 SAAB, in a joint approach with SDS, consulted employers and expert views to understand how to embed sustainability in all Scottish apprenticeships. Independent research company IFF was commissioned to gather these findings and produce recommendations in a report. [Sustainability in Scottish Apprenticeships: A system-level approach to the net zero transition](#) was launched during a Ministerial COP26 event in November.

The report sets out the following recommendations:

- Refer to 'sustainability' in apprenticeships and **confirm key components**
- **Support employers** to develop and reflect sustainable work practices which can be mirrored in apprenticeships
- **Use a multistakeholder approach** to guide skills development
- Take a **phased/iterative approach** to reflecting sustainability
- Ensure stakeholders receive **necessary support**

SAAB is fully committed to support all recommendations and has produced a [response to the report](#). SAAB recommends:

- To allow for some **sectoral and occupational variations** when referring to sustainability
- To **prioritise new 'green' occupations** where there is demand within the labour market, and then move to embedding sustainability across all apprenticeships. SAAB is **committed to integrating sustainability within the existing apprenticeship development programme** through their leadership of the Standards and Frameworks Strategy
- To work together with SDS to **explore international best and emerging practice** for consideration in the Scottish system
- For the Scottish Government to **provide funding for a universal skilling proposition** open to the current 47,000 apprentices in training. In instances where apprentices may require additional opportunities to develop sustainable skill and mindsets, SAAB recommends the **exploration of a national apprentice changemaker/challenge programme**.
- For the Scottish Government to **ring-fence funding for training, incentives, and an education and marketing campaign** to raise awareness with employers, providers and assessors.

Support for COVID-19 initiatives

SAAB was instrumental in the development of the £15m Apprentice Employer Grant (AEG) in early 2020. The AEG awarded employers with up to £5,000 for taking on a new Modern or Graduate Apprentice or for upskilling an existing employee. The programme has since been replaced with the Local Authority managed Employer Recruitment Incentives. SAAB also supported the development of the [Apprentice Transition Plan](#), helping Modern Apprentices affected by redundancy due to Covid-19 to find new work or move to further learning.

Gender Commission

The SAAB Gender Commission (GC) was commissioned by the SAAB Group Board to examine, through the lens of apprenticeships, what can be done to prevent barriers to gender diversity in the workplace. The overall aim of the commission is to produce a recommendations report with 'business ready', clear advice and actions

that employers (and others) can readily deploy. The full report is expected for publication early in the new year.

OECD review

The OECD is currently conducting a review of the Scottish apprenticeship system. Phase II of this review will gather evidence to benchmark the role of SAAB against structures in top performing OECD countries, recognising international best practice. The OECD will prepare recommendations on the governance, structure and responsibilities of SAAB. The report is expected to be available in 2022.

Scottish Funding Council

"If we collaborate for change – colleges, universities, students, employers and key interests - in an iterative way, we firmly believe we will bring forward better options for the future..."

- SFC Review of Coherent Provision

UNIVERSITIES

contribute **£1.94BN** through the export of education, research and commercialization, **EQUATING TO A 2.4% SHARE OF SCOTLAND'S EXPORTS.**



COLLEGES boost productivity for the economy by an estimated **£55,000 FOR EACH OF OUR 53,000 FULL-TIME COLLEGE GRADUATES** over the long-term.



9 OUT OF 10 students are **SATISFIED** with their **FURTHER EDUCATION EXPERIENCE.**



93% of graduates from Scotland's universities go on to **POSITIVE DESTINATIONS** in either work or study.

UNIVERSITIES ARE ON TRACK in achieving Scottish Government's **WIDENING ACCESS** targets.



57% of 16 year olds are predicted to study at **HIGHER EDUCATION** level by the age of 30.



£17M of funding allows employers to **ACCESS TRAINING AND DEVELOPMENT IN COLLEGES** to fill identified skills gaps, upskill and retrain their workforce.



OVER 93,000 of **COLLEGE ENROLMENTS** are linked to industry, **81,000** of which are **STUDYING AS PART OF THEIR OCCUPATION.**



UNIVERSITIES AND COLLEGES employ **62,000** people directly.

20,000 employers worked with **SCOTTISH UNIVERSITIES** through **KNOWLEDGE TRANSFER PARTNERSHIPS** in 2017/18.



100% of **SCOTLAND'S UNIVERSITIES** offered short, **BESPOKE COURSES** on campus before the pandemic.

In 2018-19, there were **1,239 ACTIVE SPIN OUT COMPANIES** from Scottish universities generating an **ESTIMATED TURNOVER OF £613M**, which is **19% OF THE UK TOTAL.**



In 2020-21 **OVER 850 EMPLOYERS AND 1050 SMES** were engaged via colleges, and **330 SMES** via the Open University in Scotland.

Graduate Apprenticeships are delivered by **14 UNIVERSITIES** to **OVER 1,100 STUDENTS.**

COLLEGES ARE THE BIGGEST DELIVERY agent of Modern Apprenticeships, **SUPPORTING 11,013 STUDENTS.**

94% of Scotland's universities had an **ENQUIRY POINT FOR SMES**



Introduction

Scotland's universities and colleges are key to delivering the education, skills, research and innovation that support the changing needs of industry and of our economy and society. This is a time of maximum uncertainty. The labour market is

changing rapidly, accelerated by the coronavirus pandemic and Brexit. An aging workforce, technological innovation and the climate emergency are already impacting on the skills needs and challenges of employers and the career choices of individuals.

SFC is working with key partners to understand and respond to the current and prospective skills needs of individuals, industries and regions. Our approach is to empower colleges and universities to respond with maximum flexibility to high quality learning and skills provision needs, and to further stimulate the investment in skills by both individuals and employers.

SFC also plays a broader role in bringing industry and academia together through knowledge exchange and innovation. Scotland's universities are among the best in the world, undertaking cutting edge research that creates knowledge of immense social, economic and cultural value. From this base, potential knowledge exchange and innovation flows, creating business opportunities and wealth creation. SFC's core interest is in maximising knowledge exchange between the institutions we fund and companies that can use that knowledge to best effect, through the development of advanced skills and research-based innovation.

Skills alignment

The Enterprise and Skills Strategic Board published its strategic plan in October 2018. In this, SDS and SFC were asked to “fully implement the joint 5 stage skills alignment planning model, aligning provision with industry needs and critical skills as set out in the demand evidence. SFC and SDS will collaborate further to create a seamless, one system approach for learners, employers and the economy.”

Between 2018 and 2020 SFC and SDS worked together to develop a shared understanding and approach to investment in skills in Scotland.

A detailed implementation programme for skills alignment was built around a five-step planning model, with a joint staff post and teams. The programme, which included pilot activity, has helped develop analytical tools and provided publications on skills assessments in sectors and regions. The work of our analysts ensured that we could effectively share data to test the five-step model. The five-step model is relatively simple in its design and approach to analytics. We found that, in practice, the model did not deal effectively with the complexity of the system, and with the competing demands of employers, learners and government policy direction (e.g. social mobility and widening access). Furthermore, since the development of the model in 2017, there have been significant changes in the external operating environment which looks set to deliver even higher levels of uncertainty due to (i) Brexit and changes in the flow of migrant labour; (ii) the transition to net zero and the requirement for green skills; (iii) technological change and digitalisation; and (iv) changing work patterns.

For SFC, skills alignment is about creating the right environment for institutions to plan strategically for this complexity and to work together and with partners deliver a

more coherent, responsive and effective system for current and future students, for the skills needs of employers and for wider social and economic goals.

Moving forward, we have agreed a refreshed approach to skills alignment that takes account of the substantially different policy framework now in place. This is about system change as much as it is about specific skills alignment programmes or specific products.

Review of Coherent Provision

Through our Review, respondents were clear that strategic planning for provision and change needs to focus not only on work between two national agencies, but should primarily consider the need for planning at an institutional and regional level, with institutions collaborating and having the capacity to engage with employers and other partners.

Our Review recommended that we build capacity and a more systematic approach to the way we collectively plan coherent tertiary education and skills provision and investment, so that it responds better to current and future needs of pupils, students, employers and broader economic and social drivers, while holding in balance the policy imperatives of promoting fair access and equalities, and the journey to a net zero carbon future. This approach involves taking a view of our entire education and skills system, in genuine partnership with employers, SDS, Scottish Government and other partners, and embedding the structures, systems and processes that will facilitate maximum benefit to the learner and contribution to Scotland's economy, both now and in the future.

Our Review of Coherent Provision set out our vision for a more responsive skills system. Alongside our work with SDS on apprenticeships, new skills programmes, climate emergency skills planning, and the Education and Skills Impact Framework (ESIF), it incorporates:

1. A new National Impact Framework, which will clearly articulate what we need from Scotland's colleges and universities
2. A revised approach to our Outcome Agreements with colleges and universities
3. The development of Tertiary Provision Pathfinders to explore better strategic planning and alignment at regional level
4. An enhanced relationship with NES (NHS Education for Scotland) on health and social care workforce planning
5. Investing in relationships between institutions and employers
6. A focus on lifelong learning

The endorsement of our Review's recommendations by Ministers in October 2021 now mandates us to progress with this programme of work.

Pathfinders

Our national Review recommended the introduction of a revised approach to strategic provision planning and skills alignment. To test this revised approach, SFC will convene Tertiary Provision Pathfinders to better explore strategic planning and partnership working at a regional level, assessing demand and future tertiary and skills provision that balances the needs of students, employers and broader economic and social drivers. This will maintain a focus on widening participation; equality, diversity and inclusion; and the need to tackle the climate emergency. The pathfinders will build on the strong foundations of existing partnerships, and take a practical look at what further needs to be done to make the education and skills system responsive, integrated and supportive of economic recovery and inclusive growth in each region.

Our approach to this work will involve the development of a strong evidence base, including demand, provision, progression and outcome data; agreement on the metrics and interpretation of data; significant partnership working with key stakeholders on economic and social strategies that are relevant for current and future provision; and collaboration to agree a coherent provision plan that provides a route-map for the future across participating institutions and stakeholders.

Our Regional Pathfinder pilots are already under development in the South of Scotland and the North East of Scotland. We are working in close partnership with SDS on the development of our Regional Pathfinders, and on their programme of work for the Climate Emergency Skills Action Plan (CESAP) Pathfinder. These pathfinders are designed to both test and to iterate our revised approach to skills alignment, as outlined in our Review. Lessons learned throughout the development and implementation of the regional pathfinders will inform how we approach skills alignment and regional collaborations across Scotland.

Work-based learning

Work-based learning is a crucial to skills alignment. As we develop and enhance our approach to skills alignment, work-based learning and work-integrated learning are likely to play a key role. There are some existing models and good practice that we should consider.

- More than 20% of all college courses now include a credit-bearing placement.
- Universities are committed to offering all students an opportunity for work-related experience during their degree programme.
- In 2018-19, 16% of all secondary school pupils (S1-S6) were enrolled in a School-College Partnership. This involves a range of learning activities focused on skills for work or life, usually with the involvement of employers. This overall figure for secondary school pupils dipped to 13% in 2019-20 as a result of COVID restrictions, of which Senior Phase enrolments (S4-S6) matched the previous year's level at 20%. This means that at this key transition phase, a fifth of Senior Phase pupils are engaging in a School-College Partnership which will help prepare them for the labour market.

- There has been significant growth in Senior Phase Vocational Pathways (SPVPs), with average annual increases of 28%, and an overall percentage increase between 2013/14 and 2019/20 of 320%. In 2019-20, 8,884 pupils were enrolled in SPVPs (CDN, 2021).

To support work-based learning in schools we invested £34m during 2019-20 in school level provision, with around £28.5m being delivered to the Senior Phase (32,700 enrolments), including an investment of £7.3m for 8,800 enrolments in Senior Phase vocational pathways pupils.

SFC is committed to work-based learning and supports the development of Foundation Apprenticeships (FA) and Graduate Apprenticeships (GA) as a vehicle for increasing work-based learning pathways. We are invested in the long-term future success of FAs and GAs and will work with others to assess demand in the system for these programmes, to evaluate effective practice, equity of provision, equalities, pedagogy and the development of future provision and delivery.

Significant work has been undertaken since the Scottish Government confirmed its intention of requiring SFC to use Further and Higher Education core teaching budgets to fund FAs and GAs from 2021/22. We continue to work in partnership with SDS and have made considerable progress in what is a complex programme of work. Working with SG we secured additional funding through UK COVID Consequential funding for AY2021-22 to stabilise and safeguard this provision and maintain the financial sustainability of colleges and universities in this transitional year.

In the face of enormous challenges over the past year we have enabled more than 4,000 young people to take up a FA and provided employers with c.1378 Graduate apprentices. We will work with Education Scotland, SDS, colleges and the Scottish Government on recommended improvements in the performance of FAs in response to Education Scotland's current review of FAs.

Responding to the economic recovery

Our colleges and universities play a key role locally, nationally and internationally in supporting communities and society, driving Scotland's economic recovery, working with industry and employers to address labour market needs, create innovative solutions, and fostering entrepreneurship. This section provides an overview of the key programmes and bespoke funding streams we are delivering as a sector.

National Transition Training Fund

The National Transition Training Fund (NTTF) was designed to support people who have lost their jobs or who are at risk of redundancy as a result of COVID-19 to retrain or upskill. In AY 2021-22, £30 million NTTF aims to continue to tackle the rise in unemployment in adults aged 25+ by offering short sharp training opportunities for people to learn in-demand skills however the eligibility criteria have been broadened to include those in work with an identified, strategic skills gap specifically targeting skills gaps around the transition towards Net Zero.

NTTF College Courses delivered

Colleges are playing a key role in delivering learning and training opportunities supported by the NTTF:

- A total of 1,942 students were recorded as having enrolled in NTTF courses
- 52.6% of enrolments were from the 4 most deprived SIMD deciles with 17.2% from the most deprived decile.
- Of the 16 subject areas taught, courses in Care, Computing and ICT and Business, Management and administration were the most popular, accounting for 54.2% of all enrolments

Micro credential courses

Universities were allocated £1.5 million in 2020/21 to provide up to 1,000 places for delivery of micro credential training focused on areas of the Scottish economy with most potential for growth. The programmes also supported career transitions and responded to local and national economic recovery. Universities rapidly adapted provision to meet need and have reported that up to 1,800 individuals have benefited from university level training in a wide range of subject areas including Decommissioning of Offshore Installations, Cybersecurity, Climate Change, Sustainability and Adaptation from March - Sept 2021

Of the £30 million NTTF for AY 2021/22, £2million has been allocated to the University sector in to deliver short training opportunities to meet economic need.

SFC is well-placed to facilitate a collaborative approach to delivering the fund between key partners. For example, the NTTF supports the National Manufacturing Institute for Scotland (NMIS) Supporting Skills 4.0 - Aircraft decommissioning and electrification and Advanced Manufacturing short courses developed by NMIS, University of Strathclyde working closely with a wide range of employers and industry bodies and delivered to employers in the Scottish engineering sector including Spirit AeroSystems, Airbus UK, Raytheon and Chevron Aircraft Maintenance. Courses range from three days to two weeks and are developed to support existing workforces, employees at risk of redundancy or current engineering students.

A summary of the collaborative projects between industry and college and university partners is provided in Annex B.

The Young Persons' Guarantee

The Young Persons Guarantee (£60m in 2020-21 and £70m in 2021-22) aims to ensure that every young person has access to a job, education, training or development programme. SFC secured £10m from the fund in 2020-21 to work with colleges and universities to develop proposals to meet the aims of the fund. This collaboration resulted in a series of interventions, linked to key priority sectors, which included courses to increase the employability skills of those furthest from the job market; higher level skills interventions with fast track HNC's to help learners move into new areas of employment more quickly; and micro credential courses to support

a greater number of recent graduates or those in insecure employment, on furlough or who are unemployed.

In 2021-22 £10million has been allocated to colleges, with an additional £3.5 million allocated for a University Graduate Internship Programme targeted at recent graduates who are likely to be disadvantaged or discriminated against in the labour market and an additional £135k for HE-level digital internships.

YPG College Courses delivered

Roughly 240 courses were offered as part of the YPG offer in colleges in the second half of academic year 2020/21.

- A total of **2,438** students were recorded as having enrolled in YPG courses.
- **53.6%** of enrolments were from the 4 most deprived SIMD deciles with 18.2% from the most deprived decile.
- Of the 18 subject areas taught, courses in Special programmes, Computing and ICT and Business, Management and administration were the most popular, accounting for 48.1% of all enrolments.

Flexible Workforce Development Fund

SFC is now in its fifth year of delivering the Flexible Workforce Development Fund (FWDF) through Scotland's colleges. The central purpose of this fund is to support the skills needs of apprenticeship levy paying employers. The FWDF provides an opportunity for colleges, the Open University and independent training providers to engage with local employers to develop a deeper understanding of the skills needs in their regional economies. By engaging with this initiative, colleges, the Open University and independent training providers play a vital role in supporting economic recovery and growth.

For AY 2020-21 (Year 4) SG increased the FWDF budget to £20 million and the Fund was opened up to Small and Medium Enterprise (SME) employers who do not pay the UK Apprenticeship Levy. At this point The Open University in Scotland (OUiS) was included as a learning provider for SME employers, alongside the colleges. £2 million of the £20 million FWDF budget was allocated to Skills Development Scotland (SDS) to administer to employers as grant funding that could be used with independent training providers where there were specialised training needs that could not be met via a college. The overall FWDF budget of £20 million was maintained for AY 2021-22 (Year 5).

The £20 million FWDF for AYs 2020-21 and 2021-22 is distributed as follows:

- For UK Levy-paying employers
 - c.£13m to colleges
 - £2m to SDS
- SME employers
 - c.£4m to colleges
 - £1m to OUiS

Since the FWDF began in 2017-18 over 1300 Levy paying companies have accessed the fund, with many employers returning each year to upskill their employees. The number of employers accessing the fund each year is as follows:

Year	Number of employers
Year 1: 2017-18	687
Year 2: 2018-19	750
Year 3: 2019-20	737
Year 4: 2020-21	
Levy payers	693
SME (college)	772
SME (OUiS)	114

Upskilling Fund

SFC's Upskilling Fund for Universities provides upskilling and reskilling opportunities for employers and employees. The Upskilling Fund develops the capacity of universities to provide more agile support for employees and employers to upskill and reskill. Now in its third year, with a budget of £6.5 million in academic year 2020-21, it enables the universities to be more responsive to local and national economic challenges. The fund supports the provision of short courses that are strategically aligned to a key current and emerging economic needs, or other evidenced unmet skills need related to either an identified skills gap, or a blockage to individuals progressing in their careers, or meeting the needs of their existing employer.

Despite challenges associated with delivering this fund in AY 2020-21, universities delivered a range of upskilling programmes to just under 6,700 learners. Courses delivered included data analytics and other digital skills, programmes focussed at the care workforce such as Infection Prevention and Control for all Health and Social Care Settings, and a range of business strategy and leadership courses.

Research & Innovation

Universities and colleges also support the skills and other needs of businesses through research and innovation.

Innovation and skills are deeply linked. Universities and colleges develop skilled and flexible people who are high-level contributors to advanced jobs, bringing benefit by operating new systems, designing new products and understanding new opportunities as well as many other contributions. This has direct links to industry being encouraged to invest in their own futures by developing innovative products, services or processes in collaboration with our academic base. The net result is an innovative economy that builds on and takes forward new ideas, including those from research. If we want an innovative economy then we also need a flow of skilled and flexible people from universities, colleges and apprenticeships. This requires long term commitment and investment.

Knowledge Exchange

Scottish institutions have a deep history of research partnership with industry which supports innovation, the development of new skills and ultimately economic development. SFC have been funding Interface since its inception in 2005 to help connect businesses with academia often for the first time. Interface helps companies find the most suitable academic partner to help advance their business. Interface also administers SFC's Innovation Voucher scheme which has connected over 1600 businesses to academia since 2009, this includes a Student Placement offering helping students gain real life business experience.

Scotland's universities:

- Produce around 3,000 PhD students every year, over half of whom are from outside the UK, stoking the skills pipeline with highly skilled researchers who contribute to academia, industry and society.
- Generate over £450m each year through collaboration with industry and Scotland is the most successful part of the UK for spin-out company formation.
- Create 14,483 consultancy engagements with SMEs with a total income value of over £18 million (19/20 KE metrics data)

Innovation Centres

The importance of investment in skills for business innovation can be illustrated by SFC's Innovation Centre programme. Our seven Innovation Centres work closely with industry and our universities and colleges in developing their skills programmes. They are helping to grow an environment that supports the development of the next generation of business innovators, academics and entrepreneurs in Scotland and which promotes the value of collaborative working. See the **Low Carbon Learning Training Programme** case study below.

College Innovation

Colleges provide education and skills that address business needs by ensuring relevant provision is taught to students, making them industry ready. SFC supports this core function of colleges with strategic investments in key priority areas to support pilots in emerging areas that establish practice and shape future provision, both at a college and sector level, allowing colleges to play both nuanced regional roles and be part of a national infrastructure of provision. See the **Dundee & Angus College** case study below.

Annex A: Case Studies

Adult social care

To address workforce shortages in adult social care, SFC worked with the College Development Network (CDN) and the Care Strategy Steering Group across all colleges to develop a proposal for a national [Introduction to a Career in Socialcare](#) programme, using National Transition Training Fund (NTTF) funding. This was approved by the working group of Scottish Government, SFC and SDS, and funding of £830k was granted and activity commenced in Nov 2021. This project delivers a rolling programme of 6 week online courses, which are endorsed by SSSC, the regulatory body for social care in Scotland. This approach to Skills alignment was only possible through **SFC's participation in the SSSC workforce planning group with CDN and others from FE and HE**. The project will run for the duration of AY 2021/22 and aims to reach **1650-1800 individuals aged 25+ to provide them with the underpinning knowledge to enter the workforce as an adult social care assistant or undertake further study in college in this area**. Participants are also being supported with career guidance by college staff and will have the opportunity to progress directly into employment as employers have supported the programme nationally. Early indications are that there is significant interest from across the college sector in this approach and the Minister for Higher Education and Further Education, Youth Employment and Training, Jamie Hepburn, has highlighted and praised the joined up approach which could be replicated elsewhere in other sectors. There has also been interest from younger people aged under 25 for which colleges are utilising their Core Credits or YPG allocations to deliver the same content.

SRUC – Digital / innovation

In South-West Scotland, a digital dairy project led by SRUC is expected to generate an additional £60m a year for the region and aims to create 600 new jobs. Globally, the dairy industry produces around 3 per cent of greenhouse gases related to human activity. Funded through UKRI, the **Digital Dairy Value-Chain** will help decarbonise the industry, as well as helping to develop and retain a skilled and innovative workforce in the area to create new products and new ways of working. These will be special to the region but also globally relevant in best practices and changing the perception of dairy as a high-value product.

Working with partners operating in the region, including the University of Strathclyde, University of the West of Scotland, CENSIS, First Milk, Lactalis UK & Ireland, Kendal Nutricare, Cows & Co Group, National Milk Records and SmartSTEMS, the project will provide a platform for research and business innovation in advanced, high-value production and processing.

Bespoke upskilling and reskilling programmes

The University of Strathclyde has developed an approach to designing and developing bespoke programmes in collaboration with its industry and business

partners to better meet their upskilling and reskilling needs. **FlexED** is an employer-centred approach with a focus on flexibility. The programmes use Strathclyde's existing expertise across a range of disciplines and tailor them to the needs of individual employees, with learning outcome related to relevant professional body competencies. Programmes can be delivered online, blended, face-to-face on campus or in the workplace to suit the needs of employees and employers.

Regional collaboration to support economic growth

Regional collaboration in Ayrshire is a typical example of how our colleges and universities have been working together to support economic growth, civic responsibility and inclusion. The University of the West of Scotland (UWS) and Ayrshire College are strategic partners in the Ayrshire Growth Deal, supporting investment of over £251m in the economic infrastructure of the region. As part the growth deal they are also partners, with Glasgow and Strathclyde universities, in the new **Aerospace and Space Innovation Centre (ASIC)** created to drive new technologies and skills, positioning Ayrshire and Scotland as a hub of aerospace and space technology. The two institutions are also lead members of the Ayrshire Skills Group – together with SFC, SDS and the regions local authorities and employer groups – working in partnership to identify the current and long-term skills needs of the region and jointly develop and implement a regional skills investment plan. Building on their strong articulation links, the university and college are exploring immediate, medium and long-term skills needs in the region and, given the adjacent locations of each campus, have explored opportunities for effective sharing of space to maximise the impact for students in the region. The partnership approach extends beyond academia and onto the sports field. The ambitious collaboration between UWS, Ayr Rugby and the Ayr Community Rugby Trust sees the club further strengthen its relationship with the university enabling both parties to focus resources across a number of high priority areas including education, research, squad development, coaching and community inclusion. The University is partnering South Ayrshire Council in development of new sports facilities adjacent to the campus and has worked with the Council over recent years to facilitate development of the new Ayr Academy.

Dundee & Angus College & SFC's College Innovation Fund - the project at Dundee & Angus College will begin the journey of creating a Scotland wide fully functioning Electric Vehicle and Hybrid Training Centre (Centre of Excellence). The Training Centre will deliver high quality, innovative, industry standard accredited courses to ensure Scotland's Technicians and emerging Technicians are qualified to meet the needs of industry. It will influence wider Scottish Government priorities such as climate change, health and well-being and business sustainability.

The project will focus on the following:

- Informing the development of a Scotland wide Centre of Excellence;
- Creating a work-based training centre in partnership with industry and key stakeholders;

- Exploring and developing diverse learning and teaching approaches to suit fully qualified technicians, apprentices and core students;
- Designing, developing and piloting Hybrid and EV curriculum through IMI; and
- Developing a training pilot – training and assessing new and existing generation of auto technicians to become familiar with electric drive vehicles.

The team at Dundee & Angus College have been working closely with the Scottish Fire Service and have fully developed the Level 2 course for Emergency services and will be delivering this course to a possible 100 candidates. Staff delivering this project have also been invited to take part in the Scottish Fire Services training courses on approaches to vehicle collisions and the College will look to combine their electric vehicle course with this to offer a package.

Low Carbon Learning training programme - funded by SFC as part of the National Training Transition Fund (NTTF). Low Carbon Learning is delivered by the Construction Scotland Innovation Centre (CSIC) to help industry learn the construction skills of the future. It offers hands-on practical training, live webinars and online modules to gain in-demand skills in Passivhaus (a leading international design standard, reducing energy use from buildings and delivering high standards of comfort and health) and Retrofit and help businesses secure better contracts, mitigate redundancy and futureproof their skillset. It has supported over 500 people online and 100 face to face to upskill or reskill. P In October SFC expanded on the success of the programme with an additional £420k investment in Passivhaus training to cover retrofit systems.

Annex B: YPG and NTTF Sector Projects

Delivery partner	Project name	Cost £
NTTF activity		
Universities	Micro credentials	2m
Colleges	Skills Boost and Fast Track HNC	4.6m
CSIC – Napier University	Green construction and engineering skills - online	422,749
ESP – Dundee and Angus College	Net Zero construction and engineering	151,750
Strathclyde University and SRPE	Supporting Skills 4.0 - Aircraft decommissioning and electrification	280,000
NMIS - Strathclyde University	Supporting Skills 4.0 - Advanced Manufacturing	1.98m
SULSA - University of Glasgow	Life Science Lab Skills	190,286
Open University in Scotland	Adult social care career boost	93,060
CDN/CSSG	Introduction to adult social care	756,000
Total		10,473,845
YPG activity		
Colleges	Skills Boost and Fast Track HNC	9,117,000
Universities	Universities Graduate intern programme	3,500,000
University of Edinburgh	Universities Digital placements	135,000
Total		12,902,000

Skills Development Scotland

Skills Development Scotland submission to the Scottish Parliament Education, Children and Young People Committee - Skills: Alignment with Business Needs

December 2021

Introduction

Skills Development Scotland (SDS) is the national skills body supporting the people and businesses of Scotland to develop and apply their skills. We look forward to appearing before the Education, Children and Young People Committee as members look into this issue at a crucial time for Scotland's individuals and businesses.

Scotland was already facing into an uncertain and disruptive future before the onset of the pandemic in 2020. Our Strategic Plan in 2019 highlighted our understanding that the world was rapidly changing, and our plan was designed to be responsive to those existing challenges, such as Britain's exit from the European Union, significant demographic change, the global climate emergency and the uncertain nature of the future of work, in which automation and artificial intelligence seem certain to play a bigger role.

The impact of the pandemic, on top of these existing challenges, has been profound, and we are currently working on the update to that plan, to be released in 2022.

The Enterprise and Skills Strategic Board's Strategic Plan, released in 2018, noted that each year the Scottish Government invests just over £2bn in enterprise and skills support. This includes c£1.1bn on higher education and c£700m on further education via the Scottish Funding Council (SFC), c£76m on Foundation and Modern Apprenticeships administered by SDS as well as expenditure on various upskilling and other skills initiatives.

As Scotland deals with the challenges of the future, SDS believes it will be important to achieve a balanced portfolio of skills provision, retaining the best of our academic provision while expanding our work-based learning provision and providing re-training for those leaving declining industries. As outlined in the next section, work-based learning provision, in the form of Scottish Apprenticeships, are directly aligned with the needs of employers and industry.

Conditions for success – key attributes that best align skills provision with the needs of employers and industry

SDS administers Scottish Apprenticeships on behalf of Scottish Government, which incorporates [Foundation Apprenticeships](#) (FAs), [Modern Apprenticeships](#) (MAs) and [Graduate Apprenticeships](#) (GAs). The Scottish Apprenticeship Advisory Board

(SAAB) provides authentic industry leadership to Scottish Apprenticeships and places industry at the heart of the decision-making and design of apprenticeship frameworks and standards. The Scottish work-based learning system is responsive to the dynamic nature of employer and industry needs, with investment that is demand-led and directed by skills intelligence. We will leave it to SAAB's submission ahead of this appearance to go into detail on the leading role industry plays in Scottish Apprenticeships.

SDS believes Scottish Apprenticeships provide an excellent example of how provision can fully align with business needs. There are more than 12,000 businesses engaged in the delivery of Scottish Apprenticeships, some 90% of which are small and medium-sized enterprises. Apprenticeships have grown from 10,579 MA starts in 2008-09 to over 29,000 MA and GA starts in 2019-20, before numbers were impacted by the pandemic.

Modern Apprentices and Graduate Apprentices start with a job and a contract of employment and receive high-quality industry-led training. A Modern or Graduate Apprentice could be a new team member or an existing employee seeking to increase their capability. While the number of starts was initially impacted by the pandemic, the Scottish Government has also reinforced its commitment to building the number of apprenticeships starts back up to the 30,000, pre-pandemic, target.

The dual purpose of Modern Apprenticeships is to support people to learn while in work and to encourage economic growth across Scotland. MAs are a joint investment between employers and the Scottish Government. Employers invest the greater amount through wage costs and on-going support, and public funding contributes towards the cost of training.

Historically, MA frameworks were devised by Sector Skills Organisations (SSOs) in consultation with relevant employers and are based on National Occupational Standards. This has now been revised with the creation of SAAB endorsed Technical Expert Groups (TEGs), driven by employers from respective sectors and defining their content based on current and future occupational skills needs. Over the next 3-5 years, SDS through SAAB are leading on the redevelopment of all FA, MA and GA frameworks, creating pathways and enhancing the responsiveness and adaptability of apprenticeships to meet ever changing roles.

Through the new design approach, MAs will be constructed against current occupational activity informed by employees executing these roles at present, captured within an occupational 'Standard'. This standard will define the series of activities and associated knowledge, skills and behaviours that are required to determine competence, with assessment housed within employer led performance reviews.

The Apprenticeship Approvals Group (AAG) approves the frameworks for delivery in Scotland. In Scotland, there are at present over 100 different apprenticeships in 17 occupational groupings. They are each designed to provide training that meets minimum standards of competence agreed by the AAG, after consulting employers.

Within the forthcoming development programme, the number of MAs will be rationalised into broader apprenticeships with multiple occupational pathways.

FAs provide work-based learning opportunities for secondary school pupils in their senior phase. They create strong links between education and employers to help pupils make informed choices about their post school destinations including vocational pathways. They represent a fundamental change in the approach to offering work-based learning in the senior phase of education – providing valuable skills and real qualifications.

Based on existing and successful MA frameworks, FAs enable pupils entering S5 to complete elements of a MA framework. Delivered in partnership by schools, employers and learning providers, such as colleges, Local Authorities and learning providers, FAs usually take two years to complete. Shorter duration types of FA frameworks are also available.

GAs provide an opportunity to be in paid work while gaining qualifications from DipHE up to Master's level from SCQF Level 8 to 12. These have been developed with employers, which ensures that learners gain the knowledge and skills they need for their chosen work area.

As stated in the [Scottish Employer Perspectives Survey](#) (2019), key reasons employers started to offer apprenticeships were because they view them as a good way to get skilled staff, followed by viewing them as a good way to bring in young people to the company.

The key to the success of Scottish Apprenticeships, which will be crucial to maintain as we move into an uncertain future, derives from that industry leadership and engagement which has always underpinned their development and delivery.

Insights and Intelligence

To support partners and stakeholders involved in delivery across the skills system, SDS developed the [Skills Planning Model](#) in 2010 to articulate a systems-based approach in which investment in skills, learning and career choices has the capacity to be informed by the most up-to-date intelligence available of the skills demands of industry and the needs of our economy.

By understanding the demand for skills, and responsive planning and provision, partners can work to ensure the skills and learning system is underpinned by the intelligence to meet the current and future demands of Scotland's economy, employers and people. Achieving this relies on building a robust evidence base which articulates the current and future skills demands of Scotland, as well as intensive partnership work, at both a local and national level.

SDS work with stakeholders, including industry and employer representatives, to understand the current and future demand for skills in the Scottish economy. A robust evidence base of Labour Market Information (LMI), career intelligence, and analysis of current and future skills needs is core to the organisation's development and delivery.

[Regional Skills Assessments](#) (RSAs), built up from existing datasets and forecasts, aim to support strategic skills investment planning across Scotland's regions. They have evolved over time based on independent review and feedback from partners. RSAs are developed and published by SDS in partnership with Highlands and Islands Enterprise, Scottish Enterprise, SFC, Scottish Government, the Scottish Local Authorities Economic Development Group and South of Scotland Enterprise. RSAs are available for all College Regional Outcome Agreement areas, Rural Scotland and all City and Growth Deal Regions. The most recent RSAs were published in July 2021. These reports are supplemented by the [RSA Data Matrix](#), an interactive tool offering data from a variety of sources to consider Skills Supply: the supply of people within the labour market; Skills Demand: the demand for skills within the labour market; and Skills Mismatches: where there is a gap between the demand for skills and the supply of skills within the labour market.

A [Regional Skills Investment Plan](#) (RSIP) is a mechanism through which SDS is committed to working collaboratively with partners across Local Authority boundaries to embed an evidence-based approach to skills planning, investment and delivery that is aligned to the needs of employers and the regional economy. To date RSIPs have been published for Highlands and Islands, Glasgow City Region, Tay Cities, Aberdeen City and Shire, Edinburgh and South East Scotland and the South of Scotland. Work is currently underway in Ayrshire. RSIPs are developed and co-produced with a range of national and regional partners.

[Sectoral Skills Assessments](#) (SSAs) – last updated in June 2021 – use existing datasets to consider current and future skills demand in key sectors across Scotland.

SDS's skills planning evidence base and publications have continued to adapt to circumstances, with monthly [COVID-19 Labour Market Insights](#) introduced in 2020. A [Climate Emergency Skills Action Plan](#) was published in late 2020.

Alongside these publications and their associated collaborative activity, understanding skills demand is also utilised in:

- responsive action planning (e.g. Energy Jobs Taskforce, COVID-19 Response);
- training programme demand statements;
- responsive demand-led training and retraining interventions ([National Transition Training Fund](#), [CodeClan](#), [National Manufacturing Institute Fund](#), [Digital Start Fund](#)).

Additional support for upskilling, reskilling and supporting individuals and businesses

In addition to Scottish Apprenticeships, SDS manages a range of demand-led programmes for individuals and businesses which provide a responsive investment in skills based on labour market intelligence and employer insight. More information can be found on the SDS [website](#) but these currently include [Individual Training Accounts](#), [Employability Fund](#), [Skills for Growth](#), [STEM Bursary](#), [National Transition](#)

[Training Fund](#), [National Third Sector Fund](#), [Digital Start Fund](#), [Marketplace](#) and the [Flexible Workforce Development Fund](#).

Individuals are also supported by our [Career Information, Advice and Guidance](#) services in school, and post-school. Responding to a recommendation of the [Young Person's Guarantee: No-one left behind](#) (Sept 2020), work began in February 2021 on a [Review of careers services in Scotland](#). The Review has examined existing policy, funding, service offers, user perception and performance of current provision; identified gaps; designed and developed prototypes for new services, changes to existing services and a target operating model to support these. This work is now concluding with recommendations due to be presented to the Scottish Government very soon.

Annexe B

The logo for SPICe, featuring the letters 'SPICe' in a white, sans-serif font on a dark purple background.The text 'The Information Centre' and 'An t-Ionad Fiosrachaidh' in white, sans-serif font on a dark purple background.

Education, Children and Young People Committee

**13th Meeting, 2021 (Session 6),
Wednesday, 15 December**

Skills policy in Scotland: Alignment with business needs

Introduction

Following last week's session with two panels, the Committee will hear from the national bodies responsible for delivery of Scotland's skills system:

- Skills Development Scotland (SDS),
- the Scottish Funding Council (SFC), and
- the Scottish Apprenticeship Advisory Board (SAAB).

This session is intended to give members the opportunity to explore the evidence heard last week and received through written submissions.

- SDS is the national body with the main responsibility for delivering skills policy and conducting skills planning – which is anticipating the future needs the economy.
- SFC is the public sector body supporting colleges, universities and other educational institutions. Its objectives include ensuring there is a sustainable system of education which responds effectively to the future skills needs of the economy and society.

- SAAB is an industry led body who work with SDS to ensure that apprenticeships are demand led.

This paper will summarise how SDS and the SFC deliver Scotland's skills policy, the Enterprise and Skills Strategic board and its background, a summary of the evidence heard last week and of the written submissions received.

Skills Development Scotland and interface with business

Skills Development Scotland set the apprenticeship frameworks in consultation with two groups, The [Scottish Apprenticeship Advisory Board](#) and the [Apprenticeship Approvals Group](#).

- The Scottish Apprenticeship Advisory Board (SAAB) is an industry led body who are responsible for ensuring that apprenticeships are demand led. The Board has an Employer Engagement Group which is the main way to ensure that the system meets the needs of industry. This is currently chaired by Paul Campbell, Head of Learning and Development at Scottish Water. [SDS publish a list of the membership of this body](#), which includes the FSB, STUC, Chambers of Commerce and other industry bodies. SAAB also has a subgroup focused on [Standards and Frameworks](#) which approves apprenticeship frameworks for use in Scotland.
- The [Apprenticeship Approvals Group](#) is the body which approves any new apprenticeships. The group publish minutes of their monthly meetings, and [end of year reports](#).

As noted in last week's SPICe paper, SDS also engage with employers through the development of [Regional Skills Assessments](#) and [Skills Investment Plans](#). SDS also publish regular statistics on the apprenticeship programme. In July 2021 they published annual progress reports for the [foundation](#) and [graduate](#) apprenticeship programmes, and 9 November published data on the [modern apprenticeship programme](#) up to Q2 2021/22.

The SFC are responsible for the funding of foundation and graduate apprenticeships, and administer the [Flexible Workforce Development Fund](#).

Enterprise and Skills Review

In May 2016, the Scottish Government announced the Enterprise and Skills review, designed to ensure that public agencies are delivering sufficient enterprise and skills support for young people, universities, colleges, training providers, businesses and workers. Following a call for evidence, nine projects were taken forward in phase 2 beginning November 2016 to develop and implement the recommendations from the review. A [report on these 9 projects](#) was published in June 2017. The Education and Skills Committee [carried out an inquiry](#), hearing evidence from the Scottish Funding Council and the Cabinet Secretary, and held a debate in the Chamber on 12 January 2018.

Originally the Scottish Government proposed that the new Enterprise and Skills Board would replace the boards of four existing agencies; Highland and Islands Enterprise, Scottish Funding Council, Skills Development Scotland, and Scottish Enterprise. Concerns were raised that this would dilute the agencies, and so on 30 March 2017 the Scottish Government [announced that the four agencies would retain their boards](#). The four agencies would also sit on the new strategic board.

Enterprise and Skills Strategic Board

In November 2017, the [Enterprise and Skills Strategic Board](#) was created to align and co-ordinate the activities of Scotland's enterprise and skills agencies. The Board published its [strategic plan](#) in October 2018. This noted that Scotland was around mid-table in terms of productivity among the 36 Organisation for Economic Cooperation and Development (OECD) members, and sets 4 goals to drive productivity and inclusive growth in Scotland.

The Enterprise and Skills Strategic Board published its first annual analysis report on 4 March 2020. Overall, Scotland's skills indicators are not performing as well as business indicators. Of course, Scotland has a highly qualified labour force with a growing proportion of the labour force having high skills and medium-high skills. However, according to the Board's Report there has been an increase in skills under-utilisation at the same time as a decrease in work placed learning. SPICe recently published a blog [reviewing progress made since the Enterprise and Skills Review](#).

Summary of evidence last week

In the evidence session on 8 December the Committee heard from two panels:

Panel 1

- Scottish Building Federation
- UK Hospitality

Panel 2

- Professor Mark Logan, School of Computing Science, Glasgow University
- Dr Nathalie Coull, School of Design and Informatics, Abertay University
- ScotlandIS

The first panel highlighted that there are concerns in industry about the operation of the Apprenticeship Levy – specifically some sectors feel that they do not benefit from it despite making contributions, it is not clear how the levy fits with other, industry specific levies such as the [construction industry training board levy](#), and there is a lack of transparency about how funds raised are spent in Scotland. Scottish firms who pay the Apprenticeship Levy can access the Flexible Workforce Development Fund, with [£12.8 million available in 2021-22](#).

However, in public and written evidence, the Committee has heard that some employers find the restrictions on the scheme challenging, and do not believe they gain a 'fair' share of their contributions. The [Scottish Government has committed to review this fund in the 2021-22 programme for government](#). UK Hospitality and the Scottish Builders Federation offered to write to the Committee with details on how the Apprenticeship Levy could be reformed.

The Scottish Builders Federation stated in their evidence that employers did not feel engaged in the skills planning system, particularly with respect to apprenticeships. This is despite the construction sector in Scotland providing a significant number of apprenticeship opportunities every year. They also highlighted issues with the apprenticeship registration system which can impact on young people's progress with their apprenticeships.

The second panel was focussed on digital skills, and highlighted the challenges facing the teaching of computer science in Scotland's schools. The subject has experienced a significant fall in the number of pupils and teachers. There is currently a significant reliance on non-specialists to deliver the subject, which has resulted in a 'dumbing down' of the syllabus according to Professor Logan, which is neither interesting nor inspirational. One example was the teaching of GDPR – not particularly important until someone reaches professional level, and unlikely to inspire a digital career. Dr Coull also suggested that the focus on examination as a form of assessment was not helpful to fostering creativity, and that the focus should be on more interesting project work. Where specialists were available to teach, they were not given sufficient opportunity and support to continually retrain which is essential to keep pace with a fast-moving subject matter. Fundamentally, computer science needs to be treated as a more prestigious subject to recognise its importance – ScotlandIS suggested that 80% of jobs in the future will require a level of digital literacy, while Professor Logan noted that at present computer science is a third-rate subject.

Both panels highlighted issues related to perception of their industries; either a lack of understanding of the variety of roles that were available, or issues related to gendering in the workforce which restricted possible applicants.

Written submissions

SDS highlighted the role that SAAB play in ensuring that industry shape the apprenticeship frameworks in Scotland. They noted that over the next three to five years all foundation, modern and graduate apprenticeship frameworks will be redeveloped, led by SAAB. SDS are currently completing a [review of Scotland's career service](#), and expect to make recommendations to Scottish Ministers 'in the near future'.

The SFC note that between 2018 and 2020 SDS and the SFC have worked together to 'create a shared understanding and approach to investment in skills in Scotland', following the recommendations from the Enterprise and Skills

Strategic Board. The SFC also set out the work they do to deliver aspects of skills policy; administering the Flexible Workforce Development Fund, funding foundation and graduate apprenticeships (modern apprenticeships remain funded by SDS), and delivering the college provision aspects of the [Young Persons Guarantee](#).

The Young Person's Guarantee is a commitment to bring together employers, partners and young people. It aims to connect every 16 to 24 year old in Scotland to an opportunity. This could be a job, apprenticeship, further or high education, training programme or volunteering.

In their submission, SAAB highlight their role as an independent voice of industry to contribute to the development of apprenticeships in Scotland, a role they have performed since 2016. They represent over 80 business leaders and representative organisations. Their submission provides detail of the structures and groups within SAAB, and how they interact with the development of apprenticeships. They note that so far 2 apprenticeships and four occupational standards have been developed through a new employer-led approach, with another two apprenticeships nearing completion. SAAB also have a role in demand forecasting for all levels of apprenticeship. In November 2021 the [Edge Foundation published a report on the graduate apprenticeship offering in Scotland](#) which was commissioned by SAAB. This report recommended that GAs should be more flexible, that funding should be provided on a longer-term basis to provide certainty and assist with planning, that the GA frameworks should be broadened, and that more work should be done to increase the awareness around GAs in schools and colleges.

Questions

Members may wish to explore:

1. This Committee has heard evidence that some employers do not feel engaged with the apprenticeship programme in Scotland. How do the witnesses ensure that industry is fully engaged, and are there opportunities to improve this engagement?
2. *[a possible supplementary to the question above]* In its evidence session earlier this year, the [Economy and Fair Work Committee](#) heard evidence that other countries have better developed links between employers, employees through trade unions and public sector agencies, including Sweden, Denmark and the Netherlands. Have SDS and the SFC looked to learn from other countries to inform how forums for engaging industry in Scotland are organised?
3. A key finding of the Enterprise and Skills Review was that Scotland's skills landscape is fragmented. Can the witnesses give an assessment of progress since the review, and what opportunities remain to make the system more joined up – making it easier for employers and learners to engage?

4. How do SAAB ensure that their membership is representative of industry in Scotland, both in terms of the current labour market and expected emerging demand?
5. The COVID-19 pandemic has had a considerable impact on the number of apprenticeship opportunities in Scotland. What is the outlook for the next financial year, has demand recovered?
6. How could the apprenticeship system be made more flexible to open up opportunities to more employees and employers?
7. The Committee has heard that several sectors feel there is not a great awareness of the opportunities available for employment, both in terms of the breadth of opportunity and the opportunities for progression. How can these opportunities be more effectively marketed to young people?
8. The Committee has heard from some employers who feel that they do not get good 'value' from the Apprenticeship Levy in Scotland, and that there is a lack of transparency about how the funds raised are used to support the apprenticeship programme. How could this fund be reformed to better meet the needs of employers?
9. Several sectors of the labour market have considerable gender imbalances. How can Scotland's skills system help to break down these barriers which restrict the potential pool of applicants, and ensure that as many people as possible consider the opportunities of a variety of careers?

Andrew Feeney-Seale, Senior Researcher, SPICe Research

09/12/2021

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