SUBMISSION FROM THE ALLIANCE OF SECTOR SKILLS COUNCIL IN SCOTLAND

About Alliance Scotland

The Alliance of Sector Skills Councils in Scotland is tasked with representing, promoting and supporting the work of the 21 licensed Sector Skills Councils (SSCs) in Scotland. Together, SSCs articulate the voice of the employers of 90% of the UK’s workforce on skills issues and they are key partners in the delivery of a world class skills base for Scotland.

The Alliance in Scotland’s core purpose is to:

- Act as the collective voice of the SSCs;
- Promote understanding of the role of SSCs within the skills system across Scotland;
- Co-ordinate policy positions and strategic work on skills with stakeholders; and
- Help build the performance capability of the SSCs to ensure they continue to work effectively on the employer-driven skills agenda.

Overview

In view of the significant financial constraints imposed on the Scottish budget over the spending review period, the Alliance strongly welcomes the Scottish Government’s commitment to maintain levels of funding for education throughout that period – notably, in the key areas of Employability Skills and Lifelong Learning and the Scottish Funding Council.

Alongside capital investment in core infrastructure, the continuing commitment to investment in skills is a direct recognition of the crucial contribution of the skills agenda and a skilled workforce to delivering long-term sustainable economic growth.

Preventative spending

The Scottish Parliament’s Finance Committee recently concluded a call for evidence on the spending review that focused specifically on the issue of preventative spending.

In its response, the Alliance emphasised that an effective preventative spending strategy needs to incorporate a strong focus on addressing the issue of basic skills attainment and access to the labour market.

The Alliance welcomes the creation of the first ever national Literacy Action Plan, and Scottish Government figures which show an improving picture in this area, with the percentage of adults with SCQF Level 4 qualifications or below having decreased from 19.1% in 2004 to 14.7% in 2010.
At the same time, we note with concern a recent survey by the Confederation of British Industry, published in May 2011, which found 44% of employers surveyed were required to invest in remedial training to address inadequate literacy and numeracy skills in recently recruited staff.

In this context, the Alliance has suggested two core objectives of a successful preventative spending strategy must be:

1) To continue to improve general standards of literacy and numeracy; and
2) To minimise the number of individuals excluded from work due to a failure to address — at an early stage — specific social problems affecting their ability to participate in the labour market in later life.

The Alliance’s submission to the Finance Committee also argued that national indicators should have a renewed focus on identifying the extent to which chosen courses of study are effectively matched to employment outcomes for those leaving full-time education. Over time, it was suggested that this would have the preventative effect of helping to align the availability of courses more effectively with the skills needs of employers and available job opportunities.

More generally, the Alliance also argued that sustained investment in skills can reinforce a successful preventative spending strategy by increasing rates of participation in the labour market and reducing the number of individuals who are excluded from work due to poor basic skills and, as a consequence, place an additional burden on welfare budgets and other categories of support.

**Opportunities for All / Modern Apprenticeships**

The Alliance strongly supports the *Opportunities for All* initiative and the commitment to fund 25,000 Modern Apprenticeships each year over the period of the spending review.

Going forward, we would advocate a renewed focus on the consistent use of robust Labour Market Intelligence produced by Sector Skills Councils to determine precisely how many Modern Apprentices employers need across specific sectors and to target funding accordingly.

Employers would also like to see greater flexibility in the allocation of funding for Modern Apprenticeships to address the following issues:

- To facilitate the employment of adult apprentices in those economic sectors where certain legal requirements (e.g. driving, health and safety, working at heights etc.) are a direct obstacle to the employment of apprentices aged 16-19 and where there is consequently a specific need to recruit adult apprentices (i.e. aged 20+);
- In relation to the above point, to apply some flexibility to the standard rule whereby adult apprentices are entitled to only 40% of the MA funding allocated to apprentices aged 16-19;
• Provision to be made in the allocation of MA funding to allow for situations where an apprentice requires to be placed with more than one employer in order to complete their training;
• Alongside the recruitment of new apprentices, a reinforced focus in the allocation of MA funding on upskilling the existing workforce to enable career progression;
• To ensure efficient use of resources, active encouragement of shared frameworks and mutual recognition of MA frameworks between Scotland and the rest of the UK.

**Putting Learners at the Centre**

The Alliance also welcomes the publication of *Putting Learners at the Centre*, a pre-legislative paper setting out the Scottish Government’s vision for reforming post-16 education. We see this initiative as offering the opportunity to introduce specific reforms aimed at delivering a more demand-led system that is more responsive to the needs of employers and matches the development of courses and qualifications much more closely to future employment opportunities as the skills needs of our economy continue to evolve. The Alliance will make an active contribution to the current consultation on *Putting Learners at the Centre* with a view to making practical recommendations on the ways in which post-16 education can be reformed to be more demand-led and more responsive to employers’ needs.

In relation to the Higher Education sector, the Alliance has already made the following practical recommendations in its earlier response to the Scottish Government’s recent call for evidence on its Independent Review of HE Governance:

• That employer interests are properly represented in the governance structures of higher education institutions;
• That sector skills councils are closely involved in the preparation of future best practice guidance on higher education governance so that the needs of employers are properly reflected in that guidance;
• That employers are more closely involved in the process of designing, developing and reviewing college and university qualifications;
• That the Scottish Government’s proposal to create a Graduate Apprenticeship be further developed with a particular focus on clarifying the respective roles and responsibilities of higher education providers, employers and sector skills councils in the design, development and practical delivery of this new framework;
• That higher education is made progressively more flexible, providing greater opportunity for part-time study, work-based learning and upskilling and reskilling of the existing workforce;
• That sectoral labour market intelligence and performance indicators are used more systematically to measure the extent to which specific courses of study can be linked to eventual employment outcomes;
That a system of SSC endorsement be introduced for those courses which can be demonstrated to be addressing specific skills requirements of employers;

- Wider availability of CPD for college and university staff, thereby ensuring that high quality information, advice and guidance is more easily accessible for individuals to be able to make informed choices about their studies.

**Young Scots Fund**

As part of the new Scottish Futures Fund, we note the creation of a new Young Scots Fund, a youth talent initiative focused on sport, enterprise and creativity, including funding to take forward skills development for young people and the new national Football Academy.

Amongst employers, there is an ongoing concern that young people are entering the job market ill-prepared for the world of work. To address this issue directly, Sector Skills Councils have promoted a Standard Grade level ‘Skills for Work’ qualification that can help to prepare school leavers for work. However, the future availability of funding to enable schools to offer this qualification is currently uncertain.

The Alliance suggests that the Young Scots Fund could be one potential source of funding that could enable the wider take-up of this qualification, thereby ensuring an increasing number of young people enter the labour market ‘job ready’.

**Science spending**

The Alliance strongly endorses the Scottish Government’s proposal to maximise its science spending against Government outcomes. Alongside other subjects focused on sectors with high growth potential and significant skills shortages, there is a continuing need to encourage greater numbers to pursue Science, Technology, Engineering and Mathematics (STEM)-based courses and careers, with ongoing skills shortages anticipated in key growth areas such as renewable energy.

**Enterprise agencies**

In its manifesto for the 2011 Scottish Parliament elections, the Alliance highlighted the development of a ‘no wrong door’ approach for employers accessing the skills system as one key measure that would help to put employers at the heart of the skills landscape and maintain a skilled workforce.

In this context, we continue to take the view that enterprise agencies have a critical role to play in helping to signpost companies towards suitable solutions for training and upskilling their workforce, and should have suitable resources to fulfil this role.

We therefore welcome the proposal to increase funding for Scotland’s enterprise agencies over the spending review period.
Conclusion

In summary, the Alliance agrees that a strong focus on skills development is crucial to delivering sustainable economic recovery. The proposals set out in the 2011 Spending Review have the potential to deliver the skilled workforce Scotland needs by:

- Recognising the important contribution of the skills agenda to a successful preventative spending strategy;
- Taking a targeted approach to supporting Modern Apprentices, underpinned by robust labour market intelligence, to ensure the commitment to fund 25,000 MAs per year is properly matched to employer needs;
- Implementing a reform of post-16 education which helps to make higher and further education more demand-led and more responsive to employer needs;
- Using part of the proposed Young Scots Fund to support measures aimed at ensuring more young Scots enter the labour market ‘job-ready’;
- Maximising science spending against Government outcomes as a means of encouraging greater take-up of Science, Technology, Engineering and Mathematics (STEM)-based courses and careers; and
- Developing a ‘no wrong door’ approach for employers seeking to access the skills system through Scotland’s enterprise agencies.

The Alliance of Sector Skills Councils in Scotland
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