

Improving employability

Summary of evidence

Introduction

1. This paper is a summary of evidence received in connection with the recent oral evidence sessions that the Finance Committee held on the issue of improving employability of individuals experiencing high levels of multiple deprivation.

Background

2. One of the key themes to emerge from the fiscal sustainability roundtable sessions that the Committee held at the beginning of 2012 was employability and sustainable employment. At its meeting on 28 March 2012 the Committee agreed to hold a series of oral evidence sessions prior to summer recess which would explore the need to improve the employability of individuals experiencing high levels of multiple deprivation as a prerequisite to increasing sustainable economic growth.

3. In particular the Committee agreed to explore the following—

- current initiatives to improve the employability of individuals experiencing high levels of multiple deprivation, including the use of modern apprenticeships, work and training places;
- how such initiatives are being evaluated;
- the relative success of such interventions;
- what barriers to success there have been; and
- what further action could be taken.

4. The Committee held two roundtable sessions at its meetings on 16 and 23 May and held further evidence sessions at its meetings on 23 and 30 May. It took evidence from the Minister for Youth Employment at its meeting on 13 June.

5. The Committee thanks all those organisations which provided written and oral evidence. Written submissions are published on the Committee's web pages:

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/49353.aspx>

Focus of the oral evidence sessions

6. There are two key aspects to the Committee's examination of the issue of employability. Firstly, the Committee's focus is on how public spending is being directed to improve the employability of and create sustainable employment for individuals from the most deprived backgrounds. Secondly, it is recognised that failure to address this issue will impact detrimentally on sustainable economic growth and result in increasing pressures on public services and spending.

7. In its [Report on the future delivery of public services](#), the Christie Commission emphasised that—

“The greatest challenge facing public services is to combat the negative outcomes for individuals and communities arising from deep-rooted inequalities.”¹

8. The Commission stated that “if we do not manage to effect a shift to preventative action, increasing “failure demand” will swamp our public services’ capacity to achieve outcomes.” It concluded that specific action to tackle inequalities must be taken and noted that a recurring theme in the evidence presented to it had been the importance in addressing inequalities of public service interventions that enhance the employability of individuals, and so improve their and their families’ life chances.²

9. The particular problems posed by long term youth unemployment in Scotland and the consequential pressure on public services has long been recognised. As the National Endowment for Science, Technology and the Arts has pointed out—

“Scotland has one of the highest proportions of people not in education, employment or training between the ages of 16-19 years in the OECD. The proportion of 16-19 year old NEETs has remained static since 1996.”

10. While in its draft *Scotland’s Youth Employment Strategy*, the Scottish Government states that—

“Research shows that the financial consequences of young people moving into long term unemployment are high. For example the lifetime cost of a single cohort of young people failing to make the transition into regular employment is estimated to be in the region of £2 billion.”³

11. The focus of the Committee’s scrutiny is not confined to young people, however. As Scotland’s Colleges stated that in its evidence to the Committee—

“Finally, we are focusing on young people—and rightly so—but there is another concern about how we are going to tackle unemployment and the issues around it for the 29 per cent of people aged over 24 in our community who have no qualifications.”⁴

12. The Scottish Chambers of Commerce (SCC) emphasised in its oral evidence to the Committee—

“The public sector does not need to worry so much about those who are being taken on. The employers are looking after them now; that is great, and good luck to them with their careers. It is the ones who are not being taken on that are the problem. We need to decide how the business community and the

¹ *Report by the Commission on the Future Delivery of Public Services*. Paragraphs. 2.7-2.8

² *Report by the Commission on the Future Delivery of Public Services*. Paragraph. 6.19

³ Scottish Government (2012) *Scotland’s Youth Employment Strategy*

⁴ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1176

public sector can work together to provide best value for the money that the public sector is putting into making those people more employable.”⁵

The economic context

13. A key message from witnesses was that the need to improve employability for those with multiple disadvantages had to be considered within the broader economic context and the consequential reduction in sustainable employment opportunities. For example, SURF stated that—

“I think that we might be using an old tool for the wrong job. It is perhaps not the case that we would solve the problem if we somehow managed to get all these young people out of bed at 9 o’ clock in the morning, get them dressed, get the vocabulary right, get the attitude right and get the right smile or whatsoever. It seems to me that there are not enough jobs out there for these young people.”⁶

14. While the STUC stated that—

“More than 100,000 people in Scotland have been identified as being economically inactive but wanting a job for a sustained period of time.

We need to bear in mind that the labour market is very much weaker than the headline statistics suggest.”⁷

15. Asda noted that—

“There is a great deal of competition in the workforce, and it’s common when we open stores to see thousands of applications for the new jobs we create. Between ten and twenty applicants for every post is not unusual and in some cases has been significantly higher. We received around 5,000 applications for 300 positions at our new store at Straiton in Edinburgh. Of the colleagues recruited, a quarter were previously unemployed and a quarter are 16-19 year olds.”⁸

Current initiatives

Scottish Government initiatives

16. In their evidence to the Committee, witnesses outlined a range of employability and employment initiatives and programmes. Given its focus on how public spending is supporting individuals from the most deprived communities into sustainable employment the Committee was principally interested in Scottish Government initiatives. Those most frequently referred to in evidence were—

- Workforce plus – the Scottish Government’s employability framework;

⁵ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1204

⁶ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1166

⁷ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Cols. 1171-2

⁸ Asda. Written submission.

- More Choices, More Chances, the Scottish Government's strategy for reducing the number of young people who are not in education, employment or training (NEET);
- Modern Apprenticeships;
- Get Ready for Work, which provides training for unemployed 16 to 19 year olds, to prepare them to enter the world of work;
- Training for work, which provides vocational skills training to individuals aged 18 or over, who have been continuously unemployed for at least 13 weeks.

17. In its evidence to the Committee, Skills Development Scotland (SDS) explained that the large majority of its budget was allocated to the National Training Programmes and therefore its annual delivery targets of 25,000 MA starts and 14,500 Get Ready for Work and Training for Work starts.⁹ SDS reported that in the most recent return the proportion of pupils who left school during 2010/11 who were in positive initial destinations was 88.9%, up from 86% in September 2010.¹⁰

18. SDS announced that it was refreshing its Get Ready for Work programme and was exploring how it made such programmes "more flexible."¹¹ The refresh included the development of a new Certificate of Work Readiness.¹² SDS indicated that—

"We are working closely with employer groups, the Scottish Council for Development and Industry, chambers of commerce, the Federation of Small Businesses and others on the programme's design, content and ownership. We are looking to see how we can use the certificate of work readiness in the curriculum for excellence setting and, importantly, within our existing programmes, such as modern apprenticeships and get ready for work."¹³

19. SDS also plays a key role in attempting to raise employer awareness of MAs, to support achievement of the Scottish Government target of 125,000 MAs delivered by 2014-15. There are several financial employer incentives currently in place, such as "Adopt an Apprentice" Scheme, which gives employers an incentive of £2,000 to employ a redundant MA to allow them to complete their training. SDS also delivers the Employer Recruitment Initiative, which offers businesses up to £2,000 when recruiting an MA or employee. To qualify for this incentive, businesses have to employ specific categories of individuals, such as those who have been unemployed, 16 to 19 year olds who are care leavers, ex-young offenders or young carers who are moving into employment or commencing an MA. This scheme was in place in this form until March 2012.¹⁴ In its evidence to the Committee, SDS indicated that it was "working with the Government on identifying exactly what is required for changes to the employer recruitment incentive."¹⁵

⁹ Skills Development Scotland. Written submission

¹⁰ Skills Development Scotland. Written submission

¹¹ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1266

¹² Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1284

¹³ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1284

¹⁴ SPICe Briefing (April 2012) *Youth Employment: Policy*

¹⁵ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1262

20. In March 2011 SDS launched My World of Work which is a web based career information service. In its evidence to the Committee, the Scottish Council for Development and Industry (SCDI) indicated that—

“SDS has created my world of work, which is based entirely in social media. Its purpose is to offer practical careers advice that makes younger people and their peer groups more aware of the opportunities that exist in sectors that they will not have spoken about. We think that there is a job to be done to link the curriculum for excellence with the economic opportunities that exist in certain sectors and to ensure that we put in place role models and careers advice.”¹⁶

21. SDS stated in its evidence that—

“Ultimately, if an individual wants to speak to an adviser about what they have researched, they can do that. We encourage individuals to access online services to prepare for their career and to consider what they would like to do. The feedback we have had is that that is what people want. However, that is supported by face-to-face opportunities”.¹⁷

22. SDS reported that, as of March 2012, there had been over 70,000 registrations to the site.¹⁸

23. In her evidence to the Committee, the Minister for Youth Employment outlined the funding that had been allocated to support employment initiatives—

- £30 million to back up opportunities for all;
- £1.5 million over the next three years to help 1,000 disadvantaged young people into employment;
- £6 million to support Community Jobs Scotland;
- £2.5 challenge fund;
- £9 million awarded to 6 local authorities;
- £5 million to support 2,500 young people into opportunities linked to sporting and cultural events;
- £25 million European structural funds¹⁹

How such initiatives are being evaluated

24. During the evidence sessions Committee sought to establish how Scottish Government initiatives were being evaluated and, in particular, the extent to which such initiatives were proven to be supporting vulnerable individuals into sustainable employment.

25. In its evidence to the Committee the SDS indicated that the success rates of the MA programme and Get Ready for Work were 75 per cent and 43 per cent

¹⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1234

¹⁷ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1264

¹⁸ Skills Development Scotland. Written submission

¹⁹ Scottish Parliament Finance Committee. *Official Report*, 12 June 2012, Col. 1315

respectively.²⁰ SDS explained how the success of each programme was assessed but also noted the absence of certain necessary data—

“The programmes have different outcomes. The success of get ready for work, for example, is measured in terms of whether the individual got a job, progressed to full-time education or got a job with training through the modern apprenticeship scheme. On the other hand, the success of modern apprenticeships is measured on the basis of whether the individual achieved the full qualification and apprenticeship.”²¹

26. SDS explained the differing methodology, indicating that—

“You need to bear in mind that get ready for work, for example, is considered in isolation and that we use the straight hard measure of what happened to an individual. At the moment, we are finalising a piece of work that looks at how that compares with other programmes. The problem is that we do not have a lot of published data on programmes and, in fact, what data does exist is only for very small initiatives. We might know, for example, that 30 people took the get into cooking course and that it had a very high achievement rate; however, we would have no data on how much funding went into what is a very small-scale programme.

We are moving on to the next stage of that work to examine why there is such disparity in the achievement rates among the providers that deliver the programme, which will involve looking at individual case studies to see whether any differences emerge. Of course, that disparity could be the result of a variety of factors, including the people whom the provider takes on. It is clear from individuals’ qualification levels that some providers are taking on people with lower level qualifications and there is a correlation between the qualification levels that are achieved at school and the outcomes. As a result, providers cannot be judged on that basis.”²²

27. It was also unclear whether such initiatives had been subject to evaluation. The STUC stated in its written evidence that it was “unaware of recent robust, independent evaluation of Scottish Government schemes”²³ and pointed to recent research from the Joseph Rowntree Foundation that found that “there has not been a step change in the efficacy of the employment and employability infrastructure in getting the poorest in Scotland or Wales into work.”²⁴

28. STUC also emphasised that very often the type of jobs that this cohort access after support through labour market initiatives “are low wage and insecure with very little prospect of training or career progression”.²⁵ It stated that—

“Any assessment of the success of active labour market programmes must include evaluation of the quality of work attained at the end of the process.”²⁶

²⁰ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1260

²¹ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1259

²² Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1260-1

²³ STUC. Written submission

²⁴ The Impact of devolution – employment and employability, JRF 2010

²⁵ STUC. Written submission.

29. The Federation of Small Businesses (FSB) referred in its written evidence to the current employer incentive initiatives and stated—

“While, we support in principle of investment to engage employers, we are not aware of any evaluation of these initiatives’ effectiveness – how much of an incentive do they really provide?”²⁷

The success of such initiatives and barriers

30. Evidence to the Committee suggested that certain programmes might not be appropriate for vulnerable individuals, such as care leavers or looked-after young people and others furthest from the labour market. For example, in its response to the Scottish Government’s draft youth employment strategy, a copy which it supplied to the Committee, the Scottish Local Authorities Economic Development Group (SLAED) stated that—

“The commitment to offer 25,000 Modern Apprenticeships opportunities in each of the next 5 years is welcome, however, young people most in need of More Choices and More Chances are least likely to be able to access these opportunities.”²⁸

31. While Who Cares? Scotland, an organisation supporting looked after young people stated that in relation to these individuals—

“Only 36% are entering a positive destination, whether that is training, education or employment and this is not necessarily sustaining within it.”²⁹

32. Who Cares? Scotland went on to state—

“More generic employability programmes that last 6-12 weeks might succeed in getting a looked after young person into a positive destination, but the majority will not sustain that without their broader context being considered.

Due to personal circumstances young people who are known to Who Cares? Scotland who take up Modern Apprenticeships and/or attend other employability schemes have witnessed only 50% of them sustaining their personal development. And these are young people who have passed interviews and selection processes.”³⁰

33. The short timescale of some employment initiatives, including those offered by the UK Government, was a common theme. For example, Barnardo’s Scotland stated that—

“The difficulty with work programmes is that 13 to 26-week programmes just will not work for those young people—they need something better.”³¹

²⁶ STUC. Written submission.

²⁷ Federation of Small Businesses. Written submission

²⁸ Scottish Local Authorities Economic Development Group. Written submission

²⁹ Who Cares? Scotland. Written submission

³⁰ Who Cares? Scotland. Written submission

³¹ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1162

34. While SLAED emphasised that—

“Quality, sustainable employment should be the outcome of all skills and employment measures, so we need to work back from wherever a young person starts on the journey and be more realistic about funding it. If a young person spends three weeks on this, four weeks on that and 13 weeks on something else, they will not build towards sustainable, quality employment.”³²

35. Barnardo’s Scotland stated in its written submission to the Committee that—

“Typical intervention periods of 13 or 26 weeks often are not long enough to make a difference. We would assert that more support “up stream” is required for these young people before they can be ready to access mainstream funding such as Get Ready for Work, which is rightly there to help young people who are closer to obtaining employment.”³³

Elements of successful interventions

36. The Committee sought to identify the kind of elements that successful interventions should contain if they were to support vulnerable individuals into sustainable employment.

Investment of time and resources

37. Not surprisingly, witnesses continually referred to the need to invest time and resources to assist vulnerable individuals and those from the most deprived communities into the work place. For example, Scotland’s Colleges described the experience of John Wheatley college and indicated that “we had to put our hands up and say that we did not really understand the challenge for the cohort who are leaving care.”³⁴ It stated that—

“We have found that we generally need about two years to enable the young person to gather the skills to fit in with the teamwork and the social norms, and to gain the skills that prepare them for employment.”³⁵

38. Businesses described the kind of additional, employment support that had been provided to these individuals. For example, Negotiate NOW aims to employ 100 unemployed people within the next 12 months. It stated that—

“Some of our employees have been with us for more than 10 months. We put them through 13 hours per week of training on attitude, motivation and the product. We train them up—we upskill them.”³⁶

39. While in its evidence to the Committee, Cruden Building and Renewals reported that over the last 15 years it had supported and trained in excess of 200 trades MAs of which 50-60% had been retained in sustainable employment. It

³² Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1183

³³ Barnardo’s Scotland. Written submission

³⁴ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1158

³⁵ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1158

³⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1205

indicated in its written submission that it worked with “secondary schools and colleges local to our major sites to provide coaching on written CITB test, prepare and provide mock interviews to help improve presentation, communication skills and probably most importantly candidate confidence in their own abilities.”³⁷

40. It indicated that this route had been “particularly successful in engaging children who feel dislocated from academic progression but still want to acquire skills.”³⁸

41. In discussing its work placement Asda indicated that—

“One of the reasons why the scheme is working is the hugely important work that training partners do in advance of hard-to-place people getting to us. They are screened for numeracy and literacy issues, which are then addressed. There are very high levels of failure, but they are addressed. The training partners work on training in skills, attitude and time management, so that by the time people are presented to us as candidates for work placements, we are happy to take on most of them.”³⁹

42. The need for such interventions to focus on building up confidence was a common theme. Asda stated that—

“Our overwhelming view is that the young people who come to us are extremely ambitious, driven and positive. However, there is an issue with confidence, which is one of the soft skills that are very difficult to teach.”⁴⁰

43. Social Enterprise Scotland (SES) agreed with this sentiment stating that—

“We must also look at what people can contribute, and work on that and on programmes that build on peoples’ self-belief and self-confidence.”⁴¹

44. While Cruden Building & Renewals indicated that “Our human resources manager tells us that the thing he sees most in the kids who start with us is the growth in their confidence.”⁴²

45. Witnesses emphasised the importance of one to one schemes and the benefits of individual support, particularly in building confidence. For example, in its evidence to the Committee, Minerva People Ltd stated that—

“When, during the targeted pathway pilot, we got seven young people who did not know one another into a group, that group did not work well. On the other hand, when we have worked one to one with hard-to-place people to find their skills and talents and nurture just one small bit of what they can do, the results have been amazing.”⁴³

³⁷ Cruden Building and Renewals Ltd. Written submission

³⁸ Cruden Building and Renewals Ltd. Written submission

³⁹ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1222

⁴⁰ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1209

⁴¹ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1162

⁴² Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1218

⁴³ Scottish Parliament Finance Committee. *Official Report*, 22 May 2012, Col. 1211

46. Minerva People Ltd suggested that a link/key worker be attached to such young people “throughout their development whom they trust and they have built up a relationship with”.⁴⁴

47. In its evidence to the Committee the SDS described the development of work coaching the aim of which will to provide intensive one to one career coaching for young people transitioning from school and at risk of “progressing to a negative destination.”⁴⁵ In its oral evidence SDS explained that—

“Work coaches will work with and case manage young people, particularly young people who need a high level of support. They will also work closely with the training provider or employer to ensure that the training or job opportunity is sustained and produces successful outcomes.”⁴⁶

48. SDS indicated that work coaching was currently being piloted with a roll-out scheduled for September. It indicated that it was working on the assumption that 3,000 to 3,500 would require this kind of additional support.⁴⁷

49. A number of witnesses also made reference to the value of mentoring schemes and the use of role models. For example, in its written evidence to the Committee, SCDI referred to a study by the Organisation for Economic Co-operation and Development (OECD) that found “low levels of self-confidence among disadvantaged pupils when asked about their approach to a science topic. Self-confidence and motivation were found to be key factors in whether such pupils can succeed, and mentoring schemes can be particularly beneficial.”⁴⁸

50. While SES stated in oral evidence that—

“The organisation that I work with—the Wise Group—has a project called routes out of prison, which has ex-prisoners as life coaches or mentors who work with short-term prisoners on release. The difference is that people who have been through a situation understand it and can talk to a young person who is leaving Polmont prison, for example.”⁴⁹

Flexibility in support

51. Several witnesses emphasised the importance of flexibility in the support provided to such individuals. For example, Who Cares? Scotland stated—

“For us, the solution is not to fit the young person to the programme but to fit the programme to the young person.”⁵⁰

52. SES agreed “about the programme needing to fit the young person rather than the young person fitting the programme.”⁵¹

⁴⁴ Minerva People Ltd. Written submission

⁴⁵ Skills Development Scotland. Written submission

⁴⁶ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1267

⁴⁷ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1284

⁴⁸ Scottish Council for Development Industry. Written submission

⁴⁹ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1161

⁵⁰ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1157

⁵¹ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1161

Need for continuing support

53. Who Cares? Scotland also emphasised the importance of continuing support for young people in employability programmes—

“We would like employability programmes or courses to have the mindset that considers what support needs to be in place to enable the young people to stick at the course. We consider those young people to be on a tightrope that they keep falling off. We must broaden the tightrope into being a plank or a road that supports them.”⁵²

54. Witnesses emphasised the need for a “package of support” for such individuals and the need to consider the broader context of the individual. For example, SCDI stated that—

“There is often a need to take a “whole family” approach to overcome the barriers, perceptions and social conventions which help to perpetuate unemployment in areas of multiple deprivation. Young people may be under pressure from their family not to take up opportunities because these are not valued or others within the household fear that there would be an impact on wider welfare benefits. The current benefit system does not encourage take-up of entry level jobs.”⁵³

55. While Who Cares? Scotland stated that—

“The main point that we want to highlight is that employability cannot be viewed in isolation for those young people, the most vulnerable of whom are looked-after young people and care leavers, because they require a package of support. There must be consideration of transitions and whatever else is going on in their lives to ensure that they can engage with whatever course or opportunities we put out there.”⁵⁴

56. In its written evidence to the Committee, Barnardo’s Scotland described the delivery model, Barnardo’s Works, that it had developed which provided a “proven mechanism for finding young people sustained employment while working closely with local employers.”⁵⁵ This model includes a series of different stages—

- Referral phase, which involves an assessment of need and individual action plan;
- Preparation for work, which includes the Barnardo’s Works induction, industry relevant qualifications/vocational training, work placements, job search support and possible referral specialist support;
- Employment period, which includes individual support and skills development plan;
- In-work support, which includes conflict resolution/addressing individual barriers, mentoring support and career development;
- Aftercare, which includes keeping in touch and future job search.⁵⁶

⁵² Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1158

⁵³ Scottish Council for Development and Industry. Written submission

⁵⁴ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1157

⁵⁵ Barnardo’s Scotland. Written submission

⁵⁶ Barnardo’s Scotland. Written submission

Financial investment

57. Nonetheless, it was recognised that programmes involving this level of individual support and resource investment would inevitably cost money and be more expensive than programmes and initiatives for standard learners. For example, Scotland's Colleges indicated that—

“The challenge is that the funding methodologies exist to support the average learner. We reckon that the cost of the support that we are discussing is roughly double the cost for a normal learner. That includes staffing and the additional support that is needed.”⁵⁷

58. Who Cares? Scotland agreed that “a bigger investment is required.”⁵⁸ While SES noted that “Regrettably, such programmes are expensive.”⁵⁹ but emphasised that—

“We have to get the right resources: I emphasise that the programme should fit the individual rather than the individual being made to fit the programme.”⁶⁰

59. Negotiate NOW described how it trained people at the Wise Group for six weeks, pointing out that—

“That costs my company a fortune because I am obviously not out there doing what we are good at, but we have a long-term objective which I hope we will reach.”⁶¹

60. While SLAED stated that—

“If we are to get people into higher-paid, quality, sustainable jobs, we need investment for five, six or seven years. It might not cost anymore; we just need to be realistic at the outset that the cost will be £17,000, £18,000 or £20,000 and not five times £3,000. If we took a more longitudinal approach, we would get more value for money.”⁶²

61. Nonetheless, the STUC emphasised that the UK “spends much less on this area than the best-functioning labour markets in the world do. We need to bear that in mind. Also, the issue is not just that we spend much less but that what we spend is subject to peaks and troughs. Successful economies invest heavily over a period of time in the type of active labour market interventions that we are talking about.”⁶³

62. In its written evidence the STUC stated that—

“In the context of an economy suffering a massive deficit of demand, the STUC believes it is important to be realistic about what active labour market

⁵⁷ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1159

⁵⁸ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1165

⁵⁹ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1162

⁶⁰ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1162

⁶¹ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1206

⁶² Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1183

⁶³ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1170

programmes can achieve. Even in good times, successful programmes require careful design and implementation and tend to be expensive. The most effective programmes can carry significant deadweight costs. Robust evaluation is complex and difficult.

However, the costs of inaction are higher.”⁶⁴

63. The STUC referred to evidence from the International Labour Organization indicating that programmes tend to successful when—

- Measures are well targeted (albeit at the expense of low take-up); requires good profiling of participants/programmes;
- Undertaken in real workplaces rather than “make work” or training schemes;
- The private sector is involved in genuine partnership;
- Intermediaries have sufficient capacity;
- Measures are combined i.e combining supply and demand measures: eg training and public works.⁶⁵

64. As noted, a key aspect of successful labour market programmes is genuine partnership with the private sector. The Committee sought to explore in its evidence sessions how the public sector and public funding was supporting businesses in offering employment opportunities to individuals who are experiencing multiple levels of deprivation.

Role and perspective of the private sector

65. Both Highlands and Islands Enterprise (HIE) and Scottish Enterprise (SE) provided evidence to the Committee regarding their roles in working with businesses to increase employment opportunities. For example, SE emphasised in its written submission that—

“We support around 10,000 companies each year, and this includes our intensive work with over 2,000 of Scotland’s fastest growing companies. These 2,000+ companies employ more than 300,000 people. We help them to sustain and grow this figure and anticipate that our business plan 2012-15 will help create 13,000 to 19,0000 new jobs.”⁶⁶

66. SE went on to state that—

“We are working with our account managed businesses (those we work most intensively with) to consider the untapped potential of young talent, highlighting the range of public sector support available to them through agencies such as Skills Development Scotland (SDS) and Jobcentre Plus (JCP).”⁶⁷

67. However, SE emphasised that—

⁶⁴ STUC. Written submission

⁶⁵ STUC. Written submission

⁶⁶ Scottish Enterprise. Written submission

⁶⁷ Scottish Enterprise. Supplementary written submission

“To be frank, for us to promote economic development, our role has to be around growth and growth companies.”⁶⁸

68. HIE stated that—

“Through our account management approach we also play a key role in introducing businesses to the offering of Modern Apprentices and other support available from Skills Development Scotland. In addition, HIE’s engagement with social enterprises includes support for organisations that not only contribute to economic growth but also provide valuable opportunities for those furthest from the labour market to find gainful employment.”⁶⁹

69. HIE also referred to Nigg Skills Academy which is being funded by SDS, the Scottish Funding Council and Global Energy Group which will include training for 290 Modern Apprentices in its first year and aims to have trained 3,000 people by 2015 to take up jobs in the growing renewable energy sector.⁷⁰ HIE indicated that—

“The skills academy is very much a development model. We are working with Global Energy as a private sector partner, but we are interested in how the model might be used not only in other parts of the same sector but in other sectors and in other parts of the country. We have had over 3,000 applications for the skills academy and I am pleased so say that, although I have not analysed them all, they seem to be of exceptionally high quality.”⁷¹

70. HIE also indicated that it had helped establish the Social Enterprise Academy which provides a range of learning opportunities for people working/volunteering in the Third Sector in the Highlands and Islands. It reported that the range of support had “recently extended to include a bespoke programme called “Wide horizons” for 16-19 age group who are in the More Choices More Chances support category.”⁷² A second programme, Growth through Leadership, was targeted at unemployed 18-24 year olds.”⁷³

71. SCDI provided information to the Committee on the work that it was undertaking with large employers to increase the employment opportunities for young people. It indicated that, following a survey of its members, it had been working with large employers in Scotland to organise a series of discussions with their supply chain. It stated that—

“As part of this work, a BP Strategic Suppliers Engagement Event took place earlier this month. Among the conclusions at this first meeting were that there is a need for businesses to work with the skills sector to raise the aspirations of young people. Recruiters should look at the potential of the person, not only

⁶⁸ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1229

⁶⁹ Highlands and Islands Enterprise. Written submission

⁷⁰ Highlands and Islands Enterprise. Written submission

⁷¹ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1239

⁷² Highlands and Islands Enterprise. Supplementary written submission

⁷³ Highlands and Islands Enterprise. Written submission

their qualifications, and consider competences rather than simply their time served in the industry.”⁷⁴

Support for SMEs

72. However, there was a suggestion that the same level of support and engagement was not always available to smaller businesses. Minerva People Ltd noted that—

“I valued enormously the support that I got from the business gateway when setting up my microbusiness....However, I am not seen to be in one of the large growth areas. A lot of effort could be put in to support micro SMEs to be sustainable in the current climate.”⁷⁵

73. While Negotiate NOW stated that—

“The biggest hurdle out there is the agencies, although I would not say that about them all. Tricia Hunter said that the business gateway is great. It is good, but the agencies and all the red tape put people through a demoralising process.”⁷⁶

74. However, SE suggested that, in some of the earlier evidence sessions, there had been “an inaccurate differentiation between large and small companies—it is growing companies that are important, whether they are large or small.”⁷⁷

75. HIE stated that, from its perspective, “small business is not the issue; it is about the ability of a business to grow. For HIE, in a rural area, that might be growing from two people to three people. If such growth is significant in that sector, community or geographical area, it represents the kind of growth that we want to support.”⁷⁸

76. While SDS stated in its evidence to the Committee—

“A lot of the support that we offer is concentrated on small businesses. For example, the flexible training opportunities are available only to companies with 100 employees or fewer. An employer recruitment incentive is running that is targeted at smaller companies. The vast majority of employers who are involved in the modern apprenticeship programme are SMEs.”⁷⁹

77. In her evidence to the Committee, the Minister for Youth Employment stated that—

“..there is a huge opportunity to get more young people into small to medium-sized enterprises.”⁸⁰ (OR 1317)

⁷⁴ Scottish Council for Development and Industry. Written submission

⁷⁵ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1201

⁷⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1205

⁷⁷ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1229

⁷⁸ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1236

⁷⁹ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1261

⁸⁰ Scottish Parliament Finance Committee. *Official Report*, 13 June 2012, Col. 1317

78. In its written evidence the FSB noted that small businesses represent 93% of the Scottish private sector and that analysis of the UK Labour Force Survey showed that unemployed individuals without a degree are significantly more likely to make transition to employment with small employers and that small businesses are more likely to employ people with low or no qualifications than large businesses.⁸¹ Despite this, the FSB referred to a membership poll which it had conducted in 2010 which showed that only 8 per cent had taken on an apprentice.⁸²

79. SLAED also stated in its written evidence that—

“There is concern amongst Local Authorities around how representative the views expressed by the large national employers are as SMEs provide the bulk of sustainable employment opportunities in local labour markets. There is often a disconnection between the nationally articulated employer support needs and those which exist at a local level.”⁸³

80. The Committee sought to explore in its evidence sessions with businesses and business representatives how SMEs considered they could be better supported in offering employment opportunities to those furthest from the employment market.

Internal support structures

81. Small businesses pointed to the particular difficulties that they faced in offering employment opportunities and apprenticeships to young people in the absence of the kind of infrastructure that larger businesses possess. For example, in its written submission Minerva People Ltd pointed out that—

“Micro/SME businesses are unlikely to have an HR department or specialist and may not have the necessary skills and experience when recruiting, selecting and inducting new young staff as well as the associated employment/HR expertise required when things go wrong, identifying and utilising appropriate training methods and this can put them off being involved.”⁸⁴

82. While the FSB stated that—

“Small businesses do not have time to look around for opportunities to support young people into employment. They are more likely to recruit, train and offer work experience to someone (or a provider) who directly approaches them – on the basis of a person relationship rather than a national policy scheme. Small employers often recruit or offer work experience on an informal basis – through word of mouth. This activity tends to go on under the radar of public policy.

⁸¹ Federation of Small Businesses. Written submission.

⁸² Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1198

⁸³ Scottish Local Authorities Economic Development Group. Written submission.

⁸⁴ Minerva People Ltd. Written submission.

Small businesses are wary of national schemes as they suspect them of being overly bureaucratic, involving a high administrative burden, requiring significant compromise and cost for the business.”⁸⁵

83. This latter point was confirmed by Kelso Graphics which stated that—

“There is so much coming at us from all directions. We are being told that we need to take on young people and so on, but the amount of compliance work that we have to do, a lot of which emanates from Europe, makes that impossible.”⁸⁶

84. And its oral evidence to the Committee Kelso Graphics emphasised that—

“You have to empathise with us and understand the pressures that we are under and the amount of bureaucracy that we face, which, as I said, is all very well intentioned.”⁸⁷

Work experience

85. Business sector witnesses particularly focused on the difficulties in providing work experience to young people. In its evidence to the Committee SLAED stated that—

“There can often also be multiple and inappropriate demands on employers re work experience and the increased focus on this as an option in schools and with benefit claimants is a concern regarding displacement, job substitution and the quality of work experience provided.”⁸⁸

86. Menzies Hotels described the situation of work placements as “impossible”,⁸⁹ indicating—

“Recently, Glasgow City Council surveyed the hotel for a work placement and, in its paperwork, it probably went into more detail than the environmental health officers go into. The person in question was not allowed to pull out a bed, touch anything in the leisure club or do this, that or other.”⁹⁰

87. While Cruden Building & Renewals echoed the comments regarding health and safety, stating that “members can just imagine what the health and safety requirements are like on a construction site for children who are on work experience.”⁹¹

88. While the SCC stated that—

“Chambers of commerce get more queries from the education sector about work experience than they do about anything else. People in the education

⁸⁵ Federation of Small Businesses. Written submission

⁸⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1201

⁸⁷ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1215

⁸⁸ Scottish Local Authorities Economic Development Group. Written submission

⁸⁹ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1212

⁹⁰ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1212

⁹¹ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1218-9

sector often say, "Please provide work experience placements," but there is a lack of clarity from the sector about what the work experience needs to be."⁹²

Flexibility in support

89. Witnesses emphasised that there needed to be greater and more flexible support for small businesses if they were to be able to employ vulnerable individuals and those for more deprived communities. FSB pointed out that "employers are very different from one another and are not a homogenous group."⁹³ The FSB reported that—

"Following a member's initial inquiry, we frequently get feedback that they were told that nothing that they wanted to do actually fitted with what was available; that they would have to take on somebody from a particular programme although they already had somebody in mind; or that their training requirements did not quite fit into a particular apprenticeship framework."⁹⁴

90. Minerva People Ltd suggested a "one-stop brokerage service". It emphasised, however, that this would have "to ensure that there was engagement with all providers – public, private and third sector and market for everyone meeting the local need." It suggested that—

"If a neutral body undertook this, they could inform employers of the best option for their consideration and contact all providers able to offer the service. Employers and providers then engage and the process moves forward positively for the young person."⁹⁵

Information support

91. Several witnesses commented on the information available to businesses on employment initiatives. Asda commented that—

"We view the current skills and work-support landscape as complex, and we have people in place to deal with it. I understand the problems that small businesses have in that regard."⁹⁶

92. While Menzies Hotel referred to the number of initiatives stating that—

"Since January, I have received 20 or more calls from different types of organisations, funding bodies and so on and....it is really difficult to deal with them all. A company usually has only one person to do that work."⁹⁷

93. In its evidence to the Committee SDS indicated that—

"We are about to launch a website that is directed at employers to try to gather everything in one place. As we progress, I hope that it will include all the local authority initiatives and so on. We want to gather in one place the

⁹² Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1207

⁹³ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1197

⁹⁴ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1198

⁹⁵ Minerva People Ltd. Written submission.

⁹⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1202

⁹⁷ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1211

range of assistance that is available to employers across Scotland. We have put a lot of effort into trying to get that up and running as quickly as we can.

We are involved in BASES, which is a project that the Government set up to align all the employability services that are available to employers across Scotland.”⁹⁸ (OR 1262)

94. However, Minerva People Ltd stated that—

“As for the website that local authorities and Skills Development Scotland are developing, I have to say that the number of websites, initiatives and programmes out there for micro SMEs is causing confusion.”⁹⁹

95. While the FSB indicated that “one of the things that makes a real difference to small businesses is building relationships,” pointing out that a “website cannot do that. It helps, but it cannot do it.”¹⁰⁰

96. Scotland’s Colleges confirmed the need to form good relationships with local businesses in providing employment opportunities to vulnerable individuals. It stated in its written submission that—

“Collectively, colleges engage with around 30,000 businesses across Scotland, with relationships at local, regional and national level are embedded in their communities and able to use the opportunities there to support students in developing their skills and experience in environment outwith the college.”¹⁰¹

97. While in her evidence to the Committee, the Minister for Youth Employment stated that—

“We could be doing an awful lot more to get better connectivity between the realities of the world of work and our education system, and we certainly need far closer collaboration and working with employers.”¹⁰² (OR 1336)

98. Finally, Menzies Hotels raised the risks to businesses, particularly in the hospitality industry—

“A barrier in the hospitality sector in particular is that, within a week of employment in the sector, one person can cause a lot of difficulty for us. Every website has customer feedback on it, and a lot of people choose hotels on the basis of customer feedback. If one employee gets eight negative reviews on one website, that is the first thing that our next potential customer will see.”¹⁰³

⁹⁸ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1262

⁹⁹ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1210

¹⁰⁰ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1225

¹⁰¹ Scotland’s Colleges. Written submission

¹⁰² Scottish Parliament Finance Committee. *Official Report*, 13 June 2012, Col. 1336

¹⁰³ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1212

Pooling of apprentices

99. Witnesses commented on the possibility of “pooling” apprentices. For example, Minerva People Ltd stated that—

“Some employers might be able to help when other businesses are closed—there might be sharing there.”¹⁰⁴

100. Menzies Hotels considered that “pooling” was a “fantastic idea”.¹⁰⁵ While Asda commented that such pooling could take place not just between small businesses but between small and large businesses.¹⁰⁶

101. In its evidence to the Committee, SDS stated that—

“The Scottish Government is developing the shared apprenticeship model, and one of the submissions for the making training work better review referred to that model. The Government is working with different sectors on the model, and I know that it has contacted the FSB about involving it in that work.”¹⁰⁷

102. There were a number of sub-themes that arose during the course of the evidence sessions and these are considered below.

Role of the public sector as employer

103. Several witnesses highlighted the role of the public sector as an employer. For example, Who Cares? Scotland stated that—

“However, the fact is that the public sector, which includes the national health service and local authorities, is this country’s biggest employer and I believe that we should look at ourselves and the things we control, because we can do quite a lot in our own system to create opportunities for vulnerable young people.”¹⁰⁸

104. NHS Education for Scotland (NES) indicated that it worked closely with the NHS boards that have responsibility for employability. However, it indicated that—

“A key barrier is the fact that managers who might be responsible for employing or providing opportunities for young people do not necessarily understand the support systems and mechanisms that are out there, and do not necessarily know how to access them. NES has been working with Skills Development Scotland and other partners to put boards in touch with support mechanisms, to help start a conversation that will support partnership working.”¹⁰⁹

105. NES stated in its written evidence that—

¹⁰⁴ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1200

¹⁰⁵ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1212

¹⁰⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1203

¹⁰⁷ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1261

¹⁰⁸ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1178

¹⁰⁹ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1181

“Recent contacts with NHS boards (March 2012) have reported a noticeable increase in MA activity since 2010. More boards have also reported involvement with the Get Ready for Work Programme, providing work placements for young people in partnership with learning providers and/or local authorities. In addition, the issue of employability is being included in the workforce planning processes within a number of boards.”

106. In its oral evidence to the Committee SDS stated that—

“We are engaged in a programme of work with the public sector on taking on more trainees. The Scottish Government, for example, has engaged with the get ready for work programme and the NHS is desperately keen to be involved in modern apprenticeships. However, there are balances to be struck and, at a time when the public sector is looking to slim down, taking on new staff will be a challenge. Of course, the public sector can address this issue not only in its recruitment practices but in its procurement practices, with contracts that promote opportunities for young people.”¹¹⁰ (OR 1269)

Issues for rural communities

107. Witnesses pointed to the particular difficulties facing rural communities from both an employer and employee perspective. For example, Minerva People Ltd pointed out in its written submission that—

“In rural areas with mainly Micro/SME businesses, it is difficult finding employers willing to take young people on as some of the work is seasonal, transport difficulties arise if working unusual hours eg – hospitality and releasing staff for training.”¹¹¹

108. While in its evidence to the Committee HIE acknowledged that “retaining young talent in rural areas is definitely a challenge.”¹¹² and stated that—

“The issue of small and microbusinesses is even more acute in rural areas, and some of those areas are challenged by underemployment. People might be employed, but the employment might not be using their skills fully. People in rural areas often have two or three part-time jobs to make up a full-time job.”¹¹³

109. HIE indicated that—

“Social enterprise is providing employment directly and supporting the issue of employability in remote and rural communities. That is a key part of what we do under our strengthening communities remit.”¹¹⁴

110. The Minister for Youth Employment stated in her evidence that—

¹¹⁰ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1269

¹¹¹ Minerva People Ltd. Written submission.

¹¹² Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1238

¹¹³ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1231

¹¹⁴ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1231

“we have to pay attention to the vibrancy and sustainability of rural economies and I am interested in that issue.

One of the reasons for embarking upon action forums was to try to address some of the issue that are specific to a particular community—as well as understanding of challenges for young people at a local level.”¹¹⁵

Job opportunities

111. A further issue that was raised was the kind of employment opportunities that are both accessible to and which will prove attractive to those furthest from the employment market. Evidence was presented regarding the difficulties that some sectors face in attracting applicants for entry level employment opportunities that are available. In its evidence to the Committee, SCDI stated that—

“we have a job to do in selling the opportunities that exist in particular sectors. What I call the Cinderella sectors contribute hugely to the Scottish economy, particularly in rural communities. We have tourism, retail, call centre outsourcing and construction.”¹¹⁶

112. While SDS stated that—

“More is being done on that. Parents and teachers are very influential for young people, and much of what they say is down to their own experiences. Increasingly, parents and teachers form an important audience for our information about the labour market.

We want parents and teachers to be able to access what is happening in the labour market and the opportunities that are there.”¹¹⁷

Conclusion

113. Scotland’s College stated in its written submission that—

“While youth employment is a serious challenge, we consider that being able to support people back into work, providing up-skilling and retraining are also essential for Scotland’s full economic recovery.

Improving employability, however, requires a greater wealth of activity than qualifications alone.”¹¹⁸

114. Negotiate NOW stated that—

“By investing time and energy into those people, a strong work force can be created..and that work force can be useful and valuable members of society spending their hard earned money locally within their community. Helping

¹¹⁵ Scottish Parliament Finance Committee. *Official Report*, 13 June 2012, Col. 1329

¹¹⁶ Scottish Parliament Finance Committee. *Official Report*, 23 May 2012, Col. 1234

¹¹⁷ Scottish Parliament Finance Committee. *Official Report*, 30 May 2012, Col. 1274

¹¹⁸ Scotland’s Colleges. Written submission

these individuals to be proud of their achievements and themselves as grow is worth its weight in gold. Self esteem and pride keep people on track.”¹¹⁹

115. While SES stated that—

“..As a lot of people have said this morning, there is clear evidence that the majority of people who are not working want a job. However, they want a reasonable job. Like those of us sitting around the table, they want a good, satisfying job.”¹²⁰

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¹¹⁹ Negotiate NOW. Written Submission

¹²⁰ Scottish Parliament Finance Committee. *Official Report*, 16 May 2012, Col. 1177