Submission to the Convenor of the Education & Skills Committee

Introduction

1. SLAED, the professional network representing economic development officers from across Scotland’s 32 Local Authorities, was invited to make this submission by James Dornan, Chair of the Education & Skills Committee on 23rd September 2016.

2. The submission has been developed on the basis of input from across the SLAED Executive and People Groups on the performance of Skills Development Scotland (SDS). Comments from the SLAED submission to the Review of the Skills & Enterprise Agencies have also been included where relevant. The local authorities’ submissions have been collated under the four principles of the Commission on the Future Delivery of Public Services in relation to SDS.

Reforms must aim to empower individuals and communities receiving public services by involving them in the design and delivery of the services they use

3. The “one size fits all” focus at the national level with regard to service delivery is a key concern. In dispersed geographies local businesses can struggle to access Modern Apprenticeship opportunities for their employees.

4. There is a strong national focus to SDS delivery which makes it difficult to be flexible in delivering innovative services locally. Products are often developed nationally then implemented locally with very little discretion, and this substantial resource could be used much more creatively to meet local demands.

5. SDS is a complex organisation and it can be challenging to understand the roles and responsibilities of staff at a local and national level. There is particular confusion around SDS priorities and whether the organisation is an “all age” service or focused on young people. This creates difficulties for other agencies in avoiding duplication or overlap as has been experienced in recent years.

6. Local authorities have a positive relationship with SDS at a local level and at a national level in some joint ventures and advisory groups but not consistently or collaboratively and this can gives the impression of a lack of joined-up working. For example, some councils feel that SDS is very centralist with rural areas feeling excluded or lagging behind. This is a particular issue for outlying areas where service delivery is quite distinct from other areas. The only contact with SDS is remotely through email and phone, and contract managers are no longer visiting contracted providers. This leads to confusion and a lack of understanding about the issues in remote areas and how providers in these areas operate.
7. The positive effort by SDS to involve stakeholders in developing Regional Skills Investment Plans and Local Action Plans is welcomed and councils are keen to work collaboratively to embed this approach. This includes developing an evidence base to inform policy making. However, whilst projects such as the Regional Skills Assessments are helpful, sufficient resources should be provided nationally to deliver this project, without the need to rely on partner contributions. This should be the responsibility of the National Skills Agency from existing resources to deliver for all stakeholders.

8. Local authorities would welcome greater collaboration with SDS to enhance its profile amongst young people, including organising joint events with SDS teams to involve young people in the design and delivery of their services at a local level. In some cases young people have limited contact with SDS, especially those with multiple barriers and the local authority often ends up advocating on their behalf such as making appointments and taking them to the SDS Centre to access services.

9. The hybrid model of delivering services – i.e. strategy / operations and procured / in-house, is complex and therefore weakens the approach and often mitigates against real partnership working with local authorities.

10. There is often very little collaboration with local authorities in the design and delivery of services and information giving is often confused with consultation as there has been limited scope to influence things once designed, such as Our Skills Force, Regional Employer Engagement Leads, Work Based learning events, Foundation Apprenticeships etc.

Public service providers must be required to work much more closely in partnership, to integrate service provision and thus improve the outcomes they achieve

11. A concern regarding SDS is its lack of capacity to tailor national products and services to local circumstances. A ‘one size fits all’ approach lacks the ability to tailor interventions to identified needs. The centralised nature of SDS and the lack of clarity in the roles and responsibilities of national, regional and local staff create confusion. A more streamlined approach is required at a local level with improved integration delivering better outcomes and value for money.

12. There must be greater co-ordination and collaboration between local authorities and SDS to ensure a decluttered user experience in order to improve outcomes. This may require further consideration being given to geographic and regional issues and the need for changes to the delivery mechanism for some services.

13. SDS has grown substantially in the last five years with a key focus on Modern Apprenticeships and labour market intelligence. However, there is a need for greater engagement with local economic development approaches to make use of this intelligence, and local authorities could help to facilitate this through Community Planning Partnerships (CPPs) and local economy partnerships. Often local authorities have to try and fit around what SDS have determined they will deliver rather than a joint response based on local evidence of need.

14. SDS has recently withdrawn a key product accessed by local businesses – Flexible Training Opportunities – which has left a gap in funding support training. There was no prior notice of this, nor any indication of whether this will be reintroduced. Better communication on issues such as this would be helpful.
From an Economic Development perspective, since Scottish Enterprise stepped back from delivering Workforce Development, the Flexible Training Opportunities by SDS has not really filled the void. Upskilling is an important element to business resilience, sustainability, growth and succession planning.

15. It would be helpful if SDS adopted the outcome focused performance approach expected of other employability services. Targets should be robust and comparable as local authorities are currently not aware of the targets for SDS staff in terms of providing direct support to young people. For example, what is the average length of SDS support required to progress clients onto a “hard” outcome?

16. The current principle of co-decision making between SDS and Local Government is welcome around the Employability Fund. This approach should be developed into full joint commissioning to improve the allocation and use of resources. At present, the approach is limited in design and controlled nationally, with very limited opportunity to target local issues. A full devolution of the Employability Fund to CPPs would reduce bureaucracy, improve accountability and deliver a more integrated value for money service. A move to a multi-year funding cycle and away from annual funding would help to support better local outcomes.

17. A significant concern around this approach is the large number of providers SDS contract with, and the annual contracting which leads to short termism, lack of stability, lack of competitiveness between providers, and poor performance by some. Performance is not comparable which leaves room for providers to perform poorly and maintain funding. This is exacerbated by a lack of contact with contract managers, meaning providers have to spend a great deal of time dealing with a bureaucratic process rather than delivering on the contract outcomes. There is a need to have a true level playing field to assess good and bad performers.

18. Local authorities should be consulted on SDS investments within their locality prior to these being finalised, especially around bespoke projects such as foundation apprenticeships and challenge funds. Consultation on investments such as foundation and graduate apprenticeships is essential so that schools, colleges and providers have an appropriate amount of time to assess the academic ‘currency’ of new developments and how these can be delivered through existing processes.

19. At present local authorities are not aware of what products and services SDS are matching to European Funding, greater transparency would be helpful given the complexity of EU funding regulations etc to ensure added value.

**We must prioritise expenditure on public services which prevent negative outcomes from arising**

20. The degree of investment in economic development by local authorities is high and in 2014/15 this has resulted in local government collectively supporting over 60,000 individuals via employability programmes¹.

21. Councils’ wider contribution to the economic development and skills landscape across the variety of council services that they provide needs to be better recognised. As part of this, the funding relationships between various partners and agencies need to be addressed and made clearer. This field could be much more streamlined and de-cluttered through more direct funding to local authority employability services.

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¹ SLAED Indicators Framework Report 2014/15
22. There is too much short termism with SDS yearly contracting which impacts on the sustainability of local provision when coupled with cuts in the Employability Fund budget. Short term contracting processes also exacerbate the impacts of a bureaucratic process, and it means that providers have to spend a substantial amount of time on an annual tendering exercise, as well as audit and monitoring of same. There is very little evidence of investment in early intervention and prevention with many of the harder to help groups having less than a 50% chance of securing a positive job outcome. Many of the more disadvantaged young people have multiple short term interventions due to a one size fits all national programme approach.

23. Whilst SDS has a very strong National and Corporate image, this does not appear to translate locally. Many people seeking support from the council are unaware of SDS, especially the more disadvantaged job seekers who are likely to become multiple users of public services such as social work, housing, money advice etc.

24. There is a need to ensure that all young people have access to a career adviser as required and this currently takes some time, therefore greater resource is needed in this area. It is important that resources for front line services are prioritised as the most recent spending and recruitment would appear to be at senior salary levels on centralised and corporate functions.

25. Between now and 2020, the review of contribution rates for Modern Apprenticeships is going to become extremely unbalanced, with significant cuts to service sector occupations in favour of STEM occupations. The funding approach has to take better recognition of the needs of the overall economy rather than pooling all funding contributions into (limited) key sectors.

**Our whole system of public services—public, third and private sectors—must become more efficient by reducing duplication and sharing services wherever possible.**

26. The role and contribution of SDS requires further examination as it connects significantly with that of local authorities and in some instances causes undue overlap and duplication of effort. Instead of a “simplified institutional landscape,” SDS actually clutters the operating environment with national parachuted in products and services which often duplicate existing local provision especially around employer engagement.

27. In terms of national training programme delivery, there is a need for more long-term, co-ordinated packages of funding and there needs to be recognition that local authorities are also contracting providers, again causing duplication of effort within local areas.

28. The relationship between local authorities and SDS is often focused on contract compliance, monitoring, systems and audit, with SDS deploying substantial resources to audit local government, which is already subject to stringent financial controls. This is exacerbated through a centralised model of contract management which means providers are disconnected from the monitoring body, and the monitoring body does not have an adequate understanding of how individual providers operate. A more direct government-to-government relationship could provide an opportunity for streamlining and savings whilst reducing bureaucracy. The role and remit of SDS in terms of National V Local could provide efficiency gains and improved outcomes.
29. SDS has a substantial marketing and digital presence reflecting significant investment in promotional and online activity, local authorities could benefit from access to sharing some of these excellent resources avoiding the need to create duplicate systems.

30. There appears to be considerable duplication of research and information resources between SDS, Scottish Government and some Local Authorities. It is not always clear on the value gained from continual significant investment in these areas or whether it is disseminated as well as it might be. At the same time the intelligence gathered by SDS in the monitoring, management and evaluation of National Programmes is not shared to enable investment decisions to become more evidence led.

31. The economic development and skills landscape needs to focus on the customer and seamless delivery, regardless of who is providing the service. There is requirement for the de-cluttering of service provision. For example, SDS is a complex organisation with a wide range of staff and it can be challenging to understand the roles and responsibilities of staff at a local and national level.

32. Employer engagement teams were established by SDS nationally with regional remits with no cognisance of existing local structures and in many areas they continue to work in isolation from local authority partners. This will be further complicated by the DYW Regional Boards.

33. Planning jointly and being able to deliver on local needs should be priority rather than national drivers taking frontline staff away from the agreed local context. There seems to be substantial investment in a centralist team with frontline resources seeming thin on the ground with very little collaboration on sharing resources at a local level.

34. Local Authorities could directly manage the contracts for Scotland’s Employer Recruitment Incentive (SERI). Having SDS managing this contract adds an additional layer of bureaucracy which may not be adding any real value. Local authorities are already supporting and developing the opportunities with employers, ensuring all the paperwork is completed to sign up both the employer and the young person and recruiting young people for the posts. This does not support a whole person whole system approach.

35. Local Authorities could contract and manage all locally targeted resources such as European Funding, Employability Fund, SERI alongside Activity Agreements and Opportunities for All ensuring a seamless, integrated and aligned approach locally. The assessment, referral and progression processes would be streamlined and the bureaucracy reduced. This would also improve how we capture and compare performance information across all provision at all stages of the employability pipeline which was a weakness highlighted by the recent Cambridge Policy Consultants Report.

36. An ongoing focus on sustained destinations and progression is required to ensure we are not concentrating solely on the school leavers but that we can develop provision which meets the ongoing needs of a much larger group of young people and move towards more sustainable outcomes for them.

37. SDS does not directly deliver many of the services or opportunities they are contract managers on behalf of the Scottish Government it is local authorities, third and private sector who deliver. The Modern Apprenticeship targets are wholly dependent on employers as the training contribution is often less than 20% of the costs of employing and supporting Apprentices and this appears to be overlooked when established targets.
38. The SDS Employer Engagement Group strategy and alignment could be strengthened. There needs to be clarity on the objective of this service and the need to work in partnership more effectively moving forward.

**Conclusion**

A number of local authorities have stated the importance of an SDS response that is reflective of local needs and circumstances, rather than the 'one size fits all' approach. This is particularly important in rural areas where it can be difficult for people to access services in the same ways as in urban areas.

Local authorities are keen to strengthen relationships with SDS at a local and national level, and believe that greater clarification of the roles and responsibilities of each organisation would make this relationship more efficient and effective. It is recognised that Scottish Government have a role in terms of its policies and approaches to facilitate greater clarity and collaboration. More information sharing and common reporting mechanisms would also assist this as it is difficult to assess the true contribution of SDS to the National and Local outcomes given the attribution to and the contribution from local authorities.

This should be undertaken in a way which leads to better co-ordination, less duplication and a clearer role in managing the interface between local and national partners.

**Further information**

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