Dear Mr Dornan MSP,

Introduction

I am writing on behalf of Aberdeen & Grampian Chamber of Commerce (AGCC) in response to a request by the Education and Skills Committee to address specific comments raised by Skills Development Scotland (SDS) and MSPs. These comments were made during a Committee meeting on pre-budget scrutiny of SDS on November 9th, 2016.

In order to respond, we have to provide some background explaining AGCC’s own ‘commercial’ involvement with SDS and our wider partnership relationship with them as well as the context of current regional economic conditions.

Context / what works well

Firstly, we would like to state that we value having a good relationship with SDS. It appears during the evidence gathering that the comments raised in our submission were taken by SDS as a criticism, but they were not intended in that way. Rather, they were made with a view to providing constructive feedback and pointing out the opportunities and challenges unique to the North-east of Scotland. Acting as a critical friend is a core role for us as a membership organisation representing the business community.

Throughout our submission our comments were qualified by positive feedback, including:

- We act as a delivery agent of modern apprenticeships – we voluntarily chose to engage with SDS and their predecessor organisations and have delivered their programmes for over 20 years. Our feedback about audits was purely our observation as an SME and not a reflection of how SDS engage with others or how agencies such as Audit Scotland view SDS.

- We see SDS as a strategic partner – we acknowledge and welcome the work that the Chamber and SDS have delivered jointly.

- “The local SDS are a hard working team”; “senior staff at SDS are generally accessible and open to discussion” – this was the feedback we submitted, and we can commend particular individuals with whom we have collaborated closely.
- SDS has been effective in delivering the Developing the Young Workforce (DYW) programme “All in for Apprenticeships”, a project which is important to the Chamber and which we believe has worked well since its implementation. This is a strong model (and replicable) with local delivery supported financially and in-kind by SDS.

- Regional Skills Planning – while the region has taken over 18 months to conclude a regional skills strategy (this remains unresolved) the efforts of SDS to draw together stakeholders and take a lead is important. We have valued the input of the Lead Head of Skills Planning & Sector Development in particular and someone of that calibre and seniority permanently based in Aberdeen or Aberdeenshire would be a valuable addition to the region and SDS.

We would also add that the efforts of SDS to deliver large PACE events as an action arising from the Energy Jobs Taskforce has been significant. However, we do consider that the agency’s impact could be greater and opportunities exist to respond to the region’s specific challenges at this time.

AGCC’s response to specific comments

“Achieving good governance” - Col 20

The Chamber did not actually comment on the governance of SDS in its response, or on whether Audit Scotland think that the audit processes of SDS are appropriate.

Our feedback came from our perspective as a delivery partner of a Modern Apprenticeships programme. Audits undertaken by SDS determined that AGCC has delivered these qualifications at a very high standard for more than 20 years. We feel that this means that we consistently meet the necessary requirements and are therefore a ‘low-risk provider’. Despite this record of reliability, our team still has to comply with a high level of scrutiny and frequent audits which we consider is unnecessarily burdensome.

It is in this context that our submission requested that SDS consider taking a risk-based audit approach to the auditing of Modern Apprenticeship provision. This may improve resource allocation and allow providers to spend more time engaging with businesses that could offer apprenticeship opportunities. Of course, others may disagree with our views as an SME business in our own right and consider the existing process fit for purpose.

“A one-size-fits-all, centralised approach” – Col 23

The report noted that we are ‘not informed’ in response to the question on a one-size-fits-all approach. AGCC represents almost 1,300 member businesses from the North-east of Scotland with around 130,000 employees. We engage widely with SDS, local authorities, education providers, third sector organisations and a variety of regional stakeholders. We consider our network and the feedback we gather means we are well informed on the topic of how public agencies function, what they deliver and how the private sector believes they perform.
With this in mind, we always welcome communication with our partners and updates on their activities pertinent to the region. Generally, where appropriate, we also cascade this information to our members.

Our view that SDS sometimes takes a “one-size-fits-all approach” was echoed more broadly by the Scottish Local Authorities Economic Development Group (SLAED) in their submission.

The North-east region is different to others. Historically, we have a tight labour market, a reliance on oil and gas (a commodity-based industry), and indeed this is well reflected in SDS’ own Regional Skills Assessment. In short, we face different challenges to other regions of Scotland.

Some elements of centrally directed activity delivered locally work well. An example of this is Regional Skills Assessments, which we believe to be a good process. The evidence mentions school partnerships where we receive a mixture of both good, and on occasion mixed, feedback too.

However, it is in our labour market and economy that our unique region requires a bespoke set of solutions.

There are several regional projects which serve as an example to reinforce this view:

- Executive Springboard: This is seeing positive progress and will result in a partnership between SDS and the Chamber. It is a bespoke solution in response to unusual challenges in the North-east where economic conditions have seen large numbers of highly qualified individuals being made redundant. We had identified this need at the announcement of the Transition Training Fund (TTF) but it has taken some time (nine months so far), including a joint signed letter from a number of regional stakeholders, to deliver an alternative approach to that outlined in the first tendering for TTF bids.

- Regional Skills Strategy: SDS has attempted to push this forward and, as referenced earlier, the actions of individual staff members should be applauded. While this project has progressed without the permanent presence of local senior staff, we consider that it could have been concluded by now. To have done so the exercise would have required a strong / senior local presence on the ground to identify and anticipate the challenges being faced by local stakeholders and deliver an agreed solution.

- Developing the Young Workforce (DYW): The “All in for Apprenticeships” project has worked very well with the support of SDS. This has been created with a partnership between SDS centrally and the local DYW team. The unique element of this project is that progress was made at pace as the DYW team had the right contacts and all parties were able to agree a common purpose. The initiative is being delivered locally by DYW but financially supported by SDS.
In summary, the core elements work but there needs to be more local understanding, relationships, leadership, delivery and, on occasion, additional financial support. We believe that this type of North-east focus would lead to quicker identification of issues and delivery of solutions, ensuring that KPIs are met and exceeded. The Chamber wishes to continue working with SDS as a key local partner to contribute the views of North-east businesses and help to deliver positive actions and outcomes.

Senior staff time spent in local regions – Col 24

The Chamber values the time contributed by SDS’ senior management team, including Damien Yeates, Gordon McGuinness, Danny Logue and Katie Hutton amongst others, travelling from the Central Belt to the North-east. We also have a good working relationship with their communications team. We have also engaged with a member of Energy Skills Scotland who sits on the Board of the local Developing Young Workforce group.

However, referring to earlier comments, there are projects which would have benefitted from a dedicated senior SDS presence here in order to achieve better direction and more rapid progress. This individual (or team) would need to be given the authority to deliver locally-focused solutions, which may also mean having access to a regionally managed budget. We believe that the devolution of powers, budgets and decision-making closer to the point of delivery is generally a positive development. The Chamber’s views on this are supported by feedback from our members in the wider North-east business community.

Our region is at a key crossroads. The Chamber, with other partners, is at the heart of driving towards a diversified regional economy which will require a workforce with the ambition, motivation and skills to make this a reality. There is a real opportunity for SDS play a key role in this process, but this will require a senior executive based in the region in order to provide the right level of interaction and engagement.

Some key benefits would include:

- A one-stop-shop and local face for SDS in the region
- Better coordination around regional projects and capabilities
- An improved overview of the local organisational structure, in order to address our members’ comments around the need for improved accessibility, clear accountability of staff for specific projects, and a more direct visitor journey on the SDS website and phone lines.
- An opportunity to lead more prominently in skills planning – e.g. following Damien Yeates’ comments on the oil and gas industry’s response to the downturn, perhaps SDS could create a special vehicle to secure a pipeline of talent for the industry / region. The failings of the oil and gas sector were raised as an issue by SDS and perhaps this actually provides evidence of a market failure which strong leadership from SDS could help to address.
KPIs – Col 31

The Chamber recognises that SDS collects large amounts of data on skills activity, which is often very useful to our research and policy work. What our submission wished to illustrate was that SDS and other public bodies, like the Scottish Funding Council, could improve the way in which they present this data, so that stakeholders could understand the extent of the benefits that SDS’ activity provides to our productivity and economic growth.

This was meant as a suggestion as to how SDS can communicate the positive impacts of its work better - we do not expect SDS to solve the productivity puzzle alone. However, as a key Government agency perhaps SDS could present what they contribute to this challenge, a comment we would echo for others involved in the delivery of the elements for improving the ‘productivity of our people’.

Partnership working - Cols 33/34

As mentioned in our response to comments in Col 23, the Chamber acknowledges the various partnership projects in which we have collaborated with SDS. There have been positive outcomes, but the process has at times been difficult due to the large size of the organisation and the ensuing difficulty in establishing who is accountable for which initiative, as mentioned in our initial Committee submission.

The Chamber has a strong working relationship with individuals at SDS. However, when more parts of SDS are required to form a project it can be tricky to achieve the desired coordination. We wish to continue working together to deliver more positive projects and outcomes for the region.

Outcomes of the meeting with SDS

Undertaking to meet with AGCC - Col 19

As mentioned by SDS representatives during the Committee Meeting there was an approach to meet with AGCC. The discussions of that meeting are not documented but this was a constructive discussion. For complete transparency the timelines for this are provided below:

- 8/11/2016 SDS approach AGCC for meeting following review of input to Committee
- 8/11/2016 AGCC accept offer
- 8/11/2016 Call arranged for 17/11/2016
- 10/11/2016 AGCC ask for call to be rearranged
- 10/11/2016 Face to face meeting tentatively arranged for 15/11/2016
- 15/11/2016 Meeting held
Conclusion

The Chamber would like to thank the Committee for this opportunity to respond, and we would be pleased to clarify any of the points mentioned in this document.

Yours Sincerely,

James Bream
Research & Policy Director