



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 20 March 2012

Session 4

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EDUCATION AND CULTURE COMMITTEE
10th Meeting 2012, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Findlay (Lothian) (Lab)

COMMITTEE MEMBERS

- *Clare Adamson (Central Scotland) (SNP)
- *Marco Biagi (Edinburgh Central) (SNP)
- *Neil Bibby (West Scotland) (Lab)
- *Joan McAlpine (South Scotland) (SNP)
- *Liam McArthur (Orkney Islands) (LD)
- *Liz Smith (Mid Scotland and Fife) (Con)
- *Jean Urquhart (Highlands and Islands) (SNP)

COMMITTEE SUBSTITUTES

- George Adam (Paisley) (SNP)
- Hanzala Malik (Glasgow) (Lab)
- Mary Scanlon (Highlands and Islands) (Con)
- Tavish Scott (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Stephen Boyd (Scottish Trades Union Congress)
- Mary Goodman (Federation of Small Businesses)
- Jacqui Hepburn (Alliance of Sector Skills Councils)
- Katie Hutton (Skills Development Scotland)
- Danny Logue (Skills Development Scotland)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 2

Scottish Parliament

Education and Culture Committee

Tuesday 20 March 2012

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Stewart Maxwell): Good morning. I welcome members to the 10th meeting of the Education and Culture Committee in 2012. I remind members and those in the public gallery to ensure that mobile phones and any other electronic devices are switched off rather than switched to silent; otherwise they will interfere with the sound system.

No apologies have been received. There is a full turnout of the committee.

Agenda item 1 is to consider whether to take item 4 in private. Do members agree to do so?

Members *indicated agreement.*

Youth Employment Strategy

10:00

The Convener: Item 2 is to take evidence on the Scottish Government's youth employment strategy. We will focus on the Scottish Government's commitment to deliver 25,000 modern apprenticeships in each year of this parliamentary session and the opportunities for all guarantee, although I am sure that we will discuss a number of other issues in this important area of evidence for the committee.

I welcome to the committee Stephen Boyd, who is assistant secretary at the Scottish Trades Union Congress; Mary Goodman, who is senior policy adviser for the Federation of Small Businesses; Jacqui Hepburn, who is director of the Alliance of Sector Skills Councils; Katie Hutton, who is head of national training programmes policy integration at Skills Development Scotland; and Danny Logue, who is director of operations at Skills Development Scotland. I remind committee members that we will take evidence from the Minister for Youth Employment, Angela Constance, on 17 April.

We move straight to questions.

Joan McAlpine (South Scotland) (SNP): Good morning. I thank all the witnesses for coming to the meeting.

There is quite a lot of information on modern apprenticeships in our briefing paper. How does the employment status of modern apprenticeships assist young people in Scotland? Which sectors of the economy are most likely to take up modern apprenticeships?

Katie Hutton (Skills Development Scotland): Various research studies have shown that, in contrast to the outcomes for non-employed status training programmes, there are better outcomes for individuals who are employed during training. Members may remember programmes in the past such as the youth training scheme and the skillseekers programme. There are better outcomes as a result of people being employed.

On the sectors that are most likely to take up modern apprenticeships, I have figures for where there are most starts. The top eight sectors account for 78 per cent of all contracted starts in modern apprenticeships. The top sector in Scotland is construction and related skills, which includes electricians and plumbers. The next sectors are hospitality and tourism; sport, health and social care; retail and customer service; engineering; administration and related; automotive, which includes mechanics; and food and drinks and personal services. The top eight

most common frameworks account for 78 per cent of all starts.

Stephen Boyd (Scottish Trades Union Congress): I do not have anything to add to Katie Hutton's response to the first question. I think that all the research shows that employed status is crucial. To get young people into work, we try to give them a good experience of work and make them feel that they are valued in the workplace. Employed status is a crucial component of that.

Katie Hutton gave numbers relating to sectors. In our submission, which members will have seen, we expressed concern about gender segregation in some of those sectors. We are particularly concerned about ensuring that women get a proper opportunity to work in the renewable energy sector, in view of the investment that is likely to go into it. I have been party to recent discussions that have given me concern that attitudes that we would like to consider as outdated are still quite prevalent in the Scottish economy. We have a major concern about that.

We would like the breadth of modern apprenticeships to be maintained. It is understood that some key sectors will continue to provide the vast bulk of apprenticeships, but we would like opportunities to be provided throughout the economy.

Jacqui Hepburn (Alliance of Sector Skills Councils): I concur with my colleagues' views on the sectors and on employed status. We have seen across the United Kingdom that employed status and articulation straight into regular employment really benefits modern apprentices. We would hope not to see any change in that.

You will note that most of the sectors that Katie Hutton mentioned are traditional sectors. We have not seen a large increase in some of the modern modern apprenticeships that are going forward. In addition, the high numbers in areas such as food and drink are the result of the introduction of a level 2 modern apprenticeship a couple of years ago.

I have a couple of observations. We really need the commitment to higher-level apprenticeships as an alternative route to university for our young people and we need further expansion at level 2. It is important to note that, for 16 to 19-year-olds, there is a rate for training providers to have access to modern apprentices. For 19-year-olds, the rate sometimes falls to around 40 per cent. With graduate unemployment and youth unemployment so high, we need to consider whether the priority should be only 16 to 19-year-olds and whether we need to look a bit further, to the 20 to 24-year-olds. We must consider whether we can keep the same investment rates for the 20 to 24-year-old age range across the piece. I recognise that we are in

a tight fiscal environment in which finding money is difficult, but we have large numbers of unemployed young people, particularly 20 to 24-year-olds. I think that it is important for the committee to consider what action could be taken to provide opportunities for that age range across the sectors.

Joan McAlpine: I want to address Stephen Boyd's point about renewables as well as what Jacqui Hepburn said. As I understand it, the courses must be based on national occupational standards, which are written at UK level. Are you satisfied that the work at UK level is proceeding quickly enough for us to provide the kind of training in renewables and other areas that young people need?

Jacqui Hepburn: National occupational standards are delivered by sector skills councils, which receive funding from the UK Commission for Employment and Skills. They are grant-in-aid funded until the end of March but, from 1 April, they move to a contracting position in which around 15 clusters of SSCs will work to deliver national occupational standards.

The issue for Scotland is that a joint commissioning board works across the four nations of the UK. To answer Joan McAlpine's question, I think that it will be important that Scotland uses its voice in the joint commissioning board to progress any specific national occupational standards that are required for industry.

Energy & Utility Skills is the lead SSC for renewables, although it is supported by SummitSkills, which does microrenewables. Energy & Utility Skills has actively engaged with employers in designing national occupational standards, and there has been a suite of new qualifications and apprenticeships, such as the wind turbine MA, which was launched just over a year ago in direct response to the industry.

Stephen Boyd: I have not got much to add. The issue that Joan McAlpine referred to has not been raised as a specific concern in any of the forums that I have been party to regarding renewables development. Under the auspices of the Scottish Energy Advisory Board, Skills Development Scotland has led a comprehensive bit of work on the skills that will be required for the renewable energy sector. It is my understanding that that work continues apace and has strong buy-in from all the stakeholders. My SDS colleagues might have a better take on whether the concern that Joan McAlpine raised is widely shared.

Danny Logue (Skills Development Scotland): Just to reassure the committee, we work across the board with the key industry sectors, including energy. A key component of that will be skills

investment plans so that modern apprenticeships and their levels will reflect the needs of the industry. That very much involves us working with the key industry sectors to identify what their particular needs are. A tranche of that focuses on the role of modern apprenticeships in meeting those needs.

Joan McAlpine: I have a question for Ms Goodman. How do you think that the proposed reforms at college level will help match modern apprenticeships to the needs of employers?

Mary Goodman (Federation of Small Businesses): It remains to be seen at this stage how that will work. The FSB very much supports and sees the need for the modern apprenticeship programme. We certainly support the idea of employed status in the programme. It is important for employers that trainees are exposed to and fully integrated into the workplace as early as possible, because the longer people are kept out of the workplace, the further they are from understanding how to interact with it.

We represent about 20,000 members in Scotland; of those, a fifth employ no staff and about 16 per cent employ 10 staff or more. The make-up of our members largely mirrors the Scottish private sector. Our concern is that, although the modern apprenticeship programme is excellent, there are constraints for many small businesses in their interaction with it. We have heard concerns from our members about the amount of time and resource that it takes a small business to manage its administration. We have pointed out that if we want more small businesses to be involved in the programme, we need to look at how to make it a bit more flexible.

Joan McAlpine: You say in your submission that you see

“the reform of Scotland’s Post-16 training system as an opportunity to improve relationships between colleges and businesses”.

Will you expand on that?

Mary Goodman: Yes, most definitely. One of the things that we need to understand about small businesses is that they are not actively looking out for opportunities to employ specific groups of people or engage in specific programmes. What tends to happen is that either they are approached by someone who wants to work for them, and they think about how they can support that person and what is the best training programme for them—they look for something that fits that situation—or they have a specific set of skills needs, and they look for something that fits that. Small businesses sometimes find it difficult to translate what their needs are into the programmes that are available.

A lot of the employment and work experience provision among small businesses is fairly

informal—it works under the radar. We have found that there is a need for people to go out to small businesses, not only to understand how they work and what their constraints are but to help them to articulate how they can support employment and training in their workplace, because it is not always easy for them to see that.

I recently heard about a programme that is funded by the Scottish Further and Higher Education Funding Council and partnered by the Scottish Chambers of Commerce. Seven colleges are participating in the programme, in which funded co-ordinators help businesses to articulate a specific work experience project for students that exposes them to the small business environment and gives them a meaningful work experience. The programme helps business out as well as students. I can see huge potential in that model.

Clare Adamson (Central Scotland) (SNP): I have a question for Mary Goodman. In your submission, you talk about the use of colleges for training specifically for small businesses. You say that, of the 49 per cent of small businesses that are engaged in training, only 16 per cent are engaged with colleges. You go on to note that you can

“see the rationale behind college regionalisation”

and believe that there are opportunities there. Is that 16 per cent an underperformance? Could the colleges provide more specific training for small businesses?

Mary Goodman: There is definitely an opportunity for colleges to find out what is on their doorstep and what they can provide. Much of that might be what they already provide but in a slightly different format. The reason why the percentage of businesses that are involved with colleges is so low is that they do not know how to interact with them rather than that they think that everything they do is irrelevant. We need to build those relationships. I know that that sounds touchy-feely, but such work is hugely valuable.

10:15

Jacqui Hepburn: One of the benefits of regionalisation will be the ability to develop hubs in specialist areas. Indeed, such developments in, for example, food and drink and renewables in Scotland have been really beneficial and, if colleges can come together to take a cohesive and concerted approach to sectoral issues, that will be a very positive move.

Mary Goodman referred to the cost of training for small and medium-sized enterprises. If you will indulge me, convener, I will suggest a different approach to funding training providers in Scotland. At the moment, SDS procures modern

apprenticeships and our training providers in Scotland bid annually to deliver training places. The network of sector skills councils suggests as a different model that employers be able to bid directly for those moneys and then purchase training from training providers and colleges to ensure that they have more of a say in stimulating the type of training that they want. We might then find that our training providers are slightly more responsive to specific needs, particularly those of small businesses. We realise that, with 25,000 modern apprenticeships in Scotland, the system cannot be changed overnight, but I wonder whether some pilot work on designing programmes at an employer-based level might have its attractions.

Jean Urquhart (Highlands and Islands) (SNP): How does each of the witnesses see their role in helping the Scottish Government achieve its target? How might you work together towards this common aim?

I also wonder whether Mary Goodman can explain the FSB's role in interpreting what is available in order to make things easier. At this point, I should declare an interest. As someone who owns a small business, I certainly know that one's working day can get really difficult. If you are not a large employer, you do not have section captains or leaders or others who will pick up and do the work. Does the FSB, as a membership organisation, see itself as a bridge in providing more help to small businesses to take on this work?

Jacqui Hepburn: In delivering 25,000 modern apprenticeships, our 21 sector skills councils and four sector skills bodies are responsible for engaging employers in designing the modern apprenticeship frameworks in Scotland and, through each SSC's work with employers, for promoting the uptake of those apprenticeships.

As for working with the other bodies around the table, when the Alliance of Sector Skills Councils was established early in 2008 we brokered a strategic agreement with SDS to ensure that our work complemented its work. We design the national occupational standards, carry out work on qualifications with the Scottish Qualifications Authority and design all the frameworks as well as all the sectoral labour market information and information, advice and guidance that SDS uses in its own activity. Each of the unions in the STUC is involved with individual sector skills councils and has input into the design of apprenticeships and, as for the FSB, Mary Goodman and I have done a whole heap of work to promote modern apprenticeships to small businesses as well as speaking on employer engagement issues.

Mary Goodman: As you will be aware, the FSB is a direct membership organisation, which means

that our members pay my wages. We have a role in telling members what is out there and what they can engage with; indeed, we do that in many ways and through every means of communication that we have with our membership. Our other role is to articulate the small business position to Government and public sector agencies such as SDS, to help them to understand what is out there and what their market is, from the perspective of the employer rather than from the perspective of the individual.

We are very supportive of many of the current programmes, but there is always a slight mismatch because there is a large number of very small private enterprises in Scotland—93 per cent of our corporate sector employs fewer than 10 employees—yet a lot of the programmes assume a bigger company size for the purposes of managing engagement with the programmes. Our role is to identify the problems and suggest where a bit of flexibility might be built in to enable small businesses to get involved.

Stephen Boyd: Clearly, the STUC has no direct role in delivering modern apprenticeships, but we are involved with the Scottish Government in a range of forums in which we provide labour market intelligence and promote the value of learning in the workplace. Such an approach has been a very positive factor over the past few years.

We were very involved with the First Minister in the early stages of the response to the recession. We suggested some of the programmes that were introduced, such as the safeguard apprentice scheme, and were involved in the delivery of the programmes. We were involved in the design and delivery of discussions at the last meeting of the national economic forum, which was focused on youth unemployment.

Trade unions have a key role in the workplace in helping to deliver modern apprenticeships. In some of the longer-established and more successful programmes, such as those in the shipyards on the Clyde or at the Rosyth dockyards, it was the trade unions in the workplace that promoted the value of such learning, encouraged the employer to get involved and often helped to form the relationships that made it happen. The unions have a voice and a role across a whole gamut of activity although, clearly, they have no direct role in meeting the target.

Katie Hutton: SDS undertakes a number of roles. The main one is to administer the contribution from public funding towards modern apprenticeships on behalf of the Scottish Government. We do that by contracting yearly with companies, training providers and colleges. Sixty-five out of the 258 contractors for modern

apprenticeships are employers who do that directly.

We also have a role to play in the promotion of modern apprenticeships. For example, this year there will be another Scottish apprenticeship week in Scotland, which will take place between 21 and 25 May. That is only one of the promotional activities that try to sell the benefits of modern apprenticeships to both employers and individuals.

We also play a role in the modern apprenticeship group which, as Jacqui Hepburn said, is there to approve frameworks in Scotland. We are only one of the members of that group.

We work closely with the other organisations that are at the table today. The ASSC assists us in the contracting exercise. It has collated information for us on behalf of each of the sector skills councils to help us identify demand on a sectoral basis.

We speak to representatives of the Federation of Small Businesses about how to make what we run work better for small employers and to understand their specific needs.

We have also worked with the STUC over the years. In fact, we used to fund someone in the STUC to promote modern apprenticeships among employees.

Liz Smith (Mid Scotland and Fife) (Con): As politicians, we hear a lot of anecdotal comment that young people who come into the world of work not only do not have the right qualifications but do not necessarily have the right skills for work. A lot of that information is anecdotal but, given the deep-seated concerns that emerge from business organisations and various workplaces, is there anything else that we should be doing to improve at school level—never mind what they are doing in the classroom in the various subjects—the awareness of the kind of skills that are required? I would be very interested in your ideas.

Jacqui Hepburn: We are completing a piece of work—it will be launched this month—to support skills and provide information, advice and guidance. We have been working with Skills Development Scotland on the my world of work service, and we have published two bits of work. The first is some information for individual young people who are interested in careers, and the second product, which was taken from our sectoral LMI profiles, is aimed at advisers. It gives them a view of where industries are going, their wage rates, whether they are declining or increasing, their gender equality and so on.

This month, we will launch support materials for the curriculum for excellence, which will embed the individual adviser materials into CFE from about August. We are doing that work in

partnership with Education Scotland, which worked closely with us to develop the materials, and they will go out to all 220 schools shortly. I hope that the products—the information for individuals, which is supported by my world of work; the adviser materials, which advisers in schools and colleges will be able to access; and the support materials, which have an activity-based approach—will embed the subject more greatly into CFE.

Stephen Boyd: The STUC is extremely sceptical about some of the stories that we hear about the poor quality of young people's soft skills. Such stories are often used as a smokescreen by employers who expect young people to enter the workforce fully formed and job ready and who do not want to spend time and effort working with them. It is also important to emphasise that the research that the UK Commission for Employment and Skills has undertaken has shown that the experience of employers who take on young people in the workplace is extremely positive. They find them flexible and willing to learn. That stands in stark contrast with much that we hear.

When we hear about issues with soft skills, we regard them almost exclusively as a supply issue and we think that something is failing in schools, but they raise important issues to do with the quality of the Scottish workplace. Before we came into the meeting this morning, I was discussing with my colleagues a seminar that I attended in Hawick last year. It was one of the series of events on youth employment that Michael Moore held around the country. A major local employer that I have known and worked with for a number of years said that, a year previously, it had taken on 20 young people, but within a year it had to let all 20 of them go because their quality was just not up to speed.

I suggested to that employer that any company that takes on 20 people of any age and lets them all go the following year really has to look at itself—at its recruitment and retention practices and its management and training practices. To blame everything on the quality of the soft skills that have been delivered by Hawick high school is not really the way to go. Interestingly, the headmaster of that school, who was present at the session, was extremely angry about the suggestion that he was not delivering young people of sufficient quality.

Liz Smith: Bodies such as the Confederation of British Industry are concerned that some companies have to spend quite a lot of their resources on what they describe—it is perhaps an unfortunate term—as remedial training, because some basic skills are just not there. The costs for companies are really quite extensive, and they want to ensure that there are better skills so that

they can avoid those costs. Is that problem reducing or do we still need to do more to ensure that the problem that you described in Hawick does not appear?

Stephen Boyd: I have no conception of whether the perceived problem is getting better or worse. I believe that the extent of the problem is exaggerated.

I have been in my post at the STUC for eight years, and it has been a constant over that period for people to say that soft skills among our young people are not up to scratch, yet the evidence remains anecdotal. I want to see some quality evidence, and I want employers and the CBI to take a lead and look at their role in dealing with the perceived problem. The CBI should consider what it can do, and what it can encourage its members to do, that will help to address the matter, instead of blaming what is an ill-defined, anecdotal problem on a school system that is delivering pretty good outcomes in all respects.

Liz Smith: There are suggestions that a possible way of addressing some of this would be for more people from local workplaces to be involved in schools, actually assisting in the classroom. Would you see that as a positive move?

10:30

Mary Goodman: That is definitely a positive move. One reason why we have this stand-off is the yawning gulf between education and employment. Each of them is peering around a half-closed door at the other and pointing fingers. There is probably an element of truth on both sides, let us face it, but there definitely needs to be more interaction.

One thing that we have observed, particularly from the perspective of small businesses where job roles are atypical—you might be asked to do a bit of reception work, packing, delivery driving and chasing invoices all in one day, whereas in a typical large business job roles are very defined and a person has set tasks—is that people learn to take the initiative and to look around and decide what needs doing very quickly. In the past, however, that learning did not necessarily come out of the school system, which is one reason why we are very supportive of the curriculum for excellence. The work going on in that framework has great potential to allow people to look beyond their daily tasks towards how those tasks can apply in different situations.

I agree that employer involvement would be great, but the issue with small businesses is the time that they can devote to such involvement and the consistency with which they can do so. I have spoken to schools that have said that they need

somebody to commit to doing something every year, but a small business cannot necessarily do that. It might get involved in a one-off event, or something on a theme. This comes back to flexibility and how we engage the businesses out there that are willing to engage with young people in their communities.

The Convener: Before I bring in Mr Logue, I will follow up on what Ms Goodman said about there being a “yawning gulf” between employers and education. Is that a fair comment?

Mary Goodman: It is certainly my experience in my policy role for the Federation of Small Businesses that policy makers constantly suggest ways of addressing issues in education and employment that just disregard reality. I do not want to point the finger, but it is very frustrating. The reality in the workplace might be good or bad, but it is the reality and that is what we must work with and start from. A lot of initiatives and so on are designed around a fictitious situation in the private sector. Until we admit the reality, move on from there and get off the baseline, we will constantly find that there are mismatches, that people do not understand each other and so on.

The Convener: Mr Boyd just said that, during his eight years' experience in post, lack of soft skills has been a constant complaint, but that the evidence has all been anecdotal—I do not mean to misinterpret you, Mr Boyd, but that seemed to be what you were saying. It seemed that you would be very pleased to see direct evidence. What direct evidence is there, rather than the anecdotal evidence to which Mr Boyd referred?

Mary Goodman: The employer skills survey has consistently returned results that corroborate the lack of soft skills. You could say that that in itself is anecdotal, in that it is a survey of employers, but beyond that I have not seen any empirical research to analyse what is going on.

The Convener: Okay. Mr Logue has been waiting.

Danny Logue: I will mention a few things to build on what the previous speakers have said. First, some of the success with businesses and small businesses going into schools to talk about the world of work has been when young people have been taken back in to talk about their experiences. Some of the best models that I have seen have involved young people going in and talking about what it is really like to be in the workplace. Curriculum for excellence has been mentioned several times and we have a great opportunity here through skills for learning, life and work to focus on the curriculum and on who is doing what. For example, at Skills Development Scotland, we are changing the way in which we deliver career services in schools to respond to

curriculum for excellence. We are being much more student focused and are trying to deliver services that are akin to the learning styles that are developed through curriculum for excellence.

It is also worth mentioning that last year the Government launched its career information, advice and guidance strategy, which stressed the importance of getting over information on the world of work to young people, parents—who are a major influence—and teachers on a day-to-day basis. Later this month, Angela Constance will launch a career management skills framework, which will be about how we develop career management skills in young people.

Our new web service, my world of work, contains a lot of information on what it is like in the world of work and includes real stories from young people and employers about what it is like to be in various occupations. Linked to that is the theme of career management information. Information on what is available in the labour market needs to be made available in a format that young people, teachers and parents can understand, and that is being developed through my world of work.

A final point that it is worth mentioning relates to the range of forms of work experience that are available, which Mary Goodman talked about. The Department for Work and Pensions is about to embark on a youth contract, which will provide work experience. In addition, SDS will be working with the colleges to develop the new college learner programme, the focus of which will be on employability support and work experience. Linked to that, we are looking to develop with the Scottish Qualifications Authority a certificate of work readiness, which will relate to how we can better prepare young people who are at school, in college or on some of our programmes, such as modern apprenticeships, for the realities of the world of work and the skills that they will require.

Jacqui Hepburn: In relation to Mary Goodman's comment about literacy and numeracy, it is important to note that evidence from the Scottish employer skills surveys clearly demonstrates that there is a mismatch between what employers want and what the system provides.

We have just prepared a report on issues to do with adult literacy and numeracy in the various sectors, which has gone to the adult literacy part of the Scottish Government. I hope that it will be taken forward, because one thing that has not emerged in the discussion so far is that employers are not a homogeneous group—they recognise the sector that they work in. It is important that the committee notes that.

The other issue relates to what Mary Goodman said about employer engagement. Scotland is very

good at engaging with large employers. I do not want to name employers, but I am sure that we could all name some that are of such a scale that it is possible to sell in the modern apprenticeship programme and other programmes. However, as Mary Goodman said, SMEs predominate in Scotland and, across the piece, engagement by our public bodies and our colleges is very limited at that level. I support what Mary Goodman said.

Neil Findlay (Lothian) (Lab): I want to ask about the general agenda. Recently, the Alliance of Sector Skills Councils lost its funding from the Scottish Government. I believe that it used to have a team of six based in Scotland; it now has a team of four servicing the whole of the UK.

On top of that is SDS's closing of a number of offices and its reducing the number of front-line careers advisers by more than 50. I understand that there has been a trawl for another 150 voluntary redundancies. That comes on top of the college cuts.

How do those actions fit in with the Government's employment agenda?

Jacqui Hepburn: The Scottish Government withdrew all funding for the alliance in around November last year, which will mean that, at the end of this month, the Scottish team will cease to exist. There has also been a change to the way in which SSCs are funded at UK level. There has been a move from a grant-in-aid funding settlement to a project-based funding settlement, which means that the contribution to the core has been dramatically reduced. On the ground, that will mean that there will be no Scottish presence. We will have a team of three and a half, who will be based in London, to cover four nations.

I have some concerns, which are identified in our submission, particularly around sectoral labour market intelligence. We produce things called sector profiles, which we have included in all the information, advice and guidance materials that we have developed and in the curriculum for excellence support work that we have done. As of today, I still do not know which organisation in Scotland, if any, that will be taken forward by, as I have not had a response on that. In addition, the new approach to sector skills assessments that individual sector skills councils carry out will involve 15 assessments that do not align with Scottish needs.

I have two issues. First, the employer voice on skills within the system will be reduced. Secondly, our representation on a range of committees and in giving evidence to the Parliament and taking part in consultations and so on—I will not go into the detail—will disappear. The alliance will do its best to provide some resource to Scotland with its three and a half key staff, but it will now be left to

the 21 individual sector skills councils to organise themselves over the next period to provide a cohesive voice in Scotland where possible, but at a much reduced level.

Danny Logue: I will mention a couple of issues. I talked earlier about career management skills and how Skills Development Scotland is responding to the changing needs and aspirations of our customers. We are embarking on a modernisation of the careers service and, for the first time in Scotland, we have a career information, advice and guidance strategy, which was launched last year. That allows us to focus on and prioritise the customers that we work with. We have been and will remain an all-age service, but we were trying to provide services to everyone across the board. As part of our modernisation agenda, we are targeting the priority groups of young people and adults who are in most need.

Also as part of the modernisation agenda, we have been reviewing how we deliver our services. As you mentioned, the face-to-face channel of careers advisers is and will remain a key component in the delivery of our services. A few of us have also mentioned the my world of work website, which is another method that we use. We are considering what services we can put online in responding to the demands and interests of young people and adults in accessing services. That is not just a website; it is a web service that provides tools, resources and information.

Another key concern for us is how we work with our partners. The career information, advice and guidance strategy, along with other strategies that have come from the Scottish Government in the past few years, highlights the need for and importance of partnership working. A number of organisations and agencies support individuals in the areas of employability and careers information, advice and guidance services. The issue is how we align what we all—Skills Development Scotland, Jobcentre Plus, local employability partnerships and colleges—do to deliver our services more efficiently and effectively.

Stephen Boyd: As we make clear in our written submission to the committee, we are very concerned about the loss of resources in key areas. Notwithstanding Danny Logue's comments, the feedback that we are getting from trade union reps in Skills Development Scotland, through their union, is that they are very concerned about the potential impact on the services that are being delivered and of the shift towards web-based services, which they see as being financially driven. There is concern that the loss of professional, face-to-face advice is extremely unhelpful, especially at this time, and that a lazy assumption has been made that young people want to engage through the web when they—like

people of all ages—very much value professional, face-to-face advice.

I echo Jacqui Hepburn's concerns about the sector skills councils. The loss from further education colleges of 1,800 staff over the past year has been a particular concern. I do not think that many organisations could afford to lose 10 per cent of their staff without the quality of the services that they deliver being affected. We would expect some rationalisation in the move towards regionalisation, but that seems significant for one year.

Those are our long-standing concerns. It is often lazily attributed to Scotland that we have a higher rate of youth unemployment than the rest of the UK, but that argument is not acceptable to us. We believe that the macroeconomic environment is the main reason for young people in Scotland being out of a job.

Neil Findlay: My next question is for SDS. The survey of careers advice staff was pretty damning in their assessment of the move to the my world of work website. The academic research that was undertaken by Cathy Howson and Sheila Temple also raises serious concerns about the impact on those people who are not in employment, education or training. I could not find that report anywhere on the SDS website and it was difficult to get hold of it. There seems to be a mismatch between that and SDS's presentation of the my world of work website and the contact centre as the way forward. The essential front-line advice that I saw when I taught in schools seems to be getting shoved right down the agenda. That is the most valuable advice, and I am concerned about the situation.

10:45

Danny Logue: To reassure the committee, that is why we are looking at our resources and prioritising the careers advisory services for those young people who are in most need of them. We are targeting those schools in which there are elements of need and we are working with local authorities and schools to identify those needs and make sure that our resources are targeted there.

We are also prioritising our services for the 16 to 19-year-olds who are not in a positive destination. Linked to that will be the development of a work coaching service designed to support, target and case manage young people who are not in a positive destination, to work on their particular needs to secure employment, training or learning, and to offer sustainability so that we can help them when they are starting their job or are in learning. That resource will focus on that particular area as well.

I have been in the careers service for 28 years and seen lots of changes. As well as the careers information, advice and guidance strategy and career management skills developments that I mentioned, we are investing in our staff's professionalism through the skills academy. It will be the first time in the UK that a careers organisation has had a skills academy in-house. It will involve the professional body—the Institute of Career Guidance—and both universities in Scotland that deliver the postgraduate diploma in careers guidance. We want to ensure that staff who are delivering services are supported through the continuation of professional development.

Neil Findlay: I am glad that you mentioned positive destinations. The figures that we have for positive destinations are somewhere between 80 and 90 per cent and yet, in my area, 30 per cent of young people are unemployed. The more that I look into the skills and youth employment agenda, the more smoke and mirrors I find. There really is a lot of sleight of hand going on here. Why is there such a mismatch between the figures for people in positive destinations and those who are currently unemployed?

Danny Logue: The school leaver destination report is a snapshot that is taken in October, and a six-month follow up is done in April. Last year saw an increase to 88.9 per cent for those who went into a positive destination. The issue is about what is included as a positive school leaver destination. Additional elements have only been included in the past couple of years. For example, voluntary work came in a few years ago. Activity agreements were also included last year.

The figures still show that more young people are staying on in school. We tend to find that the challenges that we face, particularly in local centres, come less from the 16 to 17-year-olds and focus more on the 18, 19 and 20-year-olds. More young people are staying in education and going on to college and university, and, as we mentioned earlier, there is a drive towards and focus on supporting young people who are entering into the 25,000 modern apprenticeships.

Part of Skills Development Scotland's workforce planning model is about looking for the areas that are more disadvantaged and have more needs so that we can target our resources on those areas. We do not take a blanket approach to getting the same figures across the 32 local authorities; we look to prioritise and focus our resources on the areas that are in most need. We are also working in partnership with others through the community planning partnerships. We are in the third year of undertaking a programme of service delivery agreements with all 32 local authorities, which is building on the 16+ learning choices and local employability partnerships. How do we all ensure

that SDS resources and services are aligned at the local level to the needs and other resources that have been delivered within the local area?

Neil Findlay: During the past year, a number of organisations that work in this area have commented that we seem to be creating just short-term opportunities that have no long-term sustainable employment at the end. The figures that I have to hand are for the 2008-09 modern apprenticeships. Of the 10,500 modern apprenticeships, only 481 lasted for three years, and 1,200 apprenticeships were completed within six months. That suggests that they were short term and that there was no long-term sustainability. What kind of apprenticeship can be completed in six months? As someone who has served an apprenticeship in construction, I was concerned to find that 359 of these apprenticeships were in the construction industry. I simply cannot imagine what construction apprenticeship can be completed in six months.

Katie Hutton: It all depends on an individual's age, the level of apprenticeship and the occupational area involved. For instance—

Neil Findlay: Excuse me, but if we are talking about 2008-09, would the apprenticeships not be at level 3?

Katie Hutton: Our figures suggest that at the moment it takes a 16 to 19-year-old an average of 31.3 months to achieve a level 3 apprenticeship.

Neil Findlay: Can anyone tell me what kind of construction apprenticeship can be completed within six months?

Jacqui Hepburn: Katie Hutton is absolutely right: the length of an apprenticeship is dictated by an employer when they design the apprenticeship with a sector skills council or sector skills body. To my mind, there are modern and traditional modern apprenticeships. Traditional modern apprenticeships are the ones that you have just described; they apply to engineering, construction, renewables and other such industries and involve a time-served element. The industry specifies a certain period—usually, but not always, four years—for completing the apprenticeship. For more modern modern apprenticeships, which might be in, say, information technology or business administration, the industry includes the length of training in the design but does not stipulate in the development of the framework that it must take a particular amount of time.

I also point out that, in England, John Hayes has decided that all 16 to 18-year-olds, who have to remain in education anyway after the summer, will have to do a year in their framework to ensure that they recognise the critical importance of work experience and gaining skills in the workplace. That will be the case for every framework that is

delivered in England. In other words, he has recognised your point that having more time in a workplace is beneficial to individuals. That said, I repeat that there is no time-served requirement for a more modern modern apprenticeship.

Neil Findlay: So no one can give me an example of a trade in the construction sector for which someone can complete an apprenticeship in six months.

Jacqui Hepburn: Not in the construction sector. The trade bodies that work with Construction Skills in designing construction apprenticeships stipulate that a proper modern apprenticeship must have a time-served element. There are other training programmes out there with an apprenticeship label that are not the real McCoy; a proper modern apprenticeship has a time-served element of four years. If we are talking about certain other programmes that use the apprenticeship title, that is a different matter. In such cases, we need to tighten the system to ensure that the term “modern apprenticeship” cannot be used for any type of training programme that does not have a time-served element.

Jean Urquhart: Has the alliance applied for project funding? What would be your priorities in that respect?

Jacqui Hepburn: We have not applied for project funding. When the Scottish Government decided not to fund us, my board carried out a review of provision. Another part of the organisation that runs registration and certification services for UK-wide apprenticeships has been successful; indeed, just recently we launched the English certification system to certificate all English apprentices. Through our SSCs and SSBs, we certificate apprentices in Scotland and we have been asked by the Welsh Assembly Government to develop a Welsh system.

As far as project funding is concerned, it is unlikely that anyone will fund our activity in certain areas, particularly with regard to LMI and IAG, and in creating through the Scottish sector skills councils a cohesive employer voice and representation that I believe are critical to the Scottish environment. Our board has done its best to put resources back into the alliance but, to date, we have not applied for any project funding.

Clare Adamson: You say that the Scottish Government is not funding your activity, but was that not a planned situation? Did you not plan to be self-funding within three years of inception?

Jacqui Hepburn: The Government indicated to us that there would be a reducing level of funding. I had been discussing funding levels with it during that timeframe, so I had anticipated funding.

I expected to look at the issue by the end of this comprehensive spending review. As I mentioned earlier, we had already begun to consider other income generation sources, such as the certification services, which will generate quite a substantial amount of revenue. However, although I requested a transition year in the hope that I would have half the amount of funding that would be required, I did not have a transition year. A transition year might have allowed me to do what Jean Urquhart suggested and look at project and alternative areas of funding. Unfortunately, that is not the case, and I accept the decision. This is not a plea for funding for the alliance. I want to ensure, in a professional manner, that the alliance hands over to an appropriate body the things that we know need to be continued because they shore up the Scottish system.

Clare Adamson: You said that a lot of the projects under the new model that are being run from the London base are not specific to Scotland. Will you give us an example of why they are not suitable for Scotland?

Jacqui Hepburn: The new alliance that comes into being on 1 April will have a part-time executive chair, a policy officer, a public affairs officer and a personal assistant to the executive chair. Those three and a half people are expected to work across four nations and the priority will be policy and public affairs across four nations. However, we cannot go from a team of six, focused on issues specific to Scotland, to a quarter—at best—of three and a half people and be able to deliver the same level of service.

I am sure that my colleagues will agree that when things are based in London—based in Westminster—the biggest draw of time is always in that vicinity. Our ability will be significantly reduced. I am not saying that there will be nothing, but it will be very limited.

Clare Adamson: Have the equivalent bodies in other devolved assemblies raised the same concerns?

Jacqui Hepburn: Yes, they have. They have raised concerns about the impact on the alliance with the Department for Business, Innovation and Skills—BIS—at Westminster. In Wales, there is continuation funding for a couple of posts. They are called sector advocates and they work across the bodies. The situation in Northern Ireland was very different. The bodies there were not in receipt of public funding; they just got project funding but they gave it out to the SSCs.

The difference in Scotland is that there has been a representative body to work with SSCs for 12 years—before the alliance came in in 2008 there were previous iterations of the organisation because the Scottish system is very different from

those of the other three nations. The skills and education system in England, Wales and Northern Ireland is very similar, in that they use A-levels and GCSEs and the apprenticeships are quite complementary.

Scotland has a very different education and skills system. When I started this post in 2008, one of the criticisms that I heard from the bodies that are sitting round the table and the Scottish Government was that SSCs were not responding to Scottish policy and that our voice was not articulated effectively within the system. I think that we have been relatively successful in working with our partners and getting our voice into the skills system in Scotland on behalf of the SSCs. It is also important for employers that we have provided evidence to the Willy Roe review and for curriculum for excellence. The energy advisory board work is ours, as is the adult literacy report. I can point to a number of significant things to which we as an organisation, with our members, have contributed, which have really supported Scottish policy.

The Convener: My understanding is different from what you stated at the beginning of your response to Clare Adamson. I understood that the alliance got a three-year funding package in 2008, with the intention that you would be self-funding at the end of that. However, a further year was provided, so you have had four years' funding, which includes the current year. If that is incorrect, will you explain what, in your view, is the actual situation? I am sure that we will ask the minister the same question.

Secondly, you said that the employer voice would be reduced as a result of the changes. If employers value the voice that you provide, why do they not fund you to provide it?

11:00

Jacqui Hepburn: I will deal with the grant-in-aid question first. The grant-in-aid that we got was for three years in principle, I think. At the end of last year, we were given another year's grant-in-aid, based on the budget discussions at that point. Last year, the Scottish Government invited us to submit proposals on what we would do for 2012-13, which we duly did. At that point, it was mentioned to me that there was a very tight budgetary position; I was not told that I would get zero funding for 2012 onwards. I expected that we would have to work towards a reduced funding pot, as the Scottish Government said that at the beginning of 2008. Initially—I am working from memory and will need to go back to find out which year it was—we got £650,000 in the first year of operations. This year, we got £400,000, and my request to the Government was for just over £200,000. Therefore, we were looking at a

reducing pot anyway and were being sensible about transitioning out of Scottish Government funding. That is factually correct.

On your second point about employers, we are the representative body of the SSCs and we work with the SSBs. Employers will not directly fund a representative body. I am sure that Mary Goodman has challenges relating to her membership. SSCs get direct contributions from their employers; indeed, some of our SSCs have as much as 50 per cent employer intervention in their running costs. We do not, and we would compete directly against each of our 20 bodies if we went to employers and asked them to fund us. That would not be appropriate at all.

Marco Biagi (Edinburgh Central) (SNP): We have talked a lot about training and developing young people's skills. My concern is that you can train and develop a young person until you are blue in the face, but if there is no job for them to get into, a reduction in youth unemployment, which is the objective, will not be achieved. The community jobs Scotland scheme has been a direct attempt to create posts. What is your view of the value and efficiency of such schemes, which essentially create jobs and intervene directly in the market?

Stephen Boyd: I endorse your point and go back to Mr Findlay's questions about the disparity between positive outcomes on leaving school and what seems to be happening with youth unemployment. That is a direct reflection of the current state of the labour market, among other things. We are often guilty of having in-depth discussions about microeconomic interventions that are simply insufficient to solve a macroeconomic problem.

The STUC thinks that there is a place for direct interventions to create jobs, particularly at the moment. Above all else, we want to prevent a significant proportion of what is currently cyclical youth unemployment from becoming structural. Any way by which we can keep people active and doing things that benefit the community must be a benefit. We must ensure that the young person gets something out of the experience. We must ensure that they are being trained so that, when the labour market recovers, they will have portable skills that they can take to full-time, well-paid employment, and they have to be treated with respect. Young people are often not treated with respect. When I think back to my experience in the youth training scheme in the late 1980s, I realise that that experience was appalling, although it all worked out well for me in the end—it made me go back into full-time education. Over many years, we have repeated many schemes and simply assumed that giving a young person anything to do is better than giving them nothing to do.

However, that is not always the case. We must ensure that any such intervention is a quality one that will give the young person something that they can take away.

Katie Hutton: As a Government agency, Skills Development Scotland should not really comment on Government policy. However, I echo Stephen Boyd's comments on anything that supports good work experience and learning. I understand that the community jobs Scotland initiative is supported by learning for the individual while they are in the workplace. We have a big third sector in Scotland and many social enterprises, and we should use that side of the employment business as well to offer opportunities for young people.

Marco Biagi: Generally speaking, if the macroeconomic environment poses considerable obstacles, as it clearly does because the UK jobs market as a whole is very weak, and if we leave aside the constitutional question of who should be exercising such policies, are there wider policy interventions within the ambit of the Government either in the Scottish Parliament or the UK Parliament—for example, in employment law, taxes, benefits or fiscal policy—that could make a difference, in your experience of your sectors, in addressing the problem of job availability?

Mary Goodman: Our evidence from our members shows that about 13 per cent of them are looking to take on full-time staff in the next 12 months. That is in a fairly depressed job market, but the 13 per cent nevertheless exists and possibly represents about 2,500 jobs. They are in small businesses, however, and one of our concerns is that, as I have mentioned before, small businesses are generally quite cautious about taking somebody on. Many people in small businesses are interested in taking people on, but they are cautious, not just because the staffing costs are high but because they are thinking in the long term. They think, "Can I keep this person on? I don't want to raise their expectations only to have to let them go." Obviously, there are unscrupulous businesses out there, too, but with targeted intervention, many might take somebody on.

That brings me back to the education into enterprise initiative that is being piloted. We have work placements in businesses just now and it is possible that they might turn into jobs in the long run. Businesses might be cautious and they may say that they do not know whether they can articulate a job or employ someone full-time, but until they see the benefits of interacting with that person and the skills that they can bring to their job, they may not see it. We have said not that we should put all resources into this across the board but that we should put at least some resources into explaining to businesses where young people

could help and where they could get meaningful work experience that supports them.

One great thing about the initiative is that the students are not just let loose on the business and left to work it out for themselves. They are given support on how to act within the business and how to approach their tasks, which might require quite a different approach from what they have been told in the classroom. The business is also supported in interacting with the student. Many small businesses do not have human resources managers and their staff will not have done huge amounts of people management courses and so on. There are opportunities, but the initiative is one of many interventions. We would not necessarily say that you should stop everything that you are doing, but if you want to interact with small businesses, that initiative is an opportunity right there.

Stephen Boyd: What can Government do at any level? As we say in the submission, a full four years after the start of the recession the output in the economy is 3 to 4 per cent below pre-recession levels and some 12 per cent below the 2007 trend. However we want to define a depression in technical economic terms, the economy is in an extremely depressed state. Two weeks ago, the UK Government sold £1 billion of 22-year gilts at a yield of 0.0044 per cent. That says to me that the market is screaming at the Government to get the economy moving. It is paying the Government to hold its money over that period of time.

If we want to get the economy moving, the research is very clear. We get the economy moving quickly and get people into jobs by putting spending power into the hands of the people who will spend the money—we give a targeted and temporary boost to the incomes of the very lowest paid in society and the unemployed. Now, that will not happen for political reasons. What should then happen is what politicians right across the spectrum recognise should happen—we should invest in infrastructure. That will get the economy moving in the short term and boost the long-term capacity of the economy to grow. What is being mooted at UK level and what was in the autumn statement is about very minor investment that would take investment at the UK level back to where we were a year ago. Unfortunately, it does not look as if much will be announced in tomorrow's budget that will make a real difference. Such investment is what will get young people back into work.

We must be very clear about the wider tax and regulatory environment. We hear an awful lot, mostly anecdotal, about the level of red tape that affects employers who want to employ someone. There is a large and accumulating body of

international comparative evidence that shows clearly that the UK labour market is very lightly regulated. The latest Organisation for Economic Co-operation and Development survey of 30 countries shows that the UK has the third least regulated labour market in the developed world. If we are going to look to deal with a problem with demand by addressing minor supply-side issues, such as cutting red tape, we will leave ourselves in a poor position for dealing with the challenges facing the economy when it recovers.

Danny Logue: One issue with Government support relates to something called BASES—better alignment of Scottish employability services. The Scottish Government is asking the public sector to look at how we align the range of careers and employability offers, interventions and support that we give to individuals. There is also a focus on employers. We have talked about modern apprenticeships, the SDS has applied a range of recruitment incentives, and the DWP has announced another range of incentives. Various local authorities have also introduced forms of wage subsidy. The alignment of employability services in Scotland offers the opportunity to align and package up all those offers so that what the business community can access is clearer, particularly those incentives that encourage the recruitment of young people into opportunities.

Marco Biagi: I appreciate that the macroeconomic environment is vital, but in the first three months of 2007, when the macroeconomic environment was very strong, all-age unemployment was at 5 per cent, while youth unemployment was at 11.7 per cent. When the macroeconomic environment was providing a great deal of jobs, what interventions were missing that would have ensured that young people were benefiting from that environment and were able to access those jobs? Was it the kind of support that the FSB would particularly welcome or do we have a wider problem?

The Convener: Does, on the other hand, no one know?

Marco Biagi: Does no one know? Is that, essentially, the great challenge?

Jacqui Hepburn: I will come in here. I was going to make a point about the regionalisation agenda. One of the issues that we face in Scotland is the difference between participation and programmes that articulate into employment. They can be very different. We are able to increase numbers within colleges and training, and that shows that those people have something to do. There is an argument that such programmes keep people from being registered as unemployed, but are they doing the right things in the right sectors to enable people to articulate into employment?

That might answer your question about what happened in 2007. Although I am not into planning at local level to the point of counting bums on seats and the number of jobs—which does not work—we need to look at regional employer bases, at which economies are going to grow and which are going to decline, and at the regional LMI that will predict where young people are more likely to get jobs and employment. I do not think that Scotland has been good at that.

Stephen Boyd: The question is almost impossible to answer briefly. A number of long-term structural changes have been made to the Scottish economy that have rendered the situation that Marco Biagi talked about inevitable. The unfortunate thing about being a young person in the labour market is that you are disadvantaged when the labour market is not doing well, and when the labour market is doing particularly well. I would be happy to come back to the committee in writing on that.

11:15

The Convener: That would be helpful. I am conscious of the time. It is a little later than I anticipated it would be at this point in our questioning, so I ask for brief questions and answers.

Liam McArthur (Orkney Islands) (LD): My question is on the opportunities for all initiative. The guarantee that the First Minister offered in September last year was that all 16 to 19-year-olds who are not in a job, a modern apprenticeship or education will be provided with a learning or training place. Since then, we have had the draft youth employment strategy, which suggests that the initiative is moving us on from 16+ learning choices, although it is unclear in what respects it is moving us on. In your experience, is the transition clear? What does the guarantee offer over and above what was in place under 16+ learning choices, the senior phase of the curriculum for excellence and the national training programmes?

Danny Logue: As you mentioned, opportunities for all very much builds on 16+ learning choices and the support that is available for young people. The big difference is that, under opportunities for all, a number of new initiatives and services are being provided to support young people to move into employment. For example, 25,000 modern apprenticeships are available now, compared with previous years when 16+ learning choices was available.

There is also greater clarity about the roles and responsibilities of the respective partners. For example, under opportunities for all, the lead role will be played by schools and the opportunities for all co-ordinators in local authorities. They are

working in partnership with Skills Development Scotland, particularly in relation to 16 and 17-year-olds who are not in positive destinations. I described earlier the introduction of the my world of work coaching service, which is also there to support individuals.

Another aspect that plays into this is the work of the DWP, particularly in relation to young people in the 18-plus age group, many of whom will have connections with the DWP. A further development is the work that we are doing with the colleges in Scotland on the new college learner programme that is to be made available.

It is also worth mentioning the creation of a new data hub and data tracking. SDS has data-sharing agreements with all the local authorities and most of the colleges and other partners, and we are working with the DWP and others to ensure that we can case manage young people more effectively and provide the support that they require. That involves pulling the data together in the data hub. We will work with schools to identify young people who are at risk of not achieving a positive destination and ensure that they get the support that they need to go to college or university or into a modern apprenticeship. When they leave school, we will offer those young people the coaching service. We will work through the local employability partnerships in the 32 local authorities to ensure that we have cohesion around that.

We are bringing to the table the BASES—better alignment of Scotland's employability services—work, which I mentioned earlier. All the various incentives, programmes and provision will be much more effectively joined up, along with any new provision that comes through, particularly in areas such as activity agreements, additional modern apprenticeships and the new college learner programme.

Liam McArthur: I do not want to put words in your mouth, but what you describe sounds like an exercise in trying to ensure that people do not fall between stools. You are joining up the process, rather than adding a great deal to it. Is that the case?

Danny Logue: There are two elements. One is the joining-up process that is taking place across all the different organisations in the space of working with and supporting young people. Through the youth contract, the DWP is very much in that space, and we are working closely with it to ensure that there are synergies and alignment rather than overlap.

The second element is the additional incentives. I mentioned the number of local authorities that are introducing wage subsidies and recruitment programmes. We have the new college learner

programme, and we have another 25,000 modern apprenticeships to deliver next year. There is a range of different incentives, initiatives and programmes that fit into the box.

There is a bit of both—there is joining up, and we are looking at enhanced provision.

Liam McArthur: Can you offer a definition of the training and learning place that the First Minister mentioned last September?

Danny Logue: We have been told that a couple of the things that we have been talking about are in there. First, on training, we talked earlier about some of our employability programmes, such as the get ready for work programme. With the 32 local authorities, we have a co-commissioning model that looks to the needs and priorities across each local authority, and we then agree with each of the local partners what is required in the employability programmes in their geography.

That means that our programmes are aligned with what partners are doing. We talked earlier about some of the third sector's programmes; local authorities also have programmes. How do we ensure that there is a learning and training infrastructure for young people to access the get ready for work programme?

In terms of learning opportunities, it is also about ensuring that young people are fully aware of, and are encouraged to apply for, college places that are available in August through the mainstream college programmes. In addition to that is the new college learner programme, which we are discussing with the Scottish Further and Higher Education Funding Council and Scotland's Colleges in order that we can develop it for later this year.

Liam McArthur: I know that the focus needs to be on the outcomes. However, it is not entirely clear where the additional funding to support opportunities for all sits and what amount has been set aside for delivering the guarantee, as such. Are you able to shed any light on that?

Danny Logue: There is some clarity for some of the provision. For example, we are working with the colleges to invest in the new college learner programme. However, we have still to get clarity about the Government's policy in a couple of areas, in particular on the employer recruitment incentive. We have been running that until now, and we will look to see how it will go forward next year.

We are still awaiting clarification on one or two other policy areas from the Government, including on targeted pathways to employment. There will be funding available to support 25,000 modern apprenticeships. We are just about to conclude the

contractual arrangements with employers and training providers for 2012-13.

Liam McArthur: All of that is important, but it sounds again as though, although you are pulling together funding pots that are necessary to deliver part of the cohesive package, it is not entirely clear where the specific funding to deliver the opportunities for all guarantee sits. Is that just inevitably part of the way in which you are looking to deliver it?

Danny Logue: That is also partly to do with the different roles that partners have in terms of the moneys. For example, money was made available for activity agreements, for SDS to create its work coaches and for implementing the new college learner programme. We are finishing off co-commissioning for the get ready for work programmes. A number of resources will target young people, especially vulnerable young people, in relation to accessing employment and training. However, we have yet to receive final guidance from the Scottish Government about the application of that policy next year.

Joan McAlpine: I have a quick supplementary for Mr Logue. You said that you spend a lot of time ensuring synergy and alignment with the DWP to avoid overlap and duplication. Do you think that your time could be better spent? I ask that because when I was on the Scotland Bill Committee we took evidence from the Wise Group, which was keen that employability be devolved to Scotland because there is too much overlap, and it feels that we could create here a much more streamlined system and a less cluttered landscape. What is your view on that?

Danny Logue: My view is that Skills Development Scotland is very much a delivery agent for Government. Obviously, under current constitutional arrangements, the DWP covers the UK and SDS covers Scotland, and we have to work within that.

On what we have been able to do in Scotland, three years ago we introduced the integrated employment and skills initiative, which started across the UK with 10 pilots. In Scotland, two national organisations—Jobcentre Plus and SDS—asked how they could work better together for the customers that they shared—individuals and businesses. Since then, the Scottish Government has been working closely with us through the BASES initiative, which I mentioned earlier. That basically means that Jobcentre Plus, the third sector, local authorities, colleges, SDS and others get round the table to see how they can better align their resources and services so that there is no duplication.

For example, in the work that we do with Jobcentre Plus, we have service delivery

agreements nationally and at district level to ensure that, for our customers, there is no overlap and duplication and that there are appropriate referrals between the two organisations. We have also been working closely on promotion of offers and incentives to employers. For example, we have promotional literature for businesses that has SDS on one side offering Scottish Government support, while the back of the page has the DWP offers. The question is how can we make our arrangements in Scotland and the DWP's in the UK fit best so that we have joined-up services and resources.

Joan McAlpine: That suggests to me that you are spending a lot of time talking about how to align yourselves. If the matter were devolved, you would not have to do that. Instead, you would be able to focus on the job in hand. Does Mr Boyd care to comment on that?

The Convener: If he does, he will have to be very brief.

Stephen Boyd: I do not particularly want to comment. Is that brief enough? [*Laughter.*] Like many organisations, we are consulting our members on these issues in the run-up to the referendum. It would not be appropriate for me to pre-empt that process.

The Convener: You can give us a view when you have made up your mind on it.

Neil Bibby: Obviously a lot of youth unemployment figures are causing a great deal of alarm. I am particularly concerned by the recent statistic that, as of February, 44,000 young people between 18 and 24 have been unemployed for more than 12 months. I know that there has been a lot of focus on 16 to 19-year-olds, but I wonder whether Skills Development Scotland can tell us what can be done to reach those who are 19-plus and who have still to find work and training, and what support it is offering in that respect.

Katie Hutton: I will cover the modern apprenticeship element of our response and Danny Logue will talk about guidance.

The funding policy for MAs and priorities with regard to the occupational areas that will be funded have been changed for next year. For example, for all 20 to 24-year-olds, we will fund any occupational framework that has been approved for delivery in Scotland. Such changes recognise the importance of the figures that you highlighted and the need to open up opportunities for people in that age group.

Danny Logue: As I said earlier, we know from our work in schools and with 16 and 17-year-olds that more young people are either staying at school or are moving into further education. That is the reason for that higher figure for

unemployment among 18 to 24-year-olds. As Katie Hutton has suggested, we are providing support through the modern apprenticeship programme and our own careers information, advice and guidance services, and we are increasingly considering the roles of the third sector, local authorities and the DWP. Scotland's two big work programme providers are also supporting that cohort. The question—again—is this: how do we work in collaboration and partnership to address the challenges?

Neil Bibby: You said that an increasing number of young people are staying in full-time education. In its submission, the Alliance of Sector Skills Councils in Scotland says that 35,000 young people are looking for work while they are in full-time education. Are young people staying on in education simply because they cannot find jobs?

Jacqui Hepburn: According to statistics that were released a couple of weeks ago, participation in FE by 16 to 19-year-olds is running at 30 per cent in England and 35 per cent in Scotland. Of course, some of that has been driven by current Government policy to ensure participation and opportunities for all. As I said earlier, there is a difference between participation and progressing into a job, but it is a policy choice.

Neil Bibby: Jacqui Hepburn mentioned the changes that are affecting her organisation and highlighted the importance of there being labour market information statistics that have been tailored for Scotland. Have you raised your concerns with Scottish ministers? If so, what response have you received? What are you going to do as a result of those changes?

Jacqui Hepburn: I have raised our concerns with my sponsor division and if I have not heard anything by the end of March I will write formally to the minister. My understanding as of today is that no decision has been made as to who will take forward sectoral LMI in Scotland.

11:30

Neil Findlay: Would anyone like to comment on the fact that, as I understand it, a number of the current modern apprenticeships appear to be one-year fixed-term contracts with the likes of local authorities? Why are activity agreements included as a positive destination? That is beyond me.

Stephen Boyd mentioned major infrastructure projects. My understanding is that ConstructionSkills Scotland approached the main contractor on the Forth bridge project and offered £30,000 a year for three years for a project skills co-ordinator to work on the supply chain in that project but that was refused. I think that that was a glaring opportunity missed. Does anyone have any further information on that?

Katie Hutton: In relation to one-year contracts, an individual who goes through a modern apprenticeship must have employed status for the lifetime of that contract. It may be that, under the framework that the employer is following, it is estimated that that will take one year to achieve. As Jacqui Hepburn said, it depends on what level is being covered, the individual's age and so on. The length of their employment will be appropriate to the length of time that that will take.

As I understand it, the Scottish Government decided that activity agreements would be included in the school leaver destination statistics for the first time this year. SDS was asked to follow up on that.

Neil Findlay: In your professional capacity, do you regard an activity agreement as a positive destination?

Katie Hutton: I do not think that it is appropriate for me to comment on Scottish Government policy.

Neil Findlay: I did not think that you would.

The Convener: You can ask the minister when the minister comes before us.

Does anyone have any information on Mr Findlay's third question?

Jacqui Hepburn: I am happy to follow that up and to write back to the committee.

The Convener: That is good.

Neil Findlay: Thank you.

Clare Adamson: Is this a supplementary or the final question?

The Convener: I do not know—I was hoping that it was the final question.

Clare Adamson: That is fine—I will not try my luck.

Stephen Boyd mentioned that gender inequality was an issue with modern apprenticeships, but there are obviously issues to do with the involvement of the Asian community in construction. How are you taking forward an equalities agenda in the case of modern apprenticeships? How are you encouraging young women into the engineering and technology apprenticeships?

Stephen Boyd: We are a partner in the close the gap project, which is based at the STUC and in which SDS, Scottish Enterprise and others are involved. That is the main focus of our work. We must remember that gender segregation in modern apprenticeships leads directly to the gender pay gap being further embedded.

It is difficult to answer your question briefly and to give a full flavour of the range of activity that is

taking place. The issue has been a key priority of the STUC women's committee for a number of years, so I am working with a lot of stakeholders in academia and other agencies to address it. I have a lot of additional information on the issue, which I would be more than happy to share with the committee.

The Convener: I thank the witnesses very much for their evidence. We have gone a little over time, but I appreciate the answers that you have given and look forward to receiving the additional information that you will send us.

11:33

Meeting suspended.

11:35

On resuming—

Subordinate Legislation

Children's Hearings (Scotland) Act 2011 (Safeguarders Panel) Regulations 2012 (SSI 2012/54)

Education (Fees, Awards and Student Support) (Miscellaneous Amendments) (Scotland) Regulations 2012 (SSI 2012/72)

Teachers' Superannuation (Scotland) Amendment Regulations 2012 (SSI 2012/70)

The Convener: The next item on the agenda is consideration of three negative Scottish statutory instruments. No motions to annul have been lodged in respect of any of the instruments and the Subordinate Legislation Committee has drawn the attention of the Parliament to a minor drafting error in SSI 2012/70. The committee had no comments on the other regulations.

Does anyone have any comments?

Neil Findlay: On the Teachers' Superannuation (Scotland) Amendment Regulations (SSI 2012/70), it is my understanding that negotiations are being conducted between the teaching trade unions, the Convention of Scottish Local Authorities, and the various other interested parties. What will the impact of the regulations be on those negotiations? Should we be doing anything at this stage?

The Convener: My understanding is that a further instrument is coming. Is that correct?

Terry Shevlin (Clerk): We have been told that further subordinate legislation is coming, but we do not have the exact detail.

The Convener: The negotiations can carry on and there will be another instrument that will deal with superannuation after the negotiations are concluded.

Neil Findlay: If we proceed with the regulations that are in front of us today, there will be no impact on the current status of the negotiations or the potential outcome.

The Convener: That is my understanding, yes.

Neil Findlay: Could we have that clarified?

The Convener: We could certainly write to the minister to ask that question, but it would not change what we have to do this morning. As I said, I understand that the negotiations will be able

to continue because another instrument will be laid at a later date.

Neil Findlay: It would be helpful if we had that nailed down.

The Convener: I am happy to ask that. Are there any other comments?

Liam McArthur: I assume that the drafting changes are a result of refinements in definitions under European Union law that need to be reflected—

The Convener: I am sorry; which instrument are you referring to?

Liam McArthur: It seems to apply to most, if not all, of the instruments.

The Convener: I am sorry. I am not quite sure what you are referring to. Can you give us an example?

Liam McArthur: In SSI 2012/72, there is an updated definition of “family member”; the regulations refer to “frontier self employed person”, “EEA frontier worker”, and “Swiss employed person”. I assume that the changes just reflect changes in EU definitions.

The Convener: Apparently they correct drafting errors.

Terry Shevlin: Paragraph 5 of the cover paper says that the changes are

“correcting drafting errors, ensuring that the instruments reflect current requirements of EU law and ensuring that they are worded in a manner that accurately reflects current policy intentions and practice.”

Nothing of substance has been changed. Terminology has been changed to bring the instruments into line with previous legislation.

The Convener: Does the committee agree to make no recommendations to Parliament on the Children’s Hearings (Scotland) Act 2011 (Safeguarders Panel) Regulations 2012 (SSI 2012/54)?

Members indicated agreement.

The Convener: Does the committee agree to make no recommendations to Parliament on the Education (Fees, Awards and Student Support) (Miscellaneous Amendments) (Scotland) Regulations 2012 (SSI 2012/72)?

Members indicated agreement.

The Convener: Does the committee agree to make no recommendations to Parliament on the Teachers’ Superannuation (Scotland) Amendment Regulations 2012 (SSI 2012/70)?

Neil Findlay: I agree, subject to what was said earlier.

The Convener: You have to either agree or not agree. Does the committee agree?

Members indicated agreement.

The Convener: As the committee has agreed to take the next agenda item in private, I close the public part of the meeting.

11:40

Meeting continued in private until 11:53.

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