RURAL ECONOMY AND CONNECTIVITY COMMITTEE

SOUTH OF SCOTLAND ENTERPRISE BILL

SUBMISSION FROM SKILLS DEVELOPMENT SCOTLAND

Do you agree that a South of Scotland Enterprise agency should be created (answer required)?

Do you agree with the proposals for the body’s constitution, purposes, powers and duties (answer required)?

Is there anything else that should be included or excluded from the Bill? If "yes", please provide further comment.

Skills Development Scotland (SDS) welcomes this inquiry and the opportunity we had on 19 December to appear before the Committee to reiterate our support for the creation of a new South of Scotland Enterprise agency. We have expressed this view consistently through our contribution to the Scottish Government’s Enterprise and Skills Review and in our response to the Scottish Government consultation on this matter. We hope we made members aware during Chris Brodie’s appearance in December of not only our support for the new agency but also of our determination to work alongside it to support the individuals and businesses of the South of Scotland.

In our response to the Scottish Government consultation, we stated our support for the unique opportunity the new agency creates to bring a new and dynamic approach to economic development, inclusive growth, fair work and increased prosperity across the South of Scotland. As a national organisation delivering at a local level SDS has strong connections in all communities across the country, including in the South of Scotland, and we look forward to using our embedded expertise and experience in delivering for the area to support the agency as it is created and develops in future years.

Working with partners, including the new agency, SDS can play a pivotal role in driving forward the step change which is required in economic performance in the South of Scotland. Working together, we have already identified some of the key messages for the area, which the new agency will need to fully recognise and act upon:

- The area is different from other parts of Scotland and within the region – rurality and place are crucially important
- There are high levels of economic activity with low unemployment (including young people)
- The area has the highest concentrations of jobs in five sectors (health; education; construction; tourism; manufacturing), but also has many low skilled/low wage jobs
• The area has the lowest percentage of skills gaps in Scotland, but also, as Chris Brodie highlighted during his appearance, the highest rates of under-utilisation of skills.
• There is a relatively stable but ageing population and declining numbers of young people, meaning there is a high dependency ratio which is set to increase sharply.
• The vast majority of learners are in further education, with a more modest contribution from higher education and work-based learning but many young people are leaving the region for education and work.

The agency should work closely with SDS in seeking to address these challenges. We are already engaged in seeking to mobilise the energy and activity of the private sector, local communities and other national and local public-sector partners in addressing those challenges in a coherent and collaborative manner.

The South of Scotland Economic Partnership has agreed the following themes and areas for action in the area, and it is crucial that the new agency works with partners to address them:

• Developing an ambitious draft vision for the South of Scotland using strong economic evidence base
• Communities
• Education and Skills
• Farming, fisheries, forestry and land management
• Key Sectors
• Business Growth

Addressing these challenges is likely to be beyond the capabilities of any single organisation. The approach to economic development will require deep collaboration between the new agency, Local Authorities and Scotland’s other national agencies (Skills Development Scotland, Scottish Funding Council, Scottish Enterprise, Visit Scotland, Transport Scotland and Historic Environment Scotland) and delivering stronger strategic alignment of resources behind the needs of the region.

In terms of our own delivery in the area, SDS invests significantly to provide work-based learning opportunities in the South of Scotland. We supported 1,379 Modern Apprenticeship (MA) starts in the region in 2017-18 and have introduced Foundation Apprenticeships to the area, while there are now some individuals from Dumfries and Galloway participating in a Graduate Apprenticeship. The Scottish Government’s commitment to expand Foundation, Modern and Graduate Apprenticeship provision across Scotland provides an important opportunity for the South of Scotland. The impacts of our interventions and partnership working are visible in high local MA achievement rates, with 80% of MA leavers achieving their qualifications in 2017-18. We have also addressed concerns about the relatively high
costs of training in rural areas by making available further support to companies through the rural uplift.

We would be keen to explore opportunities to expand work-based learning offers in conjunction with partners to meet the needs of people across the South of Scotland. For instance, as Chris Brodie recognised during his appearance, smaller companies often have challenges in accessing training for their staff and taking on apprenticeships in particular. SDS has been piloting approaches across rural Scotland in, for instance, shared apprenticeships and host apprenticeship models, which allow smaller companies to fully participate in those programmes.

Our delivery in the area is informed by substantial levels of insight and local skills intelligence, such as the 11 sector Skills Investment Plans we facilitate, apprenticeship demand statements, the developing Rural Skills Action Plan and flexibility to meet regional skills evidence needs. Insight is also derived from the Regional Skills Assessments (RSA) for the area. The aim of RSAs is to provide a coherent evidence base on which to base future investment in skills, built up from existing datasets. RSAs are developed and used by SDS and its partners. Since their introduction, RSAs have changed slightly and now focus mainly on demand side evidence. They highlight economic and labour market data, offering trends and forecasts at both regional and local authority level.

Additionally, SDS has commenced the development of a Regional Skills Investment Plan (RSIP) for the South of Scotland. This Plan is developed, shaped and owned by partners, with SDS facilitating the process. The RSIP for the South of Scotland will provide a clear understanding of the future skills demands of employers and the ambitions of learners in the context of current and predicted labour supply in the region, based on an economic vision set by the agency. We believe that this RSIP will support the emerging economic vision for the South of Scotland and that there will be a key role for the agency in its implementation.

All of this places SDS in the ideal position to support and influence the development of the agency. SDS delivery in the area has been shaped by listening to partners and having ongoing conversations with them about what is required in the area and how we can best work together. The Enterprise and Skills Review has stressed that collaboration between agencies is key. In this spirit, we look forward to utilising our own experience in support of the new agency and collectively making a different for the individuals and businesses in the South of Scotland.

We are broadly in agreement with the new agency’s constitution, purposes, powers and duties. In the spirit of collaboration between the agencies and the need for powers to be clearly defined, it is important the agency’s powers continue to complement the powers of existing agencies and stakeholders.
In our submission to the Scottish Government consultation in June, we highlighted a number of areas where the agency might usefully focus its early activity. It is useful to reiterate these priorities as areas in which the new agency might use its powers in the initial stages:

- Building commitment, engagement and buy-in across all stakeholders through an extensive consultation process
- Developing a shared and coherent long-term vision for the development of the South of Scotland’s economy and communities
- Developing and delivering distinctive approaches to economic development appropriate to the needs of the region, building on existing comparative assets
- Working collaboratively with other national agencies, and partners (e.g. Borderlands) to ensure the alignment of existing resources behind the needs of the region
- Making strategic investments in infrastructure, sites and places to support the economic growth potential of the South of Scotland
- Co-investing with other partners to strengthen the evidence base to inform economic development and skills activity
- Developing a clear narrative on the strengths of and opportunities in the region, and communicating those effectively to potential investors, residents and working age families.

A key area of focus, however, in which SDS is already actively involved with stakeholders, is in the development of an integrated plan to respond to the data on skills shortages and demographic changes. This is being addressed through the RSIP for the area, which has been informed by stakeholders in the region and seeks to address the issues raised in the earlier Scottish Government consultation.

We look forward to working with the agency to address these priorities. As Chris Brodie said during his appearance, we do not see the new agency as duplicating or replacing what we do; we see it as an important complement to what we do. The agency has an important role in helping to change the dynamic of the economy in the south, and we look forward to playing our part in working alongside it to achieve this.