



OFFICIAL REPORT
AITHISG OIFIGEIL

Education and Skills Committee

Wednesday 9 November 2016

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Wednesday 9 November 2016

CONTENTS

Col.

PRE-BUDGET SCRUTINY 2017-18 (SKILLS DEVELOPMENT SCOTLAND) 1

EDUCATION AND SKILLS COMMITTEE

10th Meeting 2016, Session 5

CONVENER

*James Dornan (Glasgow Cathcart) (SNP)

DEPUTY CONVENER

*Johann Lamont (Glasgow) (Lab)

COMMITTEE MEMBERS

Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Ross Greer (West Scotland) (Green)

*Daniel Johnson (Edinburgh Southern) (Lab)

*Richard Lochhead (Moray) (SNP)

*Fulton MacGregor (Coatbridge and Chryston) (SNP)

*Gillian Martin (Aberdeenshire East) (SNP)

*Tavish Scott (Shetland Islands) (LD)

Liz Smith (Mid Scotland and Fife) (Con)

*Ross Thomson (North East Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Katie Hutton (Skills Development Scotland)

Danny Logue (Skills Development Scotland)

Gordon McGuinness (Skills Development Scotland)

Damien Yeates (Skills Development Scotland)

CLERK TO THE COMMITTEE

Roz Thomson

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education and Skills Committee

Wednesday 9 November 2016

[The Convener opened the meeting at 10:00]

Pre-budget Scrutiny 2017-18 (Skills Development Scotland)

The Convener (James Dornan): Good morning, everyone, and welcome to the 10th meeting of the Education and Skills Committee. I remind everyone present to turn all mobile phones and other electronic devices to silent mode for the duration of the meeting.

Agenda item 1 is the first of the committee's four sessions of pre-budget scrutiny. Later this month, we will look at the Scottish Further and Higher Education Funding Council, the Scottish Qualifications Authority and Education Scotland. Today, we will look at Skills Development Scotland. I welcome to the meeting Damien Yeates, chief executive; Danny Logue, operations director; Gordon McGuinness, director of industry and enterprise networks; and Katie Hutton, director of national training programmes.

Before we start, I put on record the committee's thanks to SDS for arranging a number of local visits by members recently. Johann Lamont, Richard Lochhead, Daniel Johnson and I took the opportunity to see at first hand some of the work that SDS does, and I am sure that we all found it very useful—I know that I did.

Before I start the questioning, I reiterate my thanks for the visit a week last Friday. As I said, I found it very useful and it was encouraging to see all the work that is going on. My question is about equalities. I accept that the figures are improving, but will you update us on what you are doing to improve the equality balance according to race, gender and disabilities?

Damien Yeates (Skills Development Scotland): Thank you for the opportunity to present evidence. Skills Development Scotland and the board take all of the Scottish Parliament's concerns and ambitions around equalities incredibly seriously. We have an equalities group as a formal sub-committee of our board that looks horizontally across all our services to ensure that we address any underrepresentation within the population.

In respect of our careers services, we have a detailed action plan around enhancing and ensuring that those who are at disadvantage or at risk of being left behind are specifically supported

and addressed through targeted services. Danny Logue will offer some detailed information on that, and Katie Hutton can explain in detail our action plans to ensure that there is increased representation of underrepresented groups in national training programmes, and particularly in the modern apprenticeship programme.

I remind the committee—I think that you are all familiar with this—that much of the challenge is societal: it is deep seated, it is cultural and it is based on perceptions and views that are formed over many years. However, there is a responsibility on all of us—not just Skills Development Scotland but employers, parents, teachers and the whole system—to challenge those prejudices and the views that we have and to work hard every day of every week to ensure that we address them.

I call on Danny Logue to speak in more detail about the impact of services in respect of those at risk in schools, and then Katie Hutton can speak more specifically on the improving uptake of modern apprenticeships across a range of equalities groups.

Danny Logue (Skills Development Scotland): I have a couple of points to highlight on our school offer. We now have a whole-school offer that starts in primary 7 and secondary 1. That was a result of the developing Scotland's young workforce project, and there is now a greater focus on that younger age group. We also have a senior phase for S4 to S6 so, for the first time anywhere in the Organisation for Economic Co-operation and Development countries, we have a careers service that works from P7 all the way through to S6. That allows us to do what we call earlier intervention, and we can work with schools to identify young people with many different support needs.

There are two aspects to that. First, we agree a needs matrix each year with the school to identify young people who are at risk of not achieving a positive destination when they leave school or have additional support for learning needs. At present, 28 or 29 per cent of pupils between S4 and S6 fall into that category and, as Damien Yeates said, we offer targeted support through our work coaches and care coaches in schools in order to provide an intensive case management service.

We have also been working with Education Scotland and schools on the career education standards for ages three to 18.

We now work very closely with teachers and parents, so we can raise awareness of the world of careers and what it means for all individuals. That includes some of the challenges that Damien Yeates mentioned, such as issues with regard to

children with additional support needs, looked-after and accommodated children and so on. Just under 5,500 young people between secondary 2 and secondary 6 have a care experience, and we work with them, too.

At the same time, we have been doing a lot of work with the Institute of Physics and other organisations to try to address equality issues, particularly gender stereotyping, in careers. That very much forms the support that our careers advisers and work coaches provide in school. In addition, we have the My World of Work web service, in which a lot of the emphasis is on support for parents, teachers and young people, raising awareness of career opportunities right across the board and ensuring that we address issues such as gender stereotyping.

The Convener: There has been some movement. That said, with regard to Damien Yeates's comment about having to change societal values, at the end of the day you are responsible for the apprenticeship programme. You need to be pushing that change from your viewpoint. What steps are you taking to try to change businesses' perception about this being the right way to go?

Damien Yeates: Clearly we would not shirk our responsibility in that respect. Katie Hutton will talk in detail about the very specific actions that we have taken with parents, young people, training providers and employers to ensure that they are aware of their responsibilities. We might fund these things, but we also depend on employers to put in place actions that respect and respond to the equalities agenda. As I have said, Katie Hutton can offer the committee some very specific details about the actions that we are taking and the improvements that we have seen over the past number of years.

Katie Hutton (Skills Development Scotland): First of all, we engaged with our stakeholders, and a lot of that engagement was about framing and understanding the challenge for each of the groups that are underrepresented in modern apprenticeships. It also informed the activities that we would undertake, and we encapsulated all of that in an action plan that shows our ambition, frames the challenge and sets out the activities and interim measures.

Obviously the measures that we are taking are specific to each group, but some common themes go across what we are doing. On disability, for instance, we have particular activities with regard to funding support and additional support needs, and funding attached to an employability fund, which is for reasonable adjustments such as British Sign Language interpreters and coloured overlays, scribing pens and so on for dyslexia.

We also have a comprehensive suite of training and webinars, which have been informed by our stakeholders and, in many cases, have been delivered by them to all of the training providers. That activity has been going on and will continue to go on; the use of webinars means that people can dip in and out when they want to.

We have undertaken with a number of partners action research projects on specific issues. For example, we have worked with West College Scotland and Concept Northern on autism and with Beith Community Development Trust on dyslexia—I could go on. The idea behind the approach has been to understand how things can work better in order to inform the mainstreaming process. After all, we cannot keep doing project work all the time. We have also developed toolkit materials on disability for all the advisers, and they are also used widely by partners.

With employers, we have funded action research projects on what support they can give and how we feed that out to others. We have also produced a suite of materials, including little postcards that have on one side the kinds of things that employers might say about something like gender imbalance such as "I don't get enough recruits" and, on the other side, the things that they can do about the issue.

We have invested a lot of resources in terms of personnel working on this matter and driving it through the business and in terms of training providers, and we have added to our invitation to tender documentation specific requirements to provide evidence of what training providers, employers and so on are doing on equalities. Moreover, each individual contracted for the national training programmes has to develop an equalities action plan and must be seen to be actively implementing it, and that is followed up by our skills investment advisers. We have supported our staff to do these things better, too. I could go on at length, but we have put in place a range of actions including, obviously, actions for each specific group.

The figures have increased, particularly for disability. We always thought that there was an issue around the self-reported nature of disability, and there has been work with the equalities challenge unit in two areas. One is to help training providers and other suppliers to enable individuals to self-disclose, because we know that university students, for instance, are happy to disclose a disability in a university setting, but when they go out into the labour market they do not like to do it. We need to understand that sort of thing, and we need practical measures, such as not asking people to self-declare a disability in a group setting. The other area is around the way in which questions are asked and the order in which we

capture information on disability. We got the equalities challenge unit to speak to all the stakeholders involved and to benchmark against other countries on what is considered when asking for information on disability.

Damien Yeates: One important development that could help in changing mindsets about a pathway that people think is not for them, perhaps because they do not think, for whatever reason, that they have the courage or belief to progress in that opportunity, is the introduction of foundation apprenticeships in the senior phase at school. That offers a low-risk way for senior-phase pupils to have a go at something that they might have thought was not for them. Addressing both the gender bias and the equalities agenda through foundation apprenticeships in senior phase could be one of the most practical things that we deliver. It changes the mindset of both the individual and the parents and teachers, showing them that it is possible and that, far from being something that they cannot do, they will thrive by doing it. As Katie Hutton says, every day of every week, we must keep the pressure on employers and training providers and keep the issue centre stage, because it is not just a nice tool but an absolute essential.

The Convener: I know that a couple of my colleagues want to ask questions on that. How long has that been a focus and have you seen any marked improvement based on the work that you have been doing, particularly the things that Katie Hutton mentioned? Do you have targets to reach on equalities?

Katie Hutton: We have targets to reach that have been set through the youth employment strategy, coming out of the recommendations on developing Scotland's young workforce. There are targets in relation to four specific groups, to do with gender, disability, care leavers and ethnic minorities, and we have also set ourselves interim targets in our action plan.

We have galvanised a lot of activity over the past couple of years. We have been talking to the Skills Funding Agency about its approach, and it is interesting to note that, although it is similar to us in that it funds modern apprenticeships on behalf of the United Kingdom Government, it does not see itself as having a role in promoting equalities because it is the employer, not the Skills Funding Agency, that recruits. It does not believe that it should step in. I suppose that our approach is to exhaust all the efforts that we can with the levers available to us to bring about increases, particularly for disability.

At the end of 2014-15, 0.4 per cent of individuals self-declared as being disabled, and we had done a bit of matching of figures with our careers records and data hub records. We always

knew that there had been an underreporting issue. The figure went up to 3.9 per cent at the end of last year, and the quarter 2 figures that came out yesterday show that it is up at 7.6 per cent, which has been sustained from quarter 1. I am always a wee bit cautious about mentioning quarter figures, because there can be differences throughout the year, but the figure is being sustained this year. There is more to do, obviously, but there has been an increase.

There has also been a slight increase in ethnic minority groups, and we are learning that we are up against quite strong cultural preferences around higher education and further education with some ethnic minority groups. Some ethnic minority groups have a culture of making sacrifices now in order to reap the rewards in the future, and the figures show that 80 per cent of ethnic minority groups go to HE and FE compared with 65 per cent of the population as a whole. We have learned that we definitely need to engage ethnic minority groups on their home turf and in community groups. For instance, after Friday prayers at Edinburgh central mosque we have a stand to engage with people, and we have been working with BEMIS, the West of Scotland Regional Equality Council and other groups to engage with ethnic minority communities in partner premises.

In some cases, we have been driving awareness of apprenticeships. That does not necessarily lead to the figures improving because, first, an offer may not match our expectation of an opportunity and, second, there may be a need for employability skills. We have been working with community groups to improve the employability skills of some of the ethnic minority groups.

10:15

The ethnic minority figure was 1.4 per cent at the end of last year; it has gone up slightly to 1.6 per cent for quarter 2. A lot of intensive work will be required there, too.

There was not a baseline for care leavers. In the previous financial year, 1 per cent of all modern apprenticeship starts self-declared as care leavers. There is not an agreed population figure of care leavers in Scotland to reference that against, but we have a baseline to work from and it is about 1.1 per cent just now.

Gender is a long-standing issue and there have been multiple pieces of work over the years on occupational segregation. Overall participation went up 1 per cent but there is still occupational segregation. A lot of the activities required to influence that are upstream of modern apprenticeships. They start in schools and nurseries and with parents influencing young

people, so it will be a long haul. European countries have the same situation on occupational segregation.

Damien Yeates: To give the committee an example, participation in good-quality engineering apprenticeships among young women is not nearly as high as we would like. We looked really hard at the reasons for this. In 2016, how can it be that we do not have much more balanced participation? One of the interesting statistics, which I think we reported on the previous occasion we were at the committee, was that, of young people in Scotland who get a pass or higher grade in physics every year, 72 per cent are boys. If you are not studying physics, progression into engineering is going to be highly restricted.

That is nothing to do with capacity and capability, because generally young women outperform young men in progression into medicine and other disciplines. The problem is young women's perception and beliefs that it is not a sector that they are interested in, that they do not value it or that somehow their formative education or the influences on their life suggest that it is not for them. It is very deep seated.

In that example, we spent a lot of time with the Institute of Physics on what the outliers are: where in the world there are examples that we could draw on to allow us to believe that we could change this situation. The only significant outlier is single-sex schools, which is bizarre in some respects, and we are certainly not going to move back to that. There is a real challenge around the language and how young women are engaged in that.

One of the early seeds of hope goes back to the point that I made about foundation apprenticeships. I encourage the committee to get out into schools and have a look at some of the early pathfinders on foundation apprenticeships. Lochgelly high school was one of the first to take on foundation apprenticeships in engineering, and the vast majority were young women. The success of attracting them onto the programme was the result of the change of language, with the introduction of words around design and so on, that broadened the appeal.

Our hope is that, having undertaken the foundation apprenticeship, people will migrate much more easily into pathways that they had not previously considered. As I said, this will be a long-term challenge and all of us right through the system are going to have to challenge the unconscious bias that we often maintain, through our language or how we act and behave.

The Convener: I note that the apprenticeship numbers came out today and seem very

encouraging. Can you reassure us that this will help you to achieve your target?

Damien Yeates: We would not overstate the case, but, at the end of quarter 2, the figures are strong and progress towards the targets that we have just discussed—both at high level and at very specific level—is going in the right direction. We remain confident that we can deliver both the volume targets and the sub-targets that are set for the national training programmes.

Johann Lamont (Glasgow) (Lab): I also put on record my thanks to the Wheatley Group and SDS for the visit that I had. I was particularly struck by the enthusiasm of the people who were delivering the apprenticeship programme. The young people who spoke to us were first class, and we would want to wish them all well in the future. I was hugely impressed by the visit.

I will go back to the issue of equality in your work. If there was an equality impact assessment on your spend, would it pass?

Damien Yeates: That is a good question. I think that it would, given how we are deploying the resource that we have and the efforts that we are making. However, if you are asking whether we are seeing an absolute translation of that specifically in our programmes alone, the answer is no.

I go back to the point that Katie Hutton made. We require to see the balance of choice in equalities across all the skills programmes. Should there be an absolute mirror of the population in every choice, or should there be, for example, increased choices for women going into medicine as opposed to apprenticeships? Would the committee suggest that we dampen young women's enthusiasm for medicine and somehow force them to choose apprenticeships instead?

Johann Lamont: That is not the choice that we are talking about. Within your spending, if the modern apprenticeships that are created are in subjects that girls are less likely to take up, you are disproportionately funding the skills needs of boys. That is not to say anything against the boys who choose those subjects—yes, it is down to society and all the rest of it—but, in Skills Development Scotland's direct spend, you are disproportionately investing in some groups compared to others. We are asking what you are doing to address that situation.

You made the point that you are providing extra support, but you said that it is specifically around the employability fund. Can you remind us what your broad budget is for modern apprenticeships and for the employability fund, and can you tell us what proportion of that funding is ring fenced to deliver the supports that are required to ensure that people with disabilities can access modern

apprenticeships or work through the employability fund?

Katie Hutton: We do not ring fence money in the employability fund for such specific actions; we try to look at the needs as we go along. Across Scotland there are other programmes funded by the employability fund that we would encourage people to access, and through which partners are funded. It is about linking all available programmes funded by the employability fund in Scotland and using that funding to help people.

On your point about gender-related spend, we do not create the modern apprenticeship opportunities; they are jobs. You suggest that we are choosing to invest in one area and forget about the other people, but the jobs have to be there, and that is a consequence of the recruitment choices that employers make. Once we have exhausted the efforts that we can make, it is a matter of setting quotas, and I am not sure that the employer community would be in favour of our telling them whom to recruit.

Johann Lamont: With respect, it would be reasonable for the public purse to expect its money to be disbursed in a fair way. If your position is that it is not about you but about the employers, what is the point in having a new equality action plan?

Damien Yeates: It is about both. You need to be extremely careful about the duality of what we are trying to do. The apprenticeship funding is to support apprenticeships, and their demand is derived from employers. The Government does not create apprenticeships—employers create apprenticeships—but it sets a target in the hope that industry will match that. It is a derived demand. The Government cannot force businesses to create apprenticeships.

Johann Lamont: We can insist that the money that is allocated by the Government is spent fairly across the equality groups.

Damien Yeates: Absolutely. The jobs that are created to support apprenticeships are funded. Thereafter, as we have said, there are a whole range of sub-targets that we have a real concern for. However, I find it difficult to work out how we would somehow split how the funds are spent by gender.

Johann Lamont: It might be difficult but, with respect, it is the public purse. If anybody told me that a fund had been created and they could guarantee that 70 per cent of the money would go to boys rather than girls and that less than 5 per cent would go towards meeting the needs of people with disabilities, I would be concerned about that. Given that you have been asked to implement a new equality action plan, are you working on that?

Katie Hutton: That gets into the legalities of whom we choose to give money to for recruitment. There are some legal issues around our being disproportionately proactive with one particular group in recruitment.

Johann Lamont: There are legal issues, but the Equality Act 2010 says that funds should be spent proportionately.

There is an issue about people with disabilities and an issue about women. Do you think that there is an issue about age? You have been asked to focus on 16 to 24-year-olds, but there are significant numbers of older people in our communities. The Confederation of British Industry Scotland has highlighted that, if there was more flexibility around age, we could address the issue of people needing to be reskilled, and people who lost out at an earlier stage in their lives might take the opportunity to do an apprenticeship and get themselves into sustainable employment.

Damien Yeates: We are happy to answer that question. Katie Hutton can go through the specifics. There is sometimes a misconception that adult apprenticeships are not available. They are available, and Katie can report on the figures around that.

The Parliament and Government should always reflect on changing economic cycles. Over the past 10 years, the focus has been on young people, for very good reasons. I remind the committee that, even today, the unemployment rate among 16 to 24-year-olds as compared with the main employment statistics is almost double. Young people are twice as likely to be out of the labour market than those who are older than them. For that good reason, the Government prioritises the investment around ensuring that young people progress into the labour market, not just for individual benefit but to prepare for Scotland's future economy and ensure that the workforce is developed.

In a study that we completed recently on jobs and skills in Glasgow, we look at the changing demographics and things such as birth rates, the volumes of young people coming out of school and the staying-on rates in the workplace. As we look ahead, there is an emerging priority around exactly the area that you mention. How do we sustain older workers in the workplace and constantly reskill them? It feels as if they will increasingly be required in the labour market because of future demographics, but people will also want to be there from a personal point of view, given pension progressions and so on.

You will see that, as part of the consultation around the current discussions on the apprenticeship levy, businesses and others were asked about the availability of apprenticeship levy

funds to support people in work. There was resounding support from the business community for the idea that some of the apprenticeship levy money should be directed more towards adults and training in the workplace.

It is an emerging issue, and I definitely think that it is going to be a significant priority. In that respect, the Government and the Parliament may want to vire funds away from some areas and into others as those priorities emerge.

Johann Lamont: I understand that you have a target to reach 30,000 modern apprenticeships by 2020, with an emphasis on technology. Will that target help you to address the equality issues? If there is going to be greater emphasis on sectors in which there is already occupational segregation, how are you going to address that?

Damien Yeates: That is a really good question that reflects the complexity of what we are trying to manage in respect of the needs of both the economy and individuals.

Part of our reflection, especially on the equalities agenda, is that we want all our citizens to be engaged in higher skilled, higher waged job opportunities. When we look ahead at economic growth, there is a belief among all the commentators we speak to that there will be an increasing demand for careers and skills that are related to science, technology, engineering and mathematics. The Scottish Government is certainly mindful of that target, ambition and priority, and I am sure that the committee is, too. However, we need to ensure that more and more of our young people and older workers acquire such skills to allow them to progress, both for them to have pathways with growth opportunities and to fulfil the needs of the economy.

If everything remains as it is, that could exacerbate the issues in relation to the equalities agenda. That is why we all have to work doubly hard to ensure that there is progress across the breadth of the STEM areas. Gender segregation is more pronounced in engineering. We find that, in biotechnologies and the more broadly based sciences, it is the other way round. It depends on how that plays out but, ultimately, we want all young people in Scotland to have a fair opportunity to get careers in higher skilled, higher waged sectors, which are typically supported by the STEM subjects.

10:30

Johann Lamont: The issue is about individual justice, but it is also about the untapped potential of a whole group of people who do not even think about those jobs.

Damien Yeates: Absolutely.

Johann Lamont: My final question is on outcomes. We have figures that show that 92 per cent of those who complete modern apprenticeships are in work six months later. However, we have also been told that 67 per cent of employability fund leavers achieved a positive outcome or output, which feels to me like quite a low figure.

Damien Yeates: I have reflections on both those points. First, I remind the committee that apprenticeships and work-based learning are probably among the best interventions that Government can support because they engineer the outcome into the process at the start. That outcome is a job, and that is derived from a need in the employer. The ability to sustain success is therefore built in from the outset.

The employability fund is generally targeted much more towards people who are in greater need and who are distant from the labour market. It does not start with an employer, although the hope is that there is an employer at the end. Therefore, the programme cannot be compared to apprenticeships, which typically have employment built in at the start.

I would compare it to the work programme. Our employability fund substantially outperforms the work programme statistics. I suggest that the committee has a look at that comparator. We outperform similar Department for Work and Pensions programmes by at least three times. The figure reflects the fact that the fund deals with a group of people who have much more complex needs and who are on a journey towards a job opportunity. For some, that might mean a step along the way on the journey, as opposed to getting a job as the final outcome.

Johann Lamont: For clarification, when I met people from the Wheatley Group, they told me that it does not guarantee everybody a job at the end of a modern apprenticeship. What proportion of people going into modern apprenticeships go in with a guarantee of work at the end from the employer?

Damien Yeates: The statistics indicate that the vast majority are retained by the employers. The figure of 92 per cent being in employment beyond the end of the programme—

Johann Lamont: But what proportion of employers guarantee a job? You suggested that the difference between the two programmes is that some young people start with a guarantee of a job. I presume that some employers guarantee work at the end of the apprenticeship and others do not. What proportion of employers start off on the basis that they will give the person work at the end of the apprenticeship?

Damien Yeates: Our understanding is that, in an apprenticeship, a young person has a contract of employment. We would challenge employers on whether they should terminate that contract at the end of the apprenticeship. All the employers that we are aware of recruit apprentices with a view to sustaining them in work and planning for the future workforce. Some people might jump employer at the end of their apprenticeship. A large employer might take on five apprentices with a view to keeping on three, and the other two might be taken on in the supply chain or by competitor employers that perhaps do not directly invest in apprenticeships. Unless we survey employers at the start and the end to ask what their purpose is, it is difficult to answer that. The bottom line is that the apprentices have to have contracts of employment.

Danny Logue: We have talked about adults and modern apprenticeships. Another key area that is unique in Scotland and which has been recognised by the OECD is the all-age careers information, advice and guidance service that we provide. That service is open to people of all ages. We have a network of 47 centres. Our footprint in Scotland is 500 locations, of which 364 are in schools. Resources and professional support from careers advisers are provided across the board for people of all ages. Last year the PACE—partnership action for continuing employment—redundancy advisory service supported 18,000 individuals. Over and above that, another 30,000 adults were supported individually by our careers advisers. The point is that there is a big infrastructure available for adults to access support through the career information, advice and guidance service.

Damien Yeates talked about youth employment. With the DWP, local authorities the third sector and others, we now intensively case manage just under 230,000 16 to 19-year-olds to ensure that they move on to a positive destination. The participation measure that is now in place showed that, in 2015-16, 87.6 per cent were in a positive destination. We want to make sure they access and sustain that.

There is a really important point to pick up about the all-age support that SDS provides to help individuals of all ages, abilities, disabilities and interests.

Gordon McGuinness (Skills Development Scotland): I will make a quick point, building on Ms Lamont's questions on STEM and its role in the economy and the fairness of that. Yesterday, the Government published its STEM consultation on a new strategy for education and learning, which will be open until January 2017. We are working with our employers and industry leadership groups in relation to making their

representation to the consultation. It will be a cross-cutting strategy from the early years right through to university, so I encourage the committee to review the consultation document.

Ross Greer (West Scotland) (Green): This question very much follows on from the convener's line of questioning. Katie Hutton covered the matter quite well, so responses should be relatively brief.

We know that there is a serious gap between the destinations that are reached by young people with additional support needs nine months or a year after leaving school, and the destinations reached by those without such needs. Will you expand a little bit on the training that careers advisers receive in supporting young people with additional support needs?

Danny Logue: I will make a couple of points. All our careers advisers are graduates who are trained and qualified through the university postgraduate course. Elements are built into the course to train advisers to help people of all needs, including young people with additional support needs. We also have our Skills Development Scotland academy. The academy has a number of modules that aim for what we call the gold standard. We want to make sure that all our advisers reach that standard. A key module is about additional support needs.

We have about 370 careers advisers who work in schools. Some of them have specialisms in additional support needs. For the rest, we have invested in their training to make sure that they all have an ability in and an awareness of additional support needs to ensure that they can offer appropriate advice.

There is another point worth mentioning. I have referred to our needs matrix. Every year, our careers advisers negotiate a school partnership agreement with all 364 secondary schools. Contained within the agreement is the need to target pupils. That includes targeting young people who get additional support for learning. For example, I mentioned that about 28 or 29 per cent of pupils in S4 to S6 will have some form of additional support for learning—ASL has quite a broad definition, as you will know.

I have mentioned earlier intervention. Traditionally, we operated mainly from S4 to S6; we now operate from P7 and S1 all the way through, so that we can work with young people with additional support needs earlier. We work very closely with the parents. In fact, we have case conferences with parents and teachers, too.

As part of the needs matrix, we have a targeted service. That ensures that all the young people with additional support needs get the support that they need, and we have about 52,000 pupils in the

senior phase who receive various degrees of support through our case conferencing and case management with the careers advisers in schools.

It is an extensive support programme. Our staff who deliver it have extensive experience and work closely in partnership with schools and other organisations, such as psychological services and social work.

Ross Greer: What mechanisms do you have in place for getting feedback from young people and parents about the support that they receive that then allows you to adapt and improve that support? The feedback that I have had from young people with additional support needs is that they sometimes felt—not specifically with career advisers, but with the school environment in general in relation to moving them on to a positive destination—that their feedback on the support that they receive is not listened to.

Danny Logue: We look at various forms of feedback. We look at qualitative feedback from all the activities and the interactions that we have with pupils in schools. That may be on a group basis. Every year we target about 150,000 pupils. They will go through group activities with us. An evaluation is taken from all the pupils who attend those activities. The pupils include those that fall within that broader definition of accessing additional support for learning. We take the feedback and then adapt and amend anything that we have delivered as part of the process.

I mentioned earlier intervention. We now work across all the secondary schools, where we are rolling out the career education standard and developing Scotland's young workforce. I return to Ms Lamont's point about the awareness of and opportunities for careers that are there. We attend all parents nights in S2 and S3 with parents and teachers to make sure that they are all aware of the different career pathways and subject choices that the pupils can make. We then get feedback from parents who attended those nights. The feedback that we received last year showed that 82 per cent of parents felt that the events had been really informative and useful in terms of the support and advice that we gave to them and to the young people who were looking at career pathways and choices.

My last point on evaluation and feedback concerns the Education Scotland reviews. To date, we have completed 14 reviews in which colleagues from Education Scotland came into schools to work with us. They interviewed and spoke to young people of all abilities and to teachers, headteachers and other stakeholders and partners in areas such as social work. To date, 97 per cent of the results have been good or better, and we have taken on board a lot of feedback from Education Scotland.

Many areas for development have come out of those reviews, some of which are listed on the Education Scotland website. Much of what needs to be addressed is not just for Skills Development Scotland but for the schools, which brings us back to Johann Lamont's point about how we raise awareness of careers. As Gordon McGuinness mentioned, the career education standard applies to those aged from three to 18, including the whole range of services and support that we can provide for parents, young people, teachers and advisers.

Damien Yeates: As well as taking on board feedback on the current service, it is important that we engage young people with additional support needs in the service design process. Last year, as we expanded the careers service to cover P7 to S3, we ran 35 pathfinders the length and breadth Scotland. Those were designed by parents, teachers and young people in schools to look at what the service feels like for them and how it would best be delivered so that they get the best return from it. Increasingly, we must engineer the service user and the person who is at the point of receipt into the design of the service in advance of its launch.

Ross Thomson (North East Scotland) (Con): I have a couple of questions on modern apprenticeships. Damien Yeates said in his answer to Johann Lamont's question that support for people over the age of 25 is an emerging issue and can be looked at as part of the apprenticeship levy.

At present, as you will be aware, there are wide-scale indiscriminate redundancies in North East Scotland and there is a critical need to retrain people so that they can find work elsewhere. Danny Logue mentioned PACE, but one of the submissions to the committee criticises SDS for being slow to react, beyond PACE, to the downturn in the oil and gas sector. Would it be logical to extend the modern apprenticeship scheme to people aged over 25 to help to tackle the immediate and pressing need in North East Scotland just now?

Damien Yeates: That is a good question, and it is clear that there is a great challenge for the north-east. I will ask Gordon McGuinness to comment on the specific actions that we are taking.

I sit on the energy jobs task force—I know that every member of it is absolutely driven by the need to address the challenges that the north-east is facing. However, one thing that I find most disturbing in that respect is the lack of challenge to employers and the industry. We remarked about four or five years ago that the industry was challenging the Government about the skills shortage in the oil and gas sector. There was a lack of engineers and technicians, so process

engineers were being stolen from the whisky industry and the food and drink sector to drive up growth.

When we looked at the issue, it became pretty obvious that in the late 1970s and early 1980s a lot of the big companies in oil and gas had switched off their investment in training. It takes 14 years to produce a chartered engineer, but when there is an upturn in the industry it is all of a sudden the Government's fault that the companies do not have the appropriate talent to sustain the industry going forward.

We pull out all the stops to produce rapid transition training funds to stoke up the industry. When there is a shock in the sector, and the first reaction from the industry is to shed staff. We engage directly with all the trade unions in the oil and gas sector and we are aware that some of the behaviour among employers in the industry is appalling. Right now, they are shedding staff left, right and centre. There will then be an upturn in the sector and the price of oil will improve, and we will sit here in five years arguing about the skills shortage in the sector. There is something in there about the committee and Parliament and the Government shining a light on the practices of the industry, which should maintain a longer-term perspective on investing in its workforce. In the good times, the sector reaps the profits, but in the bad times people become a commodity and are shed by the industry. I have been very struck by that.

10:45

We have taken a huge number of measures to get in front of people who face redundancy in the north-east, and we have worked intensively with the trade unions to ensure that our messages are getting across. We rely heavily on responsible employers who anticipate that they might be shedding staff getting in touch with us to invite us in early to engage with the workforce. We find that when we get into a company in advance of the announcement of redundancies and get in front of the workers who are under threat, the percentage of those who secure jobs relatively quickly is typically about 70 per cent.

That approach has not been taken in the oil and gas sector, in which there are far more companies that we have not been invited into than companies that we have been invited into. We had to arrange a series of events, communicating through radio and other advertisements to attract people to them. We ran four separate events—one was in the Beach ballroom in Aberdeen—and the events attracted on average 1,000 people who felt the need for support. At those events, we offered a lot of encouragement.

We interviewed workers at most of the events, and they said that what they valued most was getting in front of an employer. We could give a lot of nice advice, but they really needed the chance to pitch to an employer. Typically, we had between 50 and 60 employers at the events, and at the early events—at which we had Scottish Water, the nuclear industry and others—they were able to snap up a lot of workers who emerged during the first phase. However, as the challenge has been sustained, it has been more difficult because of people's salary rates and the real need for them to switch quickly to equivalent positions.

Gordon McGuinness can talk about the measures that we are taking. A substantial amount of investment is going into the transition training fund—far more than is going into apprenticeship funding. The transition training fund took a bit of time to set up, because we set it up on the basis of guaranteed probity for the public money. It would have been easy to give the money away and say, "Anybody who has any need of any training should come to us and we'll pay for half of it," or, "We'll give you any amount of money." We have put in place a more stringent process because we wanted at least to challenge the direction and the line of sight of job opportunities, and we wanted to test whether there were potential job opportunities from the training. Equally, we wanted to know that the training was not going to crowd out other things that might be happening in the labour market, and that we would not be paying for a person to compete for a job with somebody who had had equivalent support.

The transition training fund is now progressing very well—I think that the committee has had an update on that. Our turnaround times are quick, relative to the information that we have, and we are targeting people in order to equip them with the transition training that they need to get into other sectors. The challenge for the oil and gas sector is in telling us what volumes of what jobs, what skills and what disciplines are going to be required in the short, medium and long terms. We are asking the industry to engage with us to help us to understand that, because that has been a real difficulty for us.

Gordon McGuinness can comment on the specific actions that have been taken. Every individual who does not have the opportunity to switch from where they are to another job is a challenge.

Gordon McGuinness: Ross Thomson's first question was about whether more apprenticeships should be available. A lot of the people who have been leaving the industry are highly skilled, so apprenticeships are not always the best solution for people, particularly when they are leaving a skilled job. The issue is more about how they can

add to their skills and make them a bit more flexible so that they can move on. Modern apprenticeships are available to people over the age of 25, and they are available in the key cross-cutting sectors including road haulage, engineering, life sciences, chemical sciences and food and drink. A fairly substantial number of people over the age of 25 are involved—Katie Hutton did not get the chance to give you the statistics on that.

Around 2,300 applications have been made to the transition training fund. So far, we have approved 956 applications through the scheme, at an average cost of about £2,500. As Damien Yeates described, we have tried to set up a process in which our advisers work alongside people to ensure that the programme to which they are applying is best for helping them to make the step into employment. We are getting good feedback from the system, through case studies.

As regards the training market in the north-east, because of the number of agencies, which Damien Yeates referred to, we had to make sure that we were not funding 10 people to chase the same vacancy. There has been interaction between our careers advisers and individuals who are considering jobs in order to ensure valid use of the money. We will continue to do that and to work with our colleagues in Government to refine the programme and to make some subtle changes.

We have gone through a procurement round. Individuals can apply, with a prospect. We have also gone to the market through Contract Scotland to ask employers and other training organisations to take part. We are currently looking at a second procurement round, and we have activities on smart metering and road haulage employment opportunities and on opportunities in the railway industry construction sector. We are doing two things: we are encouraging individuals to be a wee bit more self-reliant and to identify opportunities, but we are also trying to look to the wider labour market, where there are opportunities. There are opportunities there for the over-25s; if they are appropriate, we encourage individuals to take them.

I was disappointed by the feedback that we got from the Aberdeen and Grampian Chamber of Commerce. I will meet James Bream over the next couple of weeks. We are working with the chamber of commerce just now on a programme involving executives who have been displaced from the sector. We have done some focus group work along the lines of an executive springboard.

The number of unemployed people who have hit the registers across the north of Scotland do not mirror, or are not representative of, the people whom we would see in the labour market who register through the jobcentre. It could be because

they have set their mortgage protection and other things. We are trying to tease some of that out and to get people more engaged and get them the type of support that they will require in order to make a successful transition.

The Convener: Before Ross Thomson comes back in, I point out that we still have a lot to go through. Will people therefore make their questions and answers shorter, please?

Ross Thomson: I will try to combine my two questions. I have a quick follow-up for Gordon McGuinness. When the transition training fund was announced, great play was made of the idea that it would help in particular with the teacher vacancies that we had in the north-east. How many people who applied for the fund have been successful in retraining as teachers? It would be interesting to find that out.

My second question is for Damien Yeates. You are absolutely right about the challenge to industry. On the modern apprenticeship scheme, some feedback from people who have made submissions says that the programme can be quite bureaucratic, and that complying with seven full qualification audits and regular compliance audits from SDS can be very demanding and cumbersome. When we are trying to encourage engagement, could more be done to reduce the level of bureaucracy? The chamber of commerce suggested the possibility of a more risk-based approach.

Gordon McGuinness: I will pick up on both those points. I will contrast the comments from Aberdeen and Grampian Chamber of Commerce with Audit Scotland's submission to the committee. Audit Scotland picked up on the fact that SDS has in place good governance arrangements and has developed a risk-based approach to the auditing process, so we are caught between a rock and a hard place. We can satisfy Audit Scotland in terms of our processes and that we have good structures in place. We try to make the process with employers and organisations such as the chamber of commerce as constructive as possible, because we have our quality development role as well. I am sorry—I cannot remember the first point.

Ross Thomson: It was about teachers.

Gordon McGuinness: Yes. I apologise. We have 19 people in the programme just now. I think that our constraints were based around conditions from the General Teaching Council for Scotland.

We have a working partnership agreement with the University of Aberdeen. Individuals do a postgraduate teaching qualification. While they are doing that, they also perform the role of a classroom assistant, which boosts their classroom time. They have a year's probation, which is standard when coming off the back of the

postgraduate programme, then there is an offer of two years' employment, which is split between Aberdeen City Council and Aberdeenshire Council. It is a four-year programme. I know that Government colleagues are interested in whether it is a model that can help to address teacher shortages in other areas.

Gillian Martin (Aberdeenshire East) (SNP): You have answered most of my supplementary questions on the transition training fund. Thank you for letting me host the transition training fund event last week—it was very valuable to the north-east MSPs who attended.

I am interested in how you monitor people who are going through the TTF. Following on from Ross Thomson's question about teaching shortages, there are skills shortages in the north-east that people are filling. How are you monitoring that and in what sectors are people finding employment?

Gordon McGuinness: Thank you again for hosting the event last week.

The heavier numbers just now are in driving-related occupations, which tends to be an easy area for people to move over to. We have had a big interest in, for example, training for road haulage certificates of professional competence, which is a follow-on in that area, and, in construction skills certificate scheme cards for construction site safety certificates. There are also larger numbers of people looking at bolt-on skills in project management to supplement the skills that they already have, which might help them to move into employment. Other employers might attach to employment conditions such as having PRINCE2—projects in controlled environments—skills.

We have encouraged people to look across the board so that they might consider gaining additional skills in order to move into self-employment—for example, in the food and drink sector in whisky production and that type of thing. There is a broad range; I can come back to the committee with a breakdown.

We are currently doing a follow-up evaluation exercise on how that is working. As part of the procurement exercise, we will move to bring some of the areas of higher interest and value into the process, which will allow us to deliver them a wee bit more cost effectively. For example, we are working with the Road Haulage Association on a tailored programme: we are still going through the procurement steps, so I do not want to say too much about it at this stage.

Gillian Martin: I would really appreciate a breakdown of the figures and I am particularly interested in how many people have set up in business, so thank you for offering that.

Tavish Scott (Shetland Islands) (LD): This is about budget scrutiny, so I will ask a couple of questions about the budget. Am I right in saying that your 2016-17 budget is £208 million?

Damien Yeates: Yes.

Tavish Scott: Is your spend on people £65 million?

Damien Yeates: Yes, broadly.

Tavish Scott: That is a big chunk of money to spend on people, when compared with the £116 million that you spend on national training programmes. Why is that the balance?

Damien Yeates: That is to do with the careers advisers whom we directly employ. There are between 800 and 900 careers advisers who directly deliver services in more than 360 secondary schools.

Tavish Scott: They do not deliver directly in schools—it is all on the web now. There is not a careers service in schools.

Damien Yeates: I have to correct you, because that is not true. We have a partnership with every school and we have dedicated careers advisers in schools—

Tavish Scott: But the advisers are not in schools; they are in the office.

Damien Yeates: Yes, they are: the advisers are in schools.

The Convener: When you ask a question, please wait for the answer and then come back.

Tavish Scott: What do you mean by “in schools”?

Danny Logue: Careers advisers spend anything up to four days a week in a school—they are physically in the school during that time. The only reasons why they might be back in the office are to pick up post-school clients who come to the centre, or to do additional work that is required for the students whom they have already seen.

Damien Yeates: We are quite happy to arrange for you to visit schools to see that.

Tavish Scott: I can go to schools in my constituency, Mr Yeates. I do not need to be told about schools in my constituency.

Why did you say that it is all the oil industry's fault? If you are on the energy industry's job taskforce, you will know that the operating expenditure has fallen from \$32 to \$16 a barrel and oil was at \$28 a barrel. What did you expect the industry to do?

Damien Yeates: It is about taking a measured approach. One option would be for the industry to retain some workers. Its second option would be

to invest in reskilling the workers so that they might transition. A responsible employer might look ahead and say, "I'll tell you what—this employee has served me incredibly well so I have a duty of care to support them to transition out of the sector." I recommend that you speak to trade unions about some of the pretty shoddy practices out there.

Tavish Scott: Do you want to say what those practices were?

Damien Yeates: They include, for example, people arriving at their desks and getting an email saying, "Leave."

Tavish Scott: Can you give the committee evidence of that?

The Convener: We are here to discuss SDS and how it can bring in apprenticeships and so on. We will not veer off into the working practices of the oil and gas industry.

Tavish Scott: I am just saying, convener, that the chief executive of the organisation has made a very serious charge against an industry, and I am asking him to place that on the record.

The Convener: He can write a letter to the committee—

Tavish Scott: With that detail?

The Convener: —with justification.

Tavish Scott: In that case I ask the representatives of Skills Development Scotland why the Aberdeen and Grampian Chamber of Commerce says that

"a one-size-fits-all, centralised approach is not working"?

11:00

Damien Yeates: That is an interesting question, but the first thing that I will say is that I am not sure that that reflection is very well informed.

As I said already, our delivery is probably the most localised of the national agencies: we have individual school partnership agreements with every single school in Scotland. That is very localised.

In respect of the work that we do in support of economic development, we have invested a huge amount of money in preparing analyses and forecasts of labour markets. We have over 40 regional skills assessment plans which contain the detail of what happens in specific regions. Take, for example, the work that we do with the convention of the Highlands and Islands. We produced a very detailed regional skills investment plan covering all of the Highlands and Islands. That plan was supported by individual skills action plans in each of the local authority areas.

The services that we deliver are highly responsive. How we deploy our careers advisers in schools is agreed with headteachers; it is not mandated from the centre. There are modern apprenticeships to support employers and employer needs. If there is a growth in need for apprenticeships in a certain area, we should be able to meet that demand.

I do not recognise some of what the chamber of commerce has presented in evidence. I am more than happy to meet it to challenge that.

Tavish Scott: I hear you say "to challenge that". The chamber of commerce goes on to say:

"the local SDS are a hard working team but in our view are very under-resourced and do not have a strategic focus, given the lack of senior staff based in the region."

Is that fair comment?

Damien Yeates: No, it is not fair comment.

Tavish Scott: Why is it not fair comment? Why would the chamber of commerce say that?

Damien Yeates: As I said before, if I were to work out the amount of time that Danny Logue, Gordon McGuinness, Katie Hutton and I have spent in the north-east in the past year or two, it would be pretty phenomenal. In fact, in the past year or so, we have increased the number of full-time staff in the region—we have resourced the region even more than we had previously, in order to reflect what is a very serious priority.

We take the challenges in the north-east very seriously and we are working incredibly hard on that. From all the evidence with which I can provide the committee—as opposed to the anecdote that Tavish Scott quoted—the facts are that we have more staff in the north-east than we have ever had, we are spending more on transition training funds and in other interventions in the north-east than we have ever done, and we are engaged locally with a wide range of partners in support of that. The facts do not support the anecdote.

Tavish Scott: Why do you think the chamber of commerce wrote that? I have directly quoted its submission to the committee.

Damien Yeates: Your guess is as good as mine.

Tavish Scott: I am not guessing; I am asking you.

Damien Yeates: I do not know.

Danny Logue: We have a senior management team based in the north-east region; we have five regions within Skills Development Scotland's structure. There is a head of region, an area management team, and team leaders.

The second point is about the localism that Tavish Scott mentioned. We are involved in all 32 community planning partnerships at strategic level and we are also involved in many of the sub-groups.

The committee will be aware of recent developments around corporate parenting. We have just launched our corporate parenting plan, which reflects local geographies. We will have community justice outcome impact assessments and agreements in place for 2017: that is another example of where we have to work within the local area to develop, design and deliver a service that meets local needs.

The Convener: Does Tavish Scott want to come back on that?

Tavish Scott: No.

Richard Lochhead (Moray) (SNP): When I visited the SDS office in Elgin in Moray, I was impressed by what I heard about the partnership working locally. I met Megan Flett, a young woman who is working as an apprentice for SDS, who is a really impressive individual.

I will begin by asking a supplementary on the oil and gas issues, as they have been mentioned. It is disconcerting to hear that some of the lessons have not been learned from the early 2000s. I remember that it was a big issue back then that the oil and gas companies released staff too early and then regretted having done so later, once the price had recovered. It is disappointing to hear that that lesson has not been learned.

I would find it helpful if you could acknowledge that this is not just an Aberdeen problem and that many offshore workers in Moray and other rural areas have lost their jobs. Can you reassure me that some of the resources and attention will be focused on helping to redeploy oil and gas workers in rural areas and that that is high on your agenda as well? I am aware that some oil and gas workers in rural areas are retraining as teachers, which is helpful, but will you address that question briefly?

Gordon McGuinness: As you might expect, the highest numbers of applications to the transition training fund have come from Aberdeen city and shire, but there have also been healthy numbers—if that is the right terminology—from Fife, Moray, Angus and Highland. We are working on some of the provision through our procurement routes, which is related to programme delivery through Inverness College, Tullos Training and others. We are conscious of the need for that and we are working with our local authority partners on it. There have been a couple of smaller jobs fairs within the rural economy as well.

Richard Lochhead: Perhaps you could send the committee some information on what is happening in those areas and the results. That would be helpful.

Gordon McGuinness: Okay.

Richard Lochhead: In looking at skills gaps in local areas and not just the national perspective, I am also aware that whisky distilleries lost staff to the oil and gas industry a couple of years ago. Maybe they are now returning, as they are to the fishing industry. It would be interesting to find out whether that is the case.

How do you approach the local delivery of national priorities in addressing local skills gaps? In answering that question, will you also address Brexit? It is clear that skills gaps are going to worsen in some parts of the economy, particularly in rural Scotland, and we have to start thinking ahead about what the scenarios might be. How is Brexit influencing your thinking in anticipating skills gaps?

Gordon McGuinness: Skills Development Scotland produced 10 sectoral skill investment plans, working alongside industry leadership groups, and we are refreshing those just now. Two years ago, we took a further step and produced regional skill assessments. We took in as much data as we could from publicly available sources and partners including the Scottish funding council, on supply; Scottish Enterprise; and, in the next round, Highlands and Islands Enterprise. That work involved looking at the demographic profile of each area, building what we could from surveys such as the employer skills survey and the workforce survey at the UK level, and supplementing that with as much local information as we could gather.

In addition, those regional skill assessment documents were backed up with a data matrix. There were about 56 different data sources, including organisations such as local authorities, and there was a particular focus on the regional colleges. As I said, we worked in conjunction with the enterprise agencies and the Scottish funding council.

Between the sectoral skill investment plans, which we also cut at a regional level, and the regional skill assessments, we have a local evidence base for the regional colleges to form their views and their outcome agreements. That has worked really well in areas such as the Highlands and Islands, with the University of the Highlands and Islands. Another good example in rural Scotland is Dumfries and Galloway, where Dumfries and Galloway College used that information to help with its curriculum planning.

Yesterday, I was at a City of Glasgow College event at which 90 individuals from across the

partners and stakeholders heard input from the chamber of commerce and also substantial input from our staff on the regional skill assessment for the Glasgow and Clyde valley area. We can cut the information in a number of ways, including at a local authority level and at a regional college level, but we can also analyse the areas that have things such as city deals, including Inverness, and we are working with the three Ayrshires.

After the first round, the University of Glasgow's training and employment research unit undertook a review of our regional skill assessments. We got very good feedback, but there were also some areas in which they could be improved, and there were some indications of local issues that we had to investigate a bit further.

In the Highlands and Islands, we have also developed local skills plans as part of the work that we have done through the convention of the Highlands and Islands.

Richard Lochhead: What about the effect of Brexit?

Gordon McGuinness: We are getting reliable data at a Scottish level. I refer you to a paper that was produced for a meeting of the Economy, Jobs and Fair Work Committee last week, which indicated that about 128,000 European Union nationals are employed in Scotland. From our work in industry leadership groups, we are aware that there is a high concentration of EU nationals in tourism, food and drink manufacturing, information technology and financial services.

Our fears in that respect would be mirrored by the Scottish Government. Even if a solution is found for individuals who are currently here, any blockage to the movement of labour will present a major challenge in future, because some people who are here will return home or move to other areas. There are real concerns, which will be a focus of our work with industry leadership groups and other Government agencies, and with the Government, in respect of how we address the issue. Food and drink companies in particular have real concerns. Even in relation to the Migration Advisory Committee, there are concerns that, if businesses are to access people from outwith the European Union, the process is too bureaucratic, given the speed at which businesses need to move. We will need to do more to identify the key challenges ahead.

Fulton MacGregor (Coatbridge and Chryston) (SNP): I was going to ask about the consistency of careers advice, but I think that Danny Logue has more or less covered that. To follow up on what Tavish Scott said, is there a careers adviser in each school, or is there an adviser for an area? Is careers advice provided on a needs-led basis?

Danny Logue: There are a couple of points to make. As I said, we have a school partnership agreement in every one of the 364 secondary schools. We negotiate and agree with the headteacher and the school's senior management team the services that we will deliver in that school. That includes universal services, such as My World of Work, group work and so on. We also have a targeted service, which works with young people who have additional support for learning needs and those who may not move on to a positive destination. Our service also works with young people who are highly academic and have very good qualifications but who have so many choices that they do not know what to do.

We have to ensure that that school partnership agreement reflects local needs. It goes back to Damien Yeates's point. SDS has a core service offering, which is part of the Scottish Government's career information, advice and guidance strategy that was launched a few years ago. That is tailored and adapted to fit with local needs and geography. What we deliver in Stranraer will be very different from what we deliver in schools in Glasgow. Our approach provides a level of consistency.

I am sorry to keep going on about this but, for the first time in the OECD countries, we have a whole-school offer that starts in P7 and S1 and goes right through to S6. That involves group work and one-to-one engagement with young people. In particular, it addresses issues that were raised earlier about subject choice. A lot of work is done in S2 and S3 with individuals and their parents. I think that Damien Yeates mentioned the 35 early demonstrator schools. We deliberately tried and tested different models with the schools to see what would fit. That very much reflected local needs.

We have 371 school-based careers advisers, who can be supplemented at various times, when there are different pressures and additional work, by the other staff in our centres. As Damien Yeates said, more than 900 staff are deployed in delivering the careers information, advice and guidance services that we provide.

In response to Mr Scott's question, I mentioned that our establishment plan is based on staff working in schools for four and a half days a week; for the other half day, they are back at the centres dealing with administration and other clients. We have put a heavy emphasis on working in schools and have allocated a heavy resource to that.

A lot of work is done post-school, which I can cover if you want. Many other things are being done in a school setting, which shows the consistency, flexibility and resource deployment that we have in schools. That is backed up and supported by various forms of evaluation, such as

the headteacher's evaluation. More than 93 per cent of headteachers said that our school partnership agreement had a significant impact on the outcomes in their school. That very much reflects the arrangements with headteachers in local schools.

11:15

My final point concerns the fact that the 14th Education Scotland review of the work of our careers information and advice and guidance services has just been completed. It covers our services across the board, but it has particular emphasis on the work that we do in schools. We have had positive feedback to date, with more than 93 per cent of responses being "good" or "better" with regard to the indicators.

Fulton MacGregor: I would be happy to speak to you outwith the meeting to set up a date to visit one of the schools in Coatbridge and Chryston and meet some of the staff.

Danny Logue: We welcome the opportunity to do that.

Daniel Johnson (Edinburgh Southern) (Lab): I thank you for facilitating the visit that I recently made to your office on Shandwick Place. During the visit, you provided me with a good A3 infograph that showed the things that you are delivering. I wish that every public sector agency produced a similar thing, as it made it very clear what you are doing. It was very useful. The work that you are doing in relation to skills is of strategic and national importance. There are some big challenges around raising productivity, increasing people's skills and coping with skills change.

Given that, in 2014, Audit Scotland said that you needed to develop appropriate outcome-based measures, could you take me through how you measure against high-level strategic outcomes?

Damien Yeates: The recommendation from Audit Scotland was made to the Scottish Government as opposed to SDS specifically. However, we have taken it on board and are supporting the Scottish Government in that regard.

On the broad outcomes analysis, Katie Hutton has been working with the OECD for two years, and we have engaged with the OECD in developing a comprehensive framework for the measurement of long-term outcomes. Those are important outcomes because, for most of the work that we do, a five-star outcome is someone securing a job that will provide them with an investment in skills and the opportunity to grow in that job and increase their earnings while they look after their loved ones and families and contribute to the economy in a productive way. The challenge for Government is how to demonstrate

that that has happened and is being sustained in the long term.

That work is being undertaken in respect of sustained employment and earnings. The average contribution per worker in Scotland to the gross domestic product of Scotland is around £27,500, and we would expect that figure to go up if productivity goes up. It is also considering career movements with a view to determining whether people are progressing in their jobs. On the employer side, we are looking at measures of productivity around output, increased earnings from new markets and so on. That is a longitudinal study that will take place over perhaps a five-year horizon. I reassure the committee that the frameworks and the measures that are required to inform that have now been agreed with people in the OECD who are probably among the best international external evaluators.

Even today, we can report to you the quantitative and qualitative data that we have with regard to the outputs and impacts of apprenticeships. We know that the completion rates are in excess of 78 per cent, and that 92 per cent of apprentices sustain employment beyond the life of the apprenticeship. We survey around 2,000 employers and 2,000 apprentices every other year to get qualitative information about their experiences and to find out what has happened to people since they have completed their apprenticeship. Again, all the findings from that, which we can provide you with, are significant—the figures are in advance of 70 per cent, as I said.

Daniel Johnson: When will the framework that you just mentioned be signed off and agreed? When will you be able to share that with us?

Katie Hutton: The first thing that the OECD did was a literature review, which examined best practice across the world; it has now been published on the OECD website. A draft framework has been produced and it will probably be published this month through the OECD. We have sent that to the Scottish Government.

We agreed with the OECD that, because gathering samples is a complex exercise and conducting surveys is costly, the best way of tracking long-term outcomes involves linking up administrative data—for example, linking up our records with HM Revenue and Customs records and Department for Work and Pensions records. Obviously, there are all sorts of safeguards around confidentiality and so on.

That seems to be the best and most cost-effective approach, and it is the way to get better returns. If we keep sending out surveys every few years, we will get diminished returns from them, and the sample size will not enable disaggregation by, for example, equalities groups

or different areas of Scotland that people live in. The gold standard is linking up administrative data sets.

Daniel Johnson: Long-term measures take a long time to wash through, and it is important to have clear key performance indicators so that people can understand performance in the short term, albeit not in the same way as with long-term measures. I note that Aberdeen and Grampian Chamber of Commerce raised concern about KPIs. Are you confident that you have adequate KPIs?

Damien Yeates: I ask the committee to look at the Cambridge Policy Consultants report on investment in employment services, which was published last year, I think. That report independently verified that, of all the agencies, Skills Development Scotland has a quality of data that is among the best. In fact, that firm challenged other organisations that maybe do not have as complete a set of data. I am more than happy to invite you in at any point to go through all that data in much more detail. We have a comprehensive range of data, particularly on apprenticeships.

Daniel Johnson: With all due respect, I think that the chamber of commerce's point was not necessarily that the data does not exist; it was really about how it is presented. The chamber of commerce suggested a balanced scorecard approach and a more focused set of KPIs so that performance could be tracked. The quality assessment section in your submission is quite short. There is really nothing concrete on precisely what you measure, hard measures and hard numbers. Is that an area for improvement?

Damien Yeates: I could reverse a truck to put reports and evaluations on your desk. It is a question of the balance of what we present to you.

Daniel Johnson: That is the point that the chamber of commerce made. Maybe a focused set of KPIs or a balanced scorecard approach is needed to provide clarity.

Damien Yeates: We operate balanced scorecards internally, but we do not publish them externally.

Daniel Johnson: Could that be a step forward to provide greater clarity?

Damien Yeates: I am more than happy to reflect on that.

Daniel Johnson: I am interested in looking at another thing. From talking to apprentices, I have heard anecdotally that there is quite a broad range of experiences in apprenticeships. Those experiences include things that I have seen at the Construction Industry Training Board, which take place away from the employer—there is a lot of classroom-based content. Apprentices tell me that

they get a bit of online stuff, but not very much external contact.

How do you measure and monitor the external content that is provided as part of an apprenticeship? How do you assess how that impacts on quality? How do you look at the quality aspects of what is delivered in external content as part of apprenticeship programmes?

Katie Hutton: The inception of modern apprenticeships was built on a policy document entitled "Towards a Skills Revolution: Report of the Vocational Education and Training Task Force", which I am old enough to remember. The concept was that employers wanted provision that was flexible enough to meet their needs and that that should not mirror traditional forms of learning, which are based more on knowledge and less on competence to do the job. Competence was the foundation on which modern apprenticeships were built. That is why vocational qualifications are a key part of them.

There are different forms of training and learning for different sectors and different companies, depending on what they do. It is perfectly possible to deliver on-the-job training for some frameworks. There are frameworks that are set by the industry, for the industry, which determine what the learning is. In the engineering framework, people must do a set national certificate qualification that only colleges can deliver. However, to develop competence on the job in retail is an entirely different matter—a lot of that can be done in the workplace. How the approach is set is to do with the framework delivery. There must be a negotiation between the employer and the training provider on how the employer wishes training to be delivered.

The Scottish apprenticeship advisory board was set up in April this year. Particularly because of the introduction of the apprenticeship levy, one of the key things that it will look at is being very clear about the definition of an apprenticeship.

There has been quite a lot of change in England, and we need to come to an accommodation with that in the interest of transferability. We want someone who has finished an apprenticeship to be mobile, but we also want the employer to know that they will get what it says on the tin. The Scottish apprenticeship advisory board's standards and frameworks group will look at whether it is time to review the definition of an apprenticeship, partly because it is concerned about employers potentially rebadging work that they are doing already in order to access the levy.

On the monitoring that we do, when we get information from providers and bidders, we ask them in general terms how they will deliver the

learning—they might do it differently in specific instances. We get information on that and go out and meet thousands of employers and modern apprentices each year to check that what is on the tin is delivered. That is what we do all the time. We have changed quite a lot of the focus of what our contract managers do to going out and meeting the customers rather than spending too much time with the suppliers. Education Scotland has also been inspecting the off-the-job training that goes on. An engineering report was published previously, and I think that a report on hairdressing is due out this month.

Quite a lot of activity goes on to review quality. However, in the context of what an apprenticeship is, it is horses for courses—it depends on the framework and the company.

Daniel Johnson: You have described a broad range of things. Some apprenticeships involve learning technical skills and some involve learning less technical skills. Do you have any measures to assess the value add that particular apprenticeships deliver or that the apprenticeship system as a whole delivers?

Katie Hutton: From a survey of 2,500 employers and 2,000 individuals, we have been disaggregating the figures by broad occupational framework to see the differences in things such as whether employers tended to train new recruits and whether there was satisfaction with the training. We can disaggregate broad occupational groups by framework to look at those differences. In general, satisfaction levels are high across the piece.

Daniel Johnson: Is there value add, though?

Katie Hutton: There are measures of value add, which I can talk to you about if you want.

Daniel Johnson: That is great—thank you.

Ross Thomson: I have a quick point to make that follows on from Tavish Scott's line of questioning. I hope that it will receive a positive response. In the submission from Aberdeen and Grampian Chamber of Commerce, the statement by business leaders that rang alarm bells with me was that it had been

“difficult to establish partnership working”

with SDS. What immediate steps can SDS take to get that partnership working in place to address the concerns?

Damien Yeates: I challenge the evidence that the chamber of commerce has presented. The facts do not bear it out. I ask Gordon McGuinness to present the facts of our intensive engagement with industry.

Gordon McGuinness: On the back of a regional skill assessment, we have been working

with partners in the local authority, the local college, two universities and the chamber of commerce to produce a regional skill investment plan. James Bream has been directly involved in that process, which is why we are disappointed with that comment in the submission. The chamber of commerce hosts the north-east's regional developing the young workforce group, and Mike Duncan, who is part of our senior team, is on that group's board. I am therefore a wee bit at a loss to explain that reference. I have a meeting planned with James Bream to distil where some of the issues have come from.

Ross Thomson: That is useful.

Gillian Martin: I have a brief question. Given that Scotland's economy is made up mainly of SMEs, how are you facilitating shared apprenticeships? You will know the challenges for small businesses, which may feel that they cannot take advantage of the apprenticeship programme because they do not have the staff to deal with it. Shared apprenticeships will probably be the key to quite a lot of the participation in the scheme. What are your thoughts on that?

Katie Hutton: We have been working on that, but it has been a bit of an uphill struggle, to be honest. It has been hard to get some companies engaged, partly because somebody has to be the employer—that is, every apprentice must have a contract of employment.

We have construction pilots in the Dundee area and one in the Highlands and Islands, and we are also working on an arts-related one. The process has been quite slow, although we have pushed it as much as we can. Companies are not necessarily keen to work with somebody who will then go somewhere else. They all want the apprentices at the same time. There are a lot of logistical issues, but we will keep plugging away at that.

11:30

Damien Yeates: I reassure the committee that two thirds of the current apprentices are with small to medium-sized businesses. Ms Martin may be referring to micro businesses that have five to 10 employees, and I absolutely see the need for joining up there. The challenge is in who is prepared to be the host employer and how we manage the system.

We are open to addressing the barriers. As Katie Hutton said, we have a number of pathfinders and, in principle, what Gillian Martin suggests seems to be a great solution. When we try to apply it in practice, however, it does not work quite so well.

I have looked at a similar system in Norway. Government there adopts the intermediary position, becomes the guarantor of the employed status and facilitates the micro businesses to engage. It then passes the apprentices out, almost as if it is in an intermediary labour market position.

One option that we could present to the Government might be about whether, in the absence of very small businesses being prepared to take on the risk, there is a mid-point at which the Government might be prepared to do so. That is not without its challenges, as the committee might imagine, but we are alive to that idea. If we can make it work better and more widely, I am open to it, subject to the individual not suffering in respect of employed status and the guarantee of progression.

Gillian Martin: Is the key more flexibility in the type of apprenticeships that SDS offers? Is there scope for more project-based apprenticeships and sharing in that way, so that small businesses could recruit an apprentice to help with a particular project?

Katie Hutton: There is scope, as long as the apprenticeship meets the requirements of the framework by demonstrating competence in the occupation. Sometimes project work is seen as a bit of training for stock, rather than a real job. There are ways of looking at this, but the aim is to make sure that the apprenticeship meets the requirements of the framework, such as the requirement for registration by the sector skills council.

Gillian Martin: What outreach are you doing with smaller businesses to look at their concerns—perhaps that is the wrong word—or issues about taking on apprentices?

Gordon McGuinness: The Federation of Small Businesses undertook a piece of work through the Rocket Science consultancy several years back, and we have used that to focus how we work with micro businesses.

We have a team of employment engagement advisers who are regionally based and who engage the federation and the chambers of commerce through promotional events and one-to-many presentations. They also go out and help businesses to distil what their requirements are.

The solution is not always the apprenticeship programme. There might be other solutions, such as recruiting more mature people or working through a college to provide work experience and internships. We have two skill investment advisers per region and a web service—our skillsforce—that is connected to our contact centre so that there is online and telephone support.

Johann Lamont: We are not going to be able to get through a number of issues that other organisations have highlighted to us. I would not want you to think that it was only Aberdeen and Grampian Chamber of Commerce that had tough things to say. Perhaps we can, through the clerks and the convener, pursue some of the issues that have been highlighted to get a response.

I am interested in your view on the fair work agenda in relation to the amount of public investment that has gone in to support employers to provide modern apprenticeships and employability initiatives. What is your view, and what guarantees can you give us, on the quality of the work that people are involved in? What expectations do you have of employers and have you had any thoughts on how the business pledge could incorporate good practice on support for training and apprenticeships more generally?

Damien Yeates: That is a good question about an issue that is at the heart of the more inclusive economy that everyone wants, so that people get the opportunity to get a decent wage and decent progression and to be in a workplace that values them. All the work that we do on apprenticeships is about two outcomes—a job and an investment in skills. Such investment is among the best proxies for the chance of progression.

We have done a lot of work to promote best practice in respect of fair work when we see examples of workplaces that have highly engaging workforce strategies in which people are seen as the principal asset of the business and where the investment in them is significant. We will continue to do that. It is not our primary responsibility, but it is certainly a horizontal theme in all that we do.

I ask Katie Hutton to pick up the other points.

Katie Hutton: One area that we have been thinking about is the apprenticeship levy. We do not yet know what money will come from the levy, but there might be an opportunity to secure funds for measures on fair work and equalities that will allow us to ask businesses to demonstrate what they are doing to recruit from a wider talent pool. The levy might create more of a stick for some of the things that we talked about earlier.

Johann Lamont: If there is public investment, do you expect at least to have conversations about what is deemed to be fair work? Do you have a reasonable expectation that, if an apprentice has a job after the apprenticeship is concluded, employers will do the things that the business pledge identifies on wage rates, ending zero-hours contracts and engaging with the workforce? Do you see yourselves as having any role in the fair work agenda?

Damien Yeates: The answer is yes, but the point is about how far that goes. The Government

has stepped back from mandating that approach in procurement contracts for public services. How far does the committee think that we should go to require businesses to demonstrate fair working practices?

I support all of what you said 100 per cent. We have an important role in ensuring that the employers that we engage with demonstrate such practices. I am not sure how far we can take that. I go back to the point of mandation. Would the committee recommend that any business that receives public funds should be required to demonstrate a commitment to fair working practices, the business pledge, the living wage and so on? That is a matter for the Government.

Johann Lamont: The previous Economy, Energy and Tourism Committee conducted an inquiry into the issue, and we understand the distinction between what is voluntary and what is mandatory. I am sure that the Government will look at that.

As a parallel question, I have asked whether the DWP would ever sanction somebody for not taking work when that work was on a zero-hours contract with no guarantees and with poor conditions, and there was a bit of dissemblance in the answer. Do you have an agenda for the employers that you engage with? Is it the case that you do not engage with some employers because you do not have reasonable guarantees from them about respect for the workforce and the conditions in which people work?

Damien Yeates: The answer is yes.

The Convener: Thank you very much for your time.

11:38

Meeting continued in private until 11:42.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba