



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# EDUCATION AND CULTURE COMMITTEE

Tuesday 6 September 2011

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**EDUCATION AND CULTURE COMMITTEE**

**3<sup>rd</sup> Meeting 2011, Session 4**

**CONVENER**

\*Stewart Maxwell (West Scotland) (SNP)

**DEPUTY CONVENER**

\*Claire Baker (Mid Scotland and Fife) (Lab)

**COMMITTEE MEMBERS**

\*Clare Adamson (Central Scotland) (SNP)

\*Marco Biagi (Edinburgh Central) (SNP)

\*Jenny Marra (North East Scotland) (Lab)

\*Joan McAlpine (South Scotland) (SNP)

Liam McArthur (Orkney Islands) (LD)

\*Liz Smith (Mid Scotland and Fife) (Con)

\*Jean Urquhart (Highlands and Islands) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Malcolm Barron (Skills Development Scotland)

Hazel Mathieson (Skills Development Scotland)

Iain McCaskey (Alliance of Sector Skills Councils Scotland)

Gordon McGuinness (Skills Development Scotland)

Nicola McLelland (Alliance of Sector Skills Councils Scotland)

**CLERK TO THE COMMITTEE**

Terry Shevlin

**LOCATION**

Committee Room 6



## Scottish Parliament

### Education and Culture Committee

*Tuesday 6 September 2011*

[The Convener opened the meeting at 10:00]

### Decision on Taking Business in Private

**The Convener (Stewart Maxwell):** Good morning, colleagues, and welcome to the Education and Culture Committee's third meeting in session 4. I remind members and anybody else who is present that mobile phones and other electronic devices should be switched off and not just turned to silent, as they interfere with the sound system. We have received apologies from Liam McArthur and I hope that Clare Adamson will be here shortly.

I hope that all members have had a pleasant recess and are ready to return to the new session.

Under agenda item 1, do members agree to take in private item 3, which is consideration of the committee's work programme?

**Members** *indicated agreement.*

## Skills

10:01

**The Convener:** Item 2 is evidence on skills, which are a key part of the committee's remit. I am pleased that several individuals will provide us with their expertise this morning. I welcome Nicola McLelland and Iain McCaskey from the Alliance of Sector Skills Councils Scotland and Hazel Mathieson, Malcolm Barron and Gordon McGuinness from Skills Development Scotland. Thank you for coming along.

I ask both sets of witnesses for opening statements before we ask questions.

**Nicola McLelland (Alliance of Sector Skills Councils Scotland):** Good morning. Thank you for inviting us to the meeting. We are here to talk about the role of the Alliance of Sector Skills Councils Scotland. As members know, my name is Nicola McLelland. I am the Alliance Scotland's research and policy manager. I am here with my colleague Iain McCaskey, who is the qualifications manager. I give apologies for Jacqui Hepburn, our director, who unfortunately cannot attend today's meeting.

The Alliance of Sector Skills Councils Scotland is tasked with representing, promoting and supporting the work of the 21 licensed sector skills councils in Scotland. Together, the SSCs articulate the voice of employers of 90 per cent of the UK's workforce on skills issues and are key partners in delivering a world-class skills base for Scotland.

The Alliance Scotland's core purpose is to act as the SSCs' collective voice—to promote understanding of the SSCs' role in the skills system across Scotland, to co-ordinate policy positions and strategic work on skills with stakeholders, and to help to build SSCs' performance capability to ensure that they continue to work effectively on the employer-driven skills agenda. Through the sector skills councils, the Alliance Scotland plays a vital role in ensuring that employers' skills requirements are heard at the highest level and that training opportunities are provided to meet their needs.

SSCs are going through a period of reform with the United Kingdom Commission for Employment and Skills universal services project. Those reforms will from April 2012 change how SSCs are funded to become more project based. Funding will be contested between SSCs from next year and each national Government has agreed on the essential services that should be retained as the core product from SSCs. They are national occupational standards, qualifications and modern apprenticeship development. Labour market

information and intelligence—specifically sector skills assessments—will also be fully contested in an open market from 2012-13.

The alliance and the SSCs in Scotland remain committed to developing and leading strong and effective partnerships with key stakeholders, to ensure that employers influence the skills and learning landscape.

**The Convener:** Thank you very much.

**Gordon McGuinness (Skills Development Scotland):** Thank you very much for the invitation to attend the meeting. Again, I send apologies from our chief executive Damien Yeates. The notification of the meeting came with slightly challenging timescales. For a start, this is Scottish apprenticeship week and our senior management team has been involved in a whole series of events promoting our apprenticeship programme across Scotland. However, Damien has said that he will provide further information, and he invites members to visit projects and activities of specific interest to them if they so wish. We can follow that up with the clerk at a later stage.

We have provided a written submission but, in summary, Skills Development Scotland is an executive non-departmental public body that was set up in 2008 to bring into one organisation a number of the career, learning and skills functions from Careers Scotland and the Scottish University for Industry, and the skills and training functions of Highlands and Islands Enterprise and Scottish Enterprise. The aim was to help to transform the skills and learning system to the benefit of individuals, businesses and Scotland's economy. The services that SDS delivers to individuals and businesses help to create a more skilled and economically vibrant Scotland that can successfully compete in local and global markets. SDS employs just under 1,300 staff and has a network of 148 public access centres and sites from which we deliver our services across Scotland. Our budget in 2011-12 is £222.5 million.

As for the key services and programmes for which SDS is responsible, it manages the delivery of the national training programmes, including modern apprenticeships and programmes such as get ready for work and training for work, which are aimed at enhancing employability skills among people not in the labour market. It acts as the lead agency in the delivery in Scotland of the all-age universal career information advice and guidance service that was introduced earlier this year by the Scottish Government, works with the Jobcentre Plus network to deliver the integrated employment and skills programme and to provide a fully integrated service for individuals to develop their employability skills and find employment, and works with industry representatives, particularly in the key economic sectors, to ensure that skills

demands are understood and supported to be in the right place at the right time through the development of skills investment plans, online skills gateways and appropriate training opportunities. We also undertake, on behalf of the Scottish Government, the Scottish school leaver destination return, following up young people who leave school in each academic year. We lead the partnership action for continuing employment programme, which is Scotland's redundancy support service, and we promote and manage individual learning accounts in Scotland, again on behalf of the Scottish Government, which is an offer to help pay for learning for people on lower incomes. Finally, we lead on the big plus, which is Scotland's campaign to raise awareness of improving literacy and numeracy skills.

The colleagues who are with me represent activities across our organisation. Malcolm Barron is the regional head of operations for Edinburgh and Lothian and Hazel Mathieson heads up our national training programmes team.

**The Convener:** Thank you very much. Before I throw things open to committee members, I have a general question about the Government's skills strategy, which was originally laid out in 2007 and refreshed in 2010. Is it actually achieving the improvements in the skills level of the Scottish workforce that were envisaged and which are required?

**Gordon McGuinness:** We are very supportive of the Scottish skills strategy. A lot of the work that has gone into it—and, indeed, a lot of the work that we are doing now—is on improving the system's connectivity and agility. We work through the joint skills committee, which is an advisory group that was set up to sit between the Scottish Further and Higher Education Funding Council and SDS. We prepare evidence, take it to the committee, which is made up of representatives from the business and education sectors, and use it as a sounding board. We are seeing much more cohesion and collaboration across the system, with both our vocational training programmes connected into the college and university networks. Moreover, some very good work that has been carried out across the energy sector has resulted in a much stronger proposition supporting opportunities in energy, including oil and gas, renewables and carbon capture and storage.

The environment is challenging to work in at times, but the overall strategy is heading in the right direction. The curriculum for excellence is supporting a much more robust offer in the education system, but there is still much work to be done on ensuring smooth transitions through the learning system. Obviously, Mr Russell will bring forward a paper in the post-16 review over

the next few weeks. We are waiting to see its content before we make further responses.

**Malcolm Barron (Skills Development Scotland):** I would like to pick up on a particular aspect. I have noticed a clear difference around the support for young people who are leaving school—for those who require more choices and chances. The strategy has given leadership and direction for local authorities and various partners to focus strongly on what is happening to those young people. We have seen initial evidence in challenging times of some improvements in outcomes for young people. That is one area that I would cite in which leadership and commitment from various people in local authorities, schools and colleges have led to a measurable difference. Whether we will get that again this year is, of course, another matter; the environment is obviously very challenging at present.

**Hazel Mathieson (Skills Development Scotland):** I want to comment on our engagement with employers. The Government has set quite stretching targets for engagement with employers, particularly around the delivery of modern apprenticeships, and we have seen significant increases in the delivery of modern apprenticeships and engagement with employers. Two years ago, we had a target of 18,500 modern apprenticeships. Last year we had to deliver 20,000 modern apprenticeships, and we delivered 21,000. This year, we are on target to deliver 25,000 apprenticeship starts for the Government. In addition, a new flexible training opportunities initiative was launched last year. Again, we have seen significant engagement with the small business sector in Scotland that shows that there is interest in the employer base in Scotland in enhancing the skills of the Scottish population.

**Iain McCaskey (Alliance of Sector Skills Councils Scotland):** I echo some of the comments by colleagues from Skills Development Scotland. A significant change has been the introduction of level 2 modern apprenticeships through to level 5. Three years ago, no level 2 frameworks were available for people to start as an entry; we now have 20-plus frameworks at level 2. There were only around 70-plus frameworks available, but 110 frameworks are now available across different levels, from 2 right through to 4. With the work of employers, key partners and key stakeholders, frameworks that were not available in Scotland, such as for pharmacy, fashion and textiles, have been introduced, and the creative and digital framework has recently been introduced. That helps to support Scottish business and candidates.

**Nicola McLelland:** On labour market information and intelligence, the skills strategy has a commitment to an LMI framework for Scotland,

and the Alliance of Sector Skills Councils in Scotland is very much involved in helping to develop it. LMI is key to the skills system in Scotland, as it informs the development of qualifications and helps, in speaking to employers, to highlight where skills gaps and shortages are so that people can think about how to retrain or reskill their existing labour force. Obviously, many stakeholders are involved in the development of the LMI framework, and that is very positive for Scotland.

**The Convener:** I thank the witnesses for their opening statements. The answers to my question have opened up a raft of areas that I am sure we will get into.

**Liz Smith (Mid Scotland and Fife) (Con):** I thank the witnesses for their presentations, and put on the record that a lot of very good work is being done in skills development. That message comes back from schools, colleges and universities, and I give many congratulations on that.

Obviously, we will all be judged on the improvements in skills. Do you have comments on specific measurements that you will be looking at on a quantitative level and a qualitative level to see how much progress is being made? Obviously, it may take two or three years for that progress to come through the economy.

10:15

**Malcolm Barron:** The simple answer is probably the performance framework around careers information, advice and guidance. The first aspect will be about positive destinations for young people. It is a key national outcome; it is shared by every local authority and community planning partnership and it is a key one for us to focus on.

Gordon McGuinness mentioned redundancy support earlier. This work is more complicated, but we are trying to track the outcomes for people who engage with the service to see whether they move on to positive outcomes. On our integrated employment and skills service, we did some initial work to measure the impact of that service by looking at the difference in results between the people who used the service and those who went through the Jobcentre but did not avail themselves of it. The initial indication was that people who took advantage of the service performed better in moving into the labour market than those who did not—but that result was early doors.

Those are the kinds of measures that we are looking at for careers information, advice and guidance. As we develop the framework and new strategy, other measures may come in later about the extent to which people leave school with

career management skills and feel that they are well prepared for what comes beyond. They will come up as the strategy develops.

**Hazel Mathieson:** We recently introduced a quality assurance framework for all our national training programmes. It was launched in April this year and is a self-assessment framework. We have trained assessors in Skills Development Scotland, so our network of 348 training providers are currently working their way through the self-assessment process to ensure that they are delivering quality for us. That hinges on the needs of the individual. Primarily, it is ensuring that the individual receives quality training, and it will be a condition of contract in the future that training providers must have achieved the quality assurance framework. Achievement will be banded, but they must have achieved at least the minimum for next year.

We measure job sustainability in our employability programmes. We need to continue to ensure that there is sustainability in programmes so that individuals—youngsters and adults—are sustained in employment. We will also restart customer feedback for all our national training programmes. That was stopped some time ago by Scottish Enterprise, but we want to reintroduce customer feedback to ensure that all the individuals whom we support through our national training programmes can give us feedback so that we can continually improve the performance of the programmes.

**Liz Smith:** I have one supplementary on a point that has been put to us by groups such as the chambers of commerce and the Confederation of British Industry. A key focus just now is obviously on ensuring that the school population coming into the job market is better prepared—not just in qualifications but in working practices. Will you say a little about how you think progress is being made on that? Are those people fit for work? Never mind about the qualifications, do they understand the workplace?

**Malcolm Barron:** A range of measures were introduced, probably initially through the determined to succeed programme, to get that concept across. A range of different activities happen in a load of schools in trying to better prepare young people for what comes, including employers visiting and engaging directly with schools, and pupils visiting and going on tours to employers. It is also a question of trying to develop the core skills that employers say they want, such as those around attendance, timekeeping, good positive attitudes and team working. Employers say again and again that those are the key skills—that the occupational skills are their job, but that people need those core skills before they come in.

**Claire Baker (Mid Scotland and Fife) (Lab):** I want to return to youth unemployment, which members have spoken about. We all recognise the challenges that Scotland faces on that. We know from the evidence that, if we lose a young person, it can be difficult to get them back into the workplace and to be productive. The witnesses have outlined several on-going initiatives, but the youth unemployment figures are still disappointing. What challenges exist for your organisations in trying to address the issue in the next few years? Has the response to the problem so far been robust enough?

**Malcolm Barron:** In the past four or five years, the engagement of schools with what happens to their pupils beyond school has changed beyond all recognition. The scenario is that the level of commitment from schools to better preparing their pupils for what comes next is now much higher. Schools are focused on that activity. There are good examples in Edinburgh and West Lothian, where the local authorities are focused on the issue and have done a lot to engage directly with employers, to increase the opportunities for young people and to better prepare them for what comes next.

The same applies to the employability of college students. Colleges are focused on ensuring that students sustain their work and achieve their qualifications, and that they are better prepared for the labour market when they go beyond college. A lot of targeted work has been done in schools and colleges to better support young people and adults who require additional support to move into employment.

There is a collective recognition of the issue. I work with many community planning partnerships in the Edinburgh and Lothians area. The matter is almost the number 1 issue for each and every one of them—they are all strongly focused on it. There is a strong commitment from local authorities, schools, colleges and various other partners. We recognise that there is an issue, but programmes are being prepared specifically to support young people.

**Iain McCaskey:** The introduction of level 2 modern apprenticeship frameworks has made a huge difference. It is an achievable programme and has allowed employers to retain candidates. People are on a recognised programme that allows them to progress to level 3. The introduction of level 2 has helped, as it is an achievable programme and a good entry into the job market that allows individuals to have that experience. People might go off into different occupational areas, but the programme gives them the grounding.

**Claire Baker:** I was going to ask about level 2. Am I correct that, this year, the modern



apprenticeship programme has 25,000 new places, of which 20,000 are level 2?

**Iain McCaskey:** No.

**Claire Baker:** I have got that wrong. Out of the 25,000 is there a quota for the different levels? How is the decision made on what type of apprenticeships are created?

**Hazel Mathieson:** That is based on demand information that we have from employers on job roles. The majority of the modern apprenticeships are level 3, but there are level 2s. I do not have the information with me, but I can have it sent to the committee. Within the 25,000 there are three separate chunks. We have 13,000 places specifically for 16 to 19-year-olds in any sector and 7,000 places for the key industry sectors—financial services, food and drink and hospitality—for people who are in work.

The additional 5,000 places that were contracted in June are specifically for new job opportunities for the 20 to 24-year-old client group although, if we saturate that market, we will go into the 25-plus market. That is a new policy area, so we are not sure what it will give us. In essence, we are looking for new job opportunities across all sectors for the 20 to 24-year-old client group, in recognition of the unemployment issue for them. That is how we split our modern apprenticeship delivery. In each of the three chunks, there are some level 2s, some level 3s and some level 4s, but the numbers very much depend on the job roles that employers produce.

**Claire Baker:** If someone comes in at level 2, is there a clear pathway for them? How confident are you that they will progress? Hazel Mathieson talked earlier about sustainability of employment. Are you confident that a level 2 qualification gives people security? Is there an expectation that they will move on to level 3?

**Hazel Mathieson:** It depends on the job role, because the person has to be competent in the job role. If the job in a workplace is only ever going to be at level 2, the individual will not progress. Individuals might be quite happy to work at that level. However, there are progression routes within all the qualifications, so if someone has the potential to progress to a higher level in the organisation, the funding is available.

Level 3 involves some supervisory responsibilities. Quite often a young person will go in at level 2 and might need to embed their skills before they progress to level 3, when they must be in a position to have supervisory experience within the organisation. They might have to take a year out and then come back in to do level 3. It depends very much on the individual's job role.

**Iain McCaskey:** I sit on the modern apprenticeship group. When we review frameworks we ask for submissions to articulate the progression clearly, whatever the level. We ask the sector skills council to articulate what the job roles and titles will be, what is involved in that and what opportunities there will be for candidates to move to another level or into higher or further education.

**Joan McAlpine (South Scotland) (SNP):** I understand that some young people who are in college will be classified as unemployed. Is that the case?

**Malcolm Barron:** I would not have thought so, because they are doing something positive. It might depend on the number of hours that they do per week.

**Joan McAlpine:** It might apply to part-time students.

**Malcolm Barron:** I will maybe look at the background to your question and pick up on it later, if that is possible. I am not quite sure about the implications.

**Joan McAlpine:** A large number of bodies and programmes are involved in developing skills in Scotland. Can the panel tell me a bit about how well bodies are collaborating and how well programmes are integrated?

**Gordon McGuinness:** There is strong integration at local level between organisations that work at that operational level. We have developed service delivery agreements with each of Scotland's 32 local authorities. In some areas, particularly for our initiatives around youth and adult unemployment, we have devolved decision-making responsibility to the local level, so that our funds can complement existing resources, projects and other local activity, which might involve European structural funds or local authority funds. At local level, where services meet individuals, services should be fully integrated, but there is always work to be done.

The Government has done its part to bring more strategic co-ordination to the use of European structural funds. There has been good progress in that area. We review service delivery agreements with local authorities on a six-monthly basis. At Scotland level we work with the Scottish employability forum, sharing information, in particular with community planning partnerships where there are the highest levels of unemployment. We review our labour market statistics and information to see where we can place resources to get best effect. In-year, we have a virement process, so we constantly monitor the progress that we are making and if programmes need to be increased and there is the

financial capability to do that, that is what takes place.

**Nicola McLelland:** Alliance Scotland works with a number of key stakeholders across Scotland. I highlight our joint workstreams with SDS on careers information, advice and guidance. We are in the middle of producing careers information and guidance fact sheets for each sector skills council. In addition, we have very much fed into the my world of work website, which is the careers management information website that SDS launched. In particular, the SSCs were involved in mapping all the job titles in the website to the SSC footprint. That is a key example of joint working in which we have been involved.

10:30

**Iain McCaskey:** The Alliance of Sector Skills Councils in Scotland has memorandums of understanding with the Institute of Directors, the CBI and the Scottish Training Federation. We focused the consultation on the national occupational standards for modern apprenticeships through those organisations to help them to have input into the development of the framework for the national occupational standards. We worked with a range of organisations.

When it comes to the submission of a framework, through the modern apprenticeship group we look to ensure that it includes the urban and rural aspects and that there has been engagement with employers large and small and with the unions and various other key stakeholders to ensure, as part of that consultation process, that it is fit for purpose. The key memorandum is on the development of qualifications. The Scottish Qualifications Authority has a memorandum that ensures that sector skills councils and employers must be engaged in any development of an SQA qualification.

**Malcolm Barron:** If I understand your question correctly, you are really asking about the degree of joined-upness that there is. I will cite two examples. First, Gordon McGuinness is very involved with the industry advisory boards, Scottish Enterprise, the sector skills councils and the FE and HE sectors in engaging directly with some of our key sectors about what our current skills needs are and will be in the future. It is about how we respond collectively to that and who has responsibility.

Secondly, through the skills committee, we have a clear link with the funding council. The funding council and we have joint ownership of that committee, which looks at what the needs of industry might be and where we need to invest our limited resources.

**Jean Urquhart (Highlands and Islands) (SNP):** I have a supplementary question. What is the scope for closer partnership in developing skills? What evidence would you need in order to say that the system is working better? You have all referred to examples of where it has worked well or where a change has been made, but what was the outcome? What takes such change forward? What are the frustrations? What are the barriers? What do we need?

We are talking about a large number of people. I do not mean to suggest that it is easy and we are talking about it at a high level, but it means something. We all meet some of these young people and they, too, have frustrations. We need to know what would improve the situation for you and how we can get a closer working relationship on skills. Businesses also say that the system does not work for them or that they do not have the qualified people with whom to set up an apprenticeship. What are the key issues that need to be addressed to ensure that there is closer collaboration?

**Hazel Mathieson:** I will give you a live example. Every year we contract for a large volume of training. This year, there are about 46,500 places. A big planning process lies behind that and we do not do it ourselves but do it with partners. For our modern apprenticeship provision, we need to identify the future likely demand—we are assuming at this stage that employers want modern apprenticeships. We liaise closely with the sector skills councils via Iain McCaskey and the Alliance of Sector Skills Councils in Scotland, to ensure that we get as much information as possible from the employers that they engage with, so that we can identify our future recruitment and skills plans. I also work closely with our industry managers, who work with Gordon McGuinness, because they engage with the sectors differently and also with some large employers.

We also look back at historical patterns, because we know year on year roughly how many construction apprentices and engineering apprentices are employed. The balance varies from year to year; it is not always the same. This year, there appear to be slightly fewer construction apprentices and slightly more engineering apprentices, although we are still midway through our peak recruitment time, so it is hard to bottom that one out at this point. We gather all that information from a range of stakeholders to plan what we want to purchase next year. We do not always get it right, because it is hard to plan for what recruitment will be next year, but we plan as best we can and that is what we purchase. We purchase a year ahead based on all the plans and the information is gathered from a wide range of partners.

We do a similar exercise for our employability programmes, such as get ready for work and training for work. We work closely with our community planning partners, schools, and Jobcentre Plus, which knows the local entry-level job vacancy situation. Again, we gather all that information at a local level, as well as looking at individuals' profiles and needs, and the local employment situation. We try to plan carefully with all our partners who have knowledge so that we can purchase what we think are the correct types of training for future years. That is not done in a vacuum but is done with partners. What could make it better is if we just get better at doing it and ensure that we are speaking to the right people, that the right people have the right information and that employers are able to predict their plans as well as possible, so that we can give support where we think the priorities lie.

That is how it works on the ground. It is not done in a vacuum; it is done with quite a lot of different partners to ensure that we have the best possible provision in place every year.

**Iain McCaskey:** I echo that. We have established close relationships with Skills Development Scotland, the ASSCS and the SQA accreditation side. We act as a buffer to make sure that anything that comes into the modern apprenticeship group has met the criteria that have been set and that the agencies have engaged with small and large businesses. We have agreements or memorandums of understanding with those organisations and we look at the apprenticeship submission to see that those criteria have been addressed before it is submitted.

We work closely at the coalface to integrate the information that we have and ensure that it is fit for purpose, and we look to ensure that anything that is submitted has gone through that process. That goes right back to the national occupational standards. We look for them to have a Scottish element, and we produced a guide on the 115 uses of the national occupational standards, but I will not bore you by starting to go through them. That guide can help FE, HE and employers to use the national occupational standards for their workforce.

We have also collaborated on various other things. About a year and a half ago, we addressed the question of how we arrive at a modern apprenticeship. When the framework comes in, that is the end of the process, but where does it start? When a Scottish employer says that it wants a modern apprenticeship framework, what process does it need to go through? We have just signed that off. We started off hoping that all we would need would be an A3 piece of paper, but we ended up with nine pieces of paper mapping the

process. We will put that map on the alliance's website and it will be interactive so that people will be able to use it to help them to understand. The sector skills councils and other organisations will be able to take the map out and show employers what is involved. It is not just a case of an employer saying in one particular month, "We want a modern apprenticeship," and then getting it the following month. They have to go through a process and the map shows the agencies and key stakeholders that must be involved in the process.

**Gordon McGuinness:** We have a real issue with youth unemployment at the moment and we are working hard on a range of measures on that, but there is also a danger that we will miss the good performance of the programme. All our apprentices in Scotland are at level 2 or 3, or employed status, which means that employers are paying them a wage and there is a core investment of funds in their training. That model is looked on with some envy by those south of the border and in Northern Ireland.

There is evidence in the construction sector, which has suffered heavy redundancies. Construction Skills Scotland worked with us, and there was funding from the Government through adopt an apprentice to sustain apprenticeships. Funds were targeted at specific areas to get young people back into work. The vast majority of those in the construction sector who were made redundant have now been put back into their apprenticeship programmes and are continuing their apprenticeship to completion. There is a fine balance between that and creating additional subsidies that undermine the strong performance of employed status and undo some of the good work. We are trying to keep a high threshold in the work that we do with employers. It is an employer recruitment incentive to create a meaningful job, which we can back up with training support. There is a danger that we could lose our way on that activity.

Some young people have additional needs and Malcolm Barron's team works with local authorities to attach key workers to them and to develop activity agreements; there are good examples of work done jointly by Skills Development Scotland and the local authority education department in North Lanarkshire.

We must continue engaging with employers to open up opportunities. Many employers, including those in the public sector, such as the national health service, have moved away from recruiting 16 to 19-year-olds. It has not been part of their business. Also, some of our growth areas have health and safety issues, so they are not areas that young people have traditionally entered. We must look for new opportunities to open those areas to the labour market. We have emerging

issues in terms of the demographic profile of our workforce in various sectors. We need to communicate that more effectively to employers and get them to start thinking about workforce planning in a more structured way, so that they are not left with skills gaps as people start to retire.

There is a whole suite of programmes that we must think about. We have done a lot of good work in increased data sharing, both with our colleges and with local authorities, so that we have a better picture of where investment went with young people and so that we get a better return on young people and they do not return to the system. More work must be done on that and on how that fits into our overall skills function.

We are up for the challenge of youth employment. This week, we are doing work for national apprenticeship week in North Ayrshire and tomorrow morning there will be a business breakfast encouraging companies to come in. Our chief executive, Damien Yeates, has made agreements with local authorities about concerted effort to create opportunities. A lot of good work is going on and it is a challenge. Even John Swinney recognises that he cannot create jobs himself and is working with employers to open up new opportunities.

**The Convener:** That was an interesting answer. One of the points raised is that employers such as the national health service have got away from employing young people. Why is that the case?

**Gordon McGuinness:** Such employers have tended to recruit experienced people and have not traditionally had business administration apprenticeships in the numbers that we might expect when we look at headcounts of public sector organisations. The permanent secretary has had a push on to encourage the public sector to recruit more young people. We have been working with a host of organisations to do that. There has been a drift to the current situation as there has been a focus on headcount. Employers are getting away from having an in-house training system that takes what can be raw young people, gives them a robust induction process and nurtures them through the development stages. Through a process of HR and planning, employers have stepped back from that. I do not want to single out the NHS because we are doing some good work with it across a range of activities, including examining skills shortages in terms of care workers. Given their size and age profile, it seems that some organisations have drifted away from inducting young people into their business.

**Jenny Marra (North East Scotland) (Lab):** Thank you for your time with us this morning. I would like to ask about Willy Roe's review of post-16 education and vocational training, with specific reference to its recommendation on releasing

employer leadership, which Mr McGuinness touched on. In the report, Skills Development Scotland was tasked with exploring more private sector investment partnership possibilities. Mr McGuinness touched on the work with local authorities. How are you liaising directly with the private sector on more opportunities and how are you responding more generally to the review?

10:45

**Gordon McGuinness:** You will appreciate that the review came out only a couple of weeks ago, so we are still working with our colleagues in the education and lifelong learning department on how that policy is interpreted. Further, as I said earlier, we are aware that Michael Russell is due to make a statement in Parliament about the review of post-16 education and how that will play into the new economic strategy. However, I can touch on the kind of activities that are currently under way.

With regard to engaging with employers, sector skills councils have a role to play in collaborating with employers to get their views about their priorities for their sectors. Iain McCaskey spoke about that earlier. We have worked closely with the sector skills councils. My role in Skills Development Scotland involves key sectors. The Government has requested that we deliver a differentiated level of service for the Government's key economic sectors—food and drink, tourism, energy and financial services. We have therefore engaged directly with industry advisory boards, which are supported by the Government and Scottish Enterprise, to consider the future economic strategy for each of those sectors and where those strategies might take them. We have explored the labour market information and what it tells us about the performance of the sector in terms of productivity, demographic profiles and industry and job growth.

The most detailed work that we have done involves the energy sector. We have worked with the relevant sector skills councils and OPITO, which is the offshore petroleum industry's training organisation and is owned by the sector and the trade union bodies, and have considered the industry forecasts that have been produced by employer groups such as Scottish Renewables, and the offshore wind route map, which projects where the growth will be. We have used our analysis of all of that to produce labour market projections, which we have road tested with employers through a pretty robust process involving Scottish Engineering and some of the trade unions, to ensure that our views and assumptions could stand up to a challenge. Following that, we sought the views of industry advisory boards and developed a set of

propositions that we can take back to the joint skills committee.

We take a hands-on approach to the development of the propositions. With regard to the energy sector, we have invited Colin Hood, of Scottish and Southern Energy, to chair a skills action group that will sit below the energy advisory board to drive the skills investment propositions forward. We published the skills investment plan in March this year.

At a sector level, we have a clear statement of our priorities, we can break figures down to show what the system is currently producing through the universities—everything from degree to doctorate level—and the further education sector. A college-energy partnership has been formed across a number of the college structures, which gives us a much more cohesive picture. We can probably replicate that story across a number of the key sectors that we are working with.

**Nicola McLelland:** The Alliance of Sector Skills Councils represents all the sectors, not just the key priority sectors. We would like to highlight that there are additional sectors without which the key sectors could not operate. For example, without the logistics sector, goods could not be distributed.

With regard to your specific question, we welcome the Willy Roe report and are working our way through the recommendations. We note that one of the key recommendations was to share labour market intelligence. Our organisation is seen as one of the key sources of sectoral labour market information and intelligence. We produce labour market sector profiles for each of the sectors. We are very much about raising awareness of our labour market intelligence. As I mentioned earlier, we are working closely with the Scottish Government and others to develop the LMI framework, which will help users and producers of LMI in Scotland to be more aware of what is available.

**Jenny Marra:** I have a question that is targeted specifically at Skills Development Scotland. I am sure that most committee members agree with me that, for people who are looking for work, face-to-face careers advice is critical. It is my understanding—please correct me if I am wrong—that Skills Development Scotland has moved to putting most of its material online and cutting down on face-to-face careers advice interviews. Is that correct? If so, what percentage of the face-to-face interviews have gone and how do you feel about that moving forward?

**Malcolm Barron:** Our expectation is that we will have exactly the same number of careers guidance interventions with young people and adults this year as we had last year. We launched the my world of work web service last week, which

has a number of objectives, one of which is to meet the requirements of a range of customers who prefer to use that resource. For many young people now, everything is in their phone including access to a range of services, and we must ensure that our services are accessible to that generation. Nevertheless, we recognise that some young people and adults do not have access to those resources, so we have available to them our call centre facility and our targeted, face-to-face service. There are well over 100 full-time and part-time centres of the kind to which Gordon McGuinness referred earlier, so that service is still accessible. We are trying to deliver a range of services in ways in which the customer—the individual—is looking for them. We are trying to accommodate the range of ways in which people are looking for those services.

**Jenny Marra:** I am glad to hear that accessibility is an issue, as it is a primary concern for us. You say that you are going to sustain the number of interventions. Do you mean face-to-face interviews, or does that include other things such as e-mails?

**Malcolm Barron:** It will be group work and so on, but it is face-to-face interventions.

**Jenny Marra:** Thank you.

**Iain McCaskey:** We are working with Young Scot to get the fact sheets on to its website once they are produced, which will be fairly soon. The fact sheets are short—two pages—and say what the job is about, giving a case study of somebody entering the sector and what they achieve at the end of it. They give a good introduction to an area of employment in a sector. We are producing 22 of those and they will be ready within the next month.

**Nicola McLelland:** In the autumn.

**Iain McCaskey:** We will be happy to share them with the committee when they come out.

**Clare Adamson (Central Scotland) (SNP):** My question has been partially answered. I am interested in what you said about the new industries that you are now engaging with—the creative industries, pharmacy and so on. Are you confident that the engagement with young people at school is happening early enough to enable them to understand those new opportunities? How do you ensure that they are being empowered in their choices at standard grade and highers and within the curriculum for excellence?

**Nicola McLelland:** The Alliance of Sector Skills Councils is undertaking a piece of work with the careers IAG fact sheets that we have produced. We are working with a company called Tree of Knowledge to turn those careers fact sheets into materials for schools. We are going to link them with the curriculum for excellence so that, we

hope, they will be embedded in the curriculum. We are focusing on years 1 to 3 in secondary schools. As Iain McCaskey mentioned, the fact sheets will give an overview of each of the sectors, including the entry points at which a 16 to 19-year-old can get into a sector and what the typical jobs are. They give key facts about the industries and, as Iain McCaskey also mentioned, case studies showing how people can progress through the sectors. We are working with Tree of Knowledge and the sector skills councils at the moment to develop those materials. We also hope that that resource will be placed on the glow website, and we are in discussions about that at the moment. We are hopeful that that will help school leavers and those at school to make more informed decisions about where their future careers may lie.

**Claire Baker:** I am interested in how we incentivise employers. You have spoken a lot about how you engage with employers, but is there recognition that, in a difficult economic time, skills and training are often areas on which spending is reduced, particularly among small businesses? That applies not just to young people who are entering into employment but to existing employees. When the small business bonus scheme was introduced, there were suggestions that incentivisation could be provided that was tied into training and skills development. You have spoken a lot about developing relationships and holding conversations, but how do you reach the smaller businesses to encourage them to look at that as a viable option and a way of helping their businesses to grow and contribute more to the Scottish economy?

**Hazel Mathieson:** A lot of our programmes and incentives are aimed at the small business community, which is a very wide and diverse community. As well as having as much face-to-face contact as we can through appropriate forums, we work closely with the business gateway contractors, chambers of commerce and other appropriate organisations that represent small business. We take a lot of feedback from those organisations, which helps to shape and inform future provision. They tell us exactly what small businesses are looking for. A lot of our provision and our flexible training opportunities are aimed at the small business sector.

Our employer recruitment incentive is about encouraging small employers, in particular, to recruit. We provide a £1,000 incentive to encourage an employer to recruit but, if the employer has fewer than 50 staff, it is a £2,000 incentive. As well as targeting our incentives at the smaller business sector, we are trying to take account of the sector's views so that we get the provision and the targets right.

**Nicola McLelland:** The alliance has been working with the Scottish Qualifications Authority on a joint piece of research on the returns to firms of investing in qualifications for their employees. It has not been published yet, but it is due to be published shortly. The aim of the research was to show employers what the benefits of investing in qualifications are. The findings show that it increases morale among the workforce and increases productivity. We asked firms whether, in the current economic climate, they were more likely to invest in qualifications and training. It was interesting that 25 per cent of employers said that they were more likely to invest in qualifications and training even in the current economic climate, and that 50 per cent of them said that it had made no difference at all. We are quite encouraged by those findings and we hope to build on that piece of work through some in-depth case studies, for which we are tendering.

We are certainly doing some joint work on the issue with the SQA. In addition, the alliance works closely with organisations such as CBI Scotland and the Federation of Small Businesses to raise awareness of the benefits of investing in qualifications with their employers.

**Claire Baker:** You said that that report will be published quite soon. Will you share it with MSPs?

**Nicola McLelland:** Yes, we can do.

**The Convener:** Did you have a quick supplementary, Jean?

**Jean Urquhart:** Yes. I suppose that it is a daft lassie question to help my understanding. Hazel Mathieson mentioned that there were 380 providers. It is about how the hierarchical structure works in passing on the ambition and aspirations of your two organisations to 380 providers, some of which will be organisations such as Barnardo's or independent organisations.

**Hazel Mathieson:** Some are employers, too.

**Jean Urquhart:** It is quite a big ask that they all have that ambition. I will give an example. I remember meeting a man who said that he did not want to take an apprentice. He was fed up with young folk—they did not really want to learn. Eventually, he was persuaded to take someone. He had no qualification, and he took a young lad. A couple of weeks later, he was found teaching the lad to read the sports pages of the *Daily Record*. He had got attached to him.

There are good stories, but everything is quite vulnerable. How do we catch the people who slip through the net, who do not turn up for a few days and who do not want that system of working? How can you be confident, when there are 380 different providers and thousands of young people out there?

11:00

**Hazel Mathieson:** Interestingly, today we are going live online for our next contracting round. One of the recommendations in the Willie Roe report was to ensure that we were more transparent. We use the public contracts Scotland procurement site, although what we do is not really procuring. I suppose that it is more grant disbursement. It is not a procurement exercise because we are setting costs and so on. We are trying to make everything as transparent as possible. We put on our website who is awarded contracts. We currently contract with just under 350 providers, some of which are employers, because some employers have an internal training infrastructure to recruit young people in the key sectors and to upskill staff in modern apprenticeship standards.

To ensure that people do not fall through the cracks, we are paying those providers of training to ensure that as well as supporting employers they are taking bureaucracy away, particularly for small employers. Small employers do not want to be caught up in the paperwork and how the qualifications are delivered, so the providers take that away from them. The providers also function as a safety net by supporting the young people. We have support mechanisms—we turn up every day, even if our children are off sick—but some of those more vulnerable people do not have such support mechanisms and the first thing that happens when a child is sick is that they do not turn up for work. We pay our provider network to ensure that they help those people and support them through the first few weeks to sustain the training and employment. The last thing we want is for people to start training and fall at the first hurdle.

It sounds like we have a lot of providers, but the number is significantly less than it was in the days of Scottish Enterprise. We have to ensure coverage throughout the country, not just in the public, private and voluntary sectors but in the different geographies of Scotland. We need to ensure that we have sufficient training supply in the islands and down in Dumfries and Galloway—in the Borders, as well as in the city areas. We have a spread of coverage to ensure that it meets the demand that we think is there for future years.

**Jean Urquhart:** I was not surprised at the number; I was just asking about the different kinds of organisations.

**Hazel Mathieson:** I have about 60 skills investment advisers working for me, whose day-to-day job is to manage the contracts that are out with providers. We are talking about £135 million-worth of business. We need to ensure, on a daily basis, that we are getting value for money and that achievement levels are good. We want to ensure

that it is not good money being thrown after bad and that people in the system are sustaining, progressing or moving into employment. For modern apprenticeship delivery, we need to ensure that people are sustaining employment and achieving their modern apprenticeship. We have a network of staff throughout the country whose job it is to ensure that that system works.

**Jean Urquhart:** Do you publish a list of people who take the contracts?

**Hazel Mathieson:** Yes. It is on our website.

**Marco Biagi (Edinburgh Central) (SNP):** The big issue right now for any public sector organisation and any organisation that works closely with the public sector is the funding landscape, and where we will be over the next few years with the state of the current financial settlement. Given that the overall amount is dropping, and that we have to consider the constraints that that brings, what would you like to see in the budget that will come forward from the Scottish Government very shortly? I appreciate that it might be slightly easier for the alliance to answer that question, given that SDS is a non-departmental public body, but any views that you have on that would be very enlightening.

**Iain McCaskey:** The alliance thinks that the programmes that the Government and SDS have put in place have helped employers and Scottish business through a difficult period. That work will continue—we just have to work together sensibly.

The alliance has undertaken an MA demand statement to work in parallel with SDS, and we are asking a raft of questions that we have tailored jointly on the information that SDS and the sector skills councils would like. The questions are not just about how many MAs are wanted, but about the levels that they should be at, the age groups that they should be for and the anecdotal evidence behind the answers.

We all recognise that the situation will be difficult, but the sector skills councils are up to the challenge of supporting industry and they realise the constraints.

**Gordon McGuinness:** We recognise the commitment that has been made to creating 25,000 modern apprenticeships over the parliamentary session. That is a significant statement and a commitment to our work and its contribution to the Scottish economy.

If we are considering what more we seek, it is agility in the system to adapt to the economy as it changes and—I hope—improves. We are considering and working with the Government on a refreshed economic strategy, which will be published later this month. That involves a commitment to support for productivity, on which

we will work with other public sector agencies—that will increasingly apply to our work. I probably work more with colleagues in Scottish Enterprise sector development teams now that I am with SDS than I did when I worked for Scottish Enterprise, which tells us something about the change in the landscape and the work that we have undertaken.

We are establishing through the joint skills committee a prioritisation process. Funds will be tight, but mechanisms now exist for understanding the priorities, particularly in the key sectors for Scotland. The commitment to addressing youth unemployment and issues of participation in the labour market will be sustained. That is more of a partnership agenda, which we have developed with our local authorities.

**Marco Biagi:** So, strictly in funding terms, the figure of 25,000 and the measures that have been put in place are broadly the way to go and should continue. Perhaps looking into what the figure of 25,000 is composed of would be the best way forward to further refine and improve delivery.

**Iain McCaskey:** Absolutely. Having available to industry a portfolio of vocational qualifications, especially at levels 4 and 5, will retain and continue to upskill the existing workforce, which is important. There are various pathways from entry to underneath level 5, which is underneath a doctorate. In logistics, for example, a person can enter a warehouse and progress to senior management. The same applies to extractives and mineral processing—a complete portfolio is available. If somebody enters quarrying, they can go up to being a site manager. A raft of qualifications exists; that is emerging more and more.

Other sector skills councils are looking beyond level 4, which helps with retention and helps the individual to see a complete pathway in the opportunities that are in front of them. Much work has been done with sector skills councils on career progression and that information is available on a website to show people the ways in which they can develop their careers. Skills Development Scotland's work with the Government on funding for that will be hugely important over the parliamentary session.

**Hazel Mathieson:** The significance of modern apprenticeship delivery is that it involves a partnership with employers—it is not all from public investment. We are trying to maximise the apprenticeship programme's benefit by maximising the contribution from employers. We can deliver 25,000 modern apprenticeships, but we need employer engagement—we need to maximise what we get from employers.

**Joan McAlpine:** I ask Gordon McGuinness for clarification. I think that you referred to 25,000

apprenticeships over the parliamentary session—did you mean each year?

**Gordon McGuinness:** Yes—thankfully. That is for the record.

**Joan McAlpine:** Good.

**The Convener:** I obviously just thought that I heard the words “each year”. I thank Joan McAlpine for seeking that clarification.

I thank all the witnesses for coming along for a helpful session. I hope that this will be the beginning of a relationship between the committee and both organisations over the next few years.

11:10

*Meeting suspended.*

11:16

*On resuming—*

**The Convener:** Agenda item 3 is a discussion of the committee's work programme, which follows from our away day—I should call it our business planning meeting—in August, when members discussed informally topics for the inquiry that we might be interested in having and issues for scrutiny of the draft budget and the spending review. In its discussion this morning, the committee will flesh out its approach to the work programme, after which we will publish further information on our web pages. At the beginning of the meeting, we agreed to hold the discussion in private, so I close the meeting to the public.

11:16

*Meeting continued in private until 11:31.*



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