



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 19 December 2012

Wednesday 19 December 2012

CONTENTS

	Col.
INTERESTS.....	2267
DECISION ON TAKING BUSINESS IN PRIVATE	2268
SKILLS	2269
PUBLIC BODY CONSENT MOTION	2290
Draft Public Bodies (Abolition of British Shipbuilders) Order 2013	2290

ECONOMY, ENERGY AND TOURISM COMMITTEE

34th Meeting 2012, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*Dennis Robertson (Aberdeenshire West) (SNP)

COMMITTEE MEMBERS

*Marco Biagi (Edinburgh Central) (SNP)

*Chic Brodie (South Scotland) (SNP)

*Rhoda Grant (Highlands and Islands) (Lab)

*Alison Johnstone (Lothian) (Green)

*Mike MacKenzie (Highlands and Islands) (SNP)

*Margaret McDougall (West Scotland) (Lab)

*David Torrance (Kirkcaldy) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Angela Constance (Minister for Youth Employment)

Hugh McAloon (Scottish Government)

CLERK TO THE COMMITTEE

Jane Williams

LOCATION

Committee Room 4

Scottish Parliament
Economy, Energy and Tourism
Committee

Wednesday 19 December 2012

[The Convener *opened the meeting at 10:01*]

Interests

The Convener (Murdo Fraser): Good morning, ladies and gentlemen, and welcome to the 34th and final meeting in 2012 of the Economy, Energy and Tourism Committee. I welcome the Minister for Youth Employment, whom I will introduce in a second, and I remind everyone to turn off all mobile phones and other electrical devices.

Under agenda item 1, I welcome a new member of the committee, Margaret McDougall, whom I invite to declare any relevant interests.

Margaret McDougall (West Scotland) (Lab): I do not have any interests that I think would be relevant to the committee.

The Convener: Thank you very much.

Decision on Taking Business in
Private

10:02

The Convener: Is the committee happy to take in private item 5, which is consideration of the evidence that we will hear today?

Members *indicated agreement.*

The Convener: Thank you.

Skills

10:02

The Convener: Item 3 is the continuation of our work on the skills agenda. I am very pleased to welcome Angela Constance, the Minister for Youth Employment, who is joined by Hugh McAloon, head of youth employability and skills at the Scottish Government.

Before we get into questions, minister, would you like to say something by way of introduction?

The Minister for Youth Employment (Angela Constance): Very briefly, convener. Good morning and thank you all. I am very grateful for the committee's invitation to be here to discuss the very important issue of skills.

The committee will understand that my portfolio has a sharp focus on young people and youth employment, but I also have responsibility for skills policy and a number of issues that impact on all-age employment. For example, I lead the Government's work on women's employment issues.

As colleagues will be aware, the Scottish Government published its skills strategy at the end of 2010. I believe that good progress has been made on a number of actions that were identified at the time and, importantly, on setting out a more ambitious skills agenda. At the heart of our skills strategy is the need to empower individuals and support employers. That twin aspiration is the focus of the skills agenda and, of course, some of our wider educational reform. My focus is on improving the employment prospects of learners and ensuring that we get a better matching of the needs of learners and the needs of employers, now and in the future.

I believe that one of our successes is the level of skills provision that we have secured, which gives us a strong platform for continuous improvement. We have a commitment in each year of the current session of Parliament to deliver 46,500 training places, and within that there is a year-on-year commitment to deliver 25,000 modern apprenticeships. That stable and clear commitment gives us a sound platform, and it moves the debate away from the volume and quality of training and into areas to do with how we improve outcomes for learners, employers and—of course—our economy.

I know that young people are a priority for us all. Youth unemployment remains too high despite the welcome step in the right direction that was shown by the labour market statistics last week. However, I contend that youth unemployment was too high even in times of economic growth, as the pre-

recession rates of youth unemployment stood at about 12 to 14 per cent. That emphasises the importance of having the right skills strategy in times of both economic difficulty and economic growth. When it comes to skills, we can never afford to take our eye off the ball. Since the skills strategy was published, we have introduced the opportunities for all initiative and a range of other measures that are designed to tackle youth unemployment.

I have always said that, after young people themselves, employers are our top priority. I have spent much of my previous year in post learning from and engaging with employers, and challenging employers as well as having them challenge me. I am clear that a skills system that does not work for employers does not work for anybody, not least the individuals who are seeking work, and nor does it meet the needs of our economy.

We still have significant progress to make. However, I believe that we have taken important steps forward in improving the skills system in Scotland, and we have a good solid foundation on which to make further improvements. I very much look forward to the committee's contribution to the debate on how we take things forward.

The Convener: Thank you for that introduction, minister. A number of areas have been raised in the evidence that we have heard so far. Those include issues around meeting skills gaps; how the skills agenda interfaces with employers' needs and with the education system; renewables, in which members are very interested following our recent report; gender concerns; the difficulties that some small and medium-sized enterprises face in accessing training; and the development of the skills strategy. Members will want to cover all those areas in the questioning.

I make my usual exhortation to members to be succinct and to the point in their lines of questioning. It is only fair to tell you, minister, that committee members have just been through a rigorous programme of training in asking effective questions. You are the first guinea pig to appear before the committee so that we can see what impact that training will have on witnesses. *[Laughter.]*

Angela Constance: And a happy Christmas to you too, convener.

The Convener: I am sure that our members will look forward to working out with you everything that they have learned in their training. I ask you to be succinct and to the point in your answers, as that would be very helpful.

Angela Constance: I will do my best, convener.

The Convener: Thank you.

I will start off by raising the issue of skills gaps, which has come up in evidence. We have a mismatch in the economy. As you rightly point out, there are a large number of people—particularly young people—who are unemployed. A broad range of skills and training programmes is available, but we have heard regularly in evidence from employers that they still have difficulty in filling vacancies because they cannot get people with the right skills.

Do you accept that there is still more to be done in addressing that mismatch? If so, can you tell us what is being done to address that issue?

Angela Constance: Absolutely. There is more to be done to address skills gaps and skills shortages. It is important to remember the context, which is that only 4 per cent of establishments have a hard-to-fill vacancy, while 3 per cent of establishments have a skills shortage vacancy. Nonetheless, we have to be careful when we are talking about skills gaps and skills shortages. I do not think that it is a global issue; I think that it is quite specific to certain industries and sectors.

When employers talk to me about skills gaps and skills shortages, I ask them what they are doing to recruit more women and young people. Discussions about skills gaps and skills shortages offer an opportunity to work better with employers to utilise the talents of all the population, whether that is women or young people.

The committee will have heard about the skills investment plans, which are about ensuring that the skills system responds not just to the overall needs of the economy but to the specific needs of specific industries. There is a well-established skills investment plan in the food and drink industry.

Hugh McAloon (Scottish Government): Different aspects arise when it comes to responding to the skills needs of employers. For example, if an employer is looking to take on people who are new to the labour market, what we do in the pre-employment parts of the system—in colleges or programmes that offer people training before they move into work—is important. We must ensure that those parts of the system are as aligned as possible to the needs of employers. There are moves to do that throughout the system.

Another aspect is to offer employers opportunities to train up their own staff. The modern apprenticeship programme is a good example of that. We focus largely on smaller employers. If employers are looking for people with a bit more experience and there are significant barriers to them doing the training, they can be offered flexible provision that lets them decide what their focus is. It is important that they can move on their existing workforce to where

they want it to be, or that they can bring in people from other parts of the economy.

The flexible training opportunities that we launched about three years ago have become quite popular among SMEs. The beauty of that approach is that, rather than the Government putting in money and solving all an employer's problems, the model is one of co-investment and is very much tied to what the employer needs. The employer gets to decide what it will co-invest in with the Government. It is not about us sitting in Government offices, trying to design programmes that we think will work for employers; it is much more about our saying, "What do you need to develop your existing workforce to fill these skills gaps? Let's have a partnership approach." That has developed quite well over the past three years.

Dennis Robertson (Aberdeenshire West) (SNP): Good morning, minister. I am sure that you do not resemble a guinea pig at all, but there you go.

Earlier this week, I was at a meeting in Aberdeen with the principals of the University of Aberdeen, Robert Gordon University, Aberdeen College and Banff and Buchan College, who are working collaboratively on addressing the skills shortage in the energy sector. It is encouraging that they are responding to the sector's needs, which is obviously a completely different way of producing courses and so on than happened in the past. Do you welcome the initiative that is taking place in Aberdeen? I know that your colleague Fergus Ewing has done a lot of work in that area.

We need to address not just the need for people for the offshore market but the whole energy sector and everything that goes with it, from project managers to office assistants, chefs, labourers and even geophysicists—all the opportunities for skills in the sector. Rather than being based just in the north-east, will such opportunities roll out for the rest of Scotland? Will other universities, colleges and employers take the initiative from what is happening in Aberdeen, which is an exemplar?

10:15

Angela Constance: The north-east provides a great example of collaboration that focuses—understandably—on the energy sector and the oil and gas industry. We must articulate better to young people the length and breadth of Scotland the range of opportunities in oil and gas and in the energy sector.

Oil and gas has a particular locus in the north-east but, if we look at the need for engineers, Renfrewshire has quite a strong engineering base.

The oil and gas industry has 30 to 50 years of untapped potential left, so it is a huge asset to us.

We need to make more of selling to young people careers in oil and gas and in energy as a whole. Such careers are good to pursue. A huge range of careers is available in the sector. Somebody told me that offshore work forms just 10 per cent of the work; the majority of the work is onshore.

As we proceed with college reform, more collaboration will take place locally. The West Lothian economy is very different from the north-east's economy, but collaboration in and around sectors that are important to the West Lothian economy would relate to retail and to personal and social care provision. We need more acute alignment between local economic needs and local educational provision, but we must not forget that there are opportunities in the energy sector and in the oil and gas industry across the country.

We are working through the detail of the energy skills academy, which will be a good way of enhancing what is delivered in the north-east, particularly with our eye on having a one-stop shop for employers and supply chains by providing things such as a database of energy training opportunities. Oil and gas has a locus in the north-east, but we will take cognisance of the nationwide opportunities in the energy sector.

Dennis Robertson: What more will you and your Government colleagues do to ensure that the science, technology, engineering and mathematics—STEM—subjects are taken up more by young girls and to facilitate opportunities to get more women into all sectors in energy and outside that field? The market seems to be male dominated. In education, perhaps the curriculum for excellence is being used and that is working through. However, more needs to be done. What is your role in addressing that problem?

Angela Constance: My role is to support systemic change. Mr Robertson is right—we need more girls to choose to study STEM subjects and to pursue STEM-related careers. That is not just true for science and technology; the information and communications technology sector is also struggling to attract young women.

Members might be aware that we have held the first-ever women's employment summit. That covered a vast array of issues that relate to women's employment. One stream of work that flowed from that relates to occupational segregation. There is no silver bullet to tackle that; that must be done in a systemic way and that must start early in schools.

That is one of the reasons that we announced the careerwise Scotland programme, which will get good role models into schools early before

girls make their subject choices. There is also a role for careers guidance and advice. We can do a lot more to get more women into STEM subjects because they can have good careers that will, in the long term, help us to tackle issues such as equal pay. Hugh McAloon might have something to add.

Hugh McAloon: Not particularly, although I was thinking about the importance of older women or women who are returning to the labour market, and the support that we can give them. Again, with our pre-employment training, if someone is looking for support through the programmes that we provide, and those programmes are more aligned to existing opportunities, that could make a difference to the choices that people make when they come back to the labour market.

As the minister said, there is a bit of a challenge to employers to think more widely about the range of talent that is available to them beyond the workforce that they have at the moment. There are cultural issues for schools and for employers, but we are trying to take steps in careers advice and aligning pre-employment training to employers' needs to make people more attractive to employers. That is designed to help to deal with some of those cultural issues.

Chic Brodie (South Scotland) (SNP): If I may, I will start with a curve ball, minister, and if you do not know the answer, you do not know the answer. I am asking the question in my role as the European reporter for the committee. What do you know about the European skills panorama?

Angela Constance: Well, Mr Brodie has just flung the curve ball at the guinea pig. Mr Brodie, could you be a bit more specific?

Chic Brodie: Yes. That was an unfair question. Today, the European Commission is launching a programme to tackle skills mismatches across Europe. Two weeks ago, at a meeting with the Commission, we heard about financial programmes for small businesses, and we knew nothing about those programmes because I suspect that the member state that should have been passing on that information did not do so, and I suspect that the same thing will happen here because any input that we might have has to go through that member state. We are not yet such a member state. We can pass on the details later, but it is important.

I will focus on engineering. Although we might want to train people indigenously, there may be opportunities abroad or people may want to come to Scotland, so we must consider the international aspect of developing the labour market and the long-term benefit that will accrue from that.

I will go back a bit and focus on Dennis Robertson's point about oil and gas. I was not at

the committee's meeting last week because of illness. At that meeting, Mr Alexander of the Scottish Council for Development and Industry talked about the chicken-and-egg challenge of whether we should develop the skills first or wait for the jobs to arrive. Do you not think that we should be investing in the skills in line with our economic strategy and not waiting for the jobs to turn up, particularly when we will need to fill 60,000 additional jobs in the renewables and oil and gas industries?

Angela Constance: Mr Brodie's question has two strands. The committee might be aware that I visited Europe a few weeks ago and met a range of representatives from a range of countries, including representatives from the Commission. I am therefore aware that the Commission is focused on labour mobility issues.

I visited Europe because I have a deep interest in European countries that, despite a global economic recession, have youth unemployment levels of less than 10 per cent. I believe that the reason for their performance lies in and around their vocational education and training systems. We can never transport another country's system *carte blanche* into this country, but I think that significant lessons can be learned from those countries that are weathering the youth employment storm.

The skills system needs to try to prepare people for both the jobs that exist and the future. In engineering and energy, that is very much what the skills investment plans are trying to tackle. I am aware that things can change quite quickly in the energy sector due to global economic trends, but we know that oil and gas will be with us and that renewables is certainly an industry of the future. The skills investment plan for energy is currently being reviewed and renewed, and two issues that arise from that are the need for more granular labour market information and a recognition from the sector itself that, as an industry, it needs to be better and clearer at articulating its current and future needs. In my meetings with the leadership groups of Oil and Gas UK and OPITO, there has been an acknowledgement that they need more consistently to articulate what the industry's needs are.

I know that Hugh McAloon has a deep knowledge of labour market information and of some of the technicalities around that, but essentially the skills system must meet the needs of today and plan for those of tomorrow.

Chic Brodie: Of the six major sectors that we are focusing on, I want to focus on engineering and not just in the energy market but, for example, in the aerospace industry in Prestwick. A lot of effort is going into that and there is a need for

engineers. I do not understand the comment that was made last week—again, I was not here for that meeting—in the Scottish Further and Higher Education Funding Council's submission, which stated that it is a challenge

"how we can best identify and roll out best practice in employer engagement, for instance between a regional college and the SMEs in that area".

What is the challenge in creating communication clusters or fora to ensure that people know what the colleges are developing, which we hope will also be in line with the country's economic strategy? Why can we not get the companies in the sector together with the colleges? It is not as if Scotland covers half the globe. We are not a geographically huge country. How do you define that challenge? Do you agree that it is a challenge?

Angela Constance: I accept that there are advantages to Scotland being a small country. On your point about the Government's economic strategy, I think that the skills investment plans and the skills action plans very much show that there is an alignment between our skills investment and our economic strategy.

We always have to work at engagement with smaller businesses, as with anything that involves relationships. From my reading of the *Official Report* of last week's meeting, I think that it is generally accepted that in some ways it is easier to engage with larger companies because you know where they are. The energy sector is populated with larger companies, so in some regards that engagement should be easier, whereas I suppose that other sectors, such as food and drink and tourism, are more heavily populated with small and medium-sized enterprises.

10:30

I accept that we need to get better at engaging with and listening to employers. However, my understanding is that the Scottish Further and Higher Education Funding Council is organising itself to do that in and around regional outcome agreements. I would not want to underplay that as an easy task, but neither is it insurmountable.

I think that we would all accept that it is harder to engage with smaller companies. They are smaller—of course—and they are under the cosh and trying to keep their head above water. We therefore have to work harder to reach out to smaller companies, as we cannot necessarily rely on them coming to us.

Chic Brodie: I have one last question. Again, I will go back to last week's meeting. We had before the committee a representative from Flybe, who said that there was a big problem with social

interaction, particularly among the young due to the way in which they grow up. She went on to say that the education system will have to think about how to build social interaction more formally into the curriculum. I think that that is poppycock. Education begins largely in the home, and I wonder how we are involving parents in that interaction.

I referred to engineering a moment ago. We have had witnesses before the committee who have complained about engineering not being seen as a sexy career. What are we doing to involve and embrace parents so that they encourage youngsters to go into the engineering industry?

Angela Constance: With regard to your point about social interaction, I always point to the UK Commission for Employment and Skills, which carried out a massive survey across the UK. The evidence shows that employers who recruit young people are very satisfied with their work readiness. That suggests to me that our education system is doing something right. Communication skills—which I assume is what you meant by social interaction—are core skills, and they have a very important place in the curriculum. Young people tend to be employed in very people-intensive services such as retail, hospitality, call centres and sales-type work. That suggests that the vast majority of them have good communication skills.

We should, of course, all remember what we were like when we were 17; I am quite sure that our communication skills were less well developed at that age. However, that is not to say that I do not accept that there are issues for some young people who are further removed from the labour market and who need more intensive input with regard to core skills.

The point about parents is imperative. Parents are key influences—that is stating the obvious—and they need to know about the range of careers that are out there. I am keen that vocational education is not seen as something that is just for young people who do not quite get the highs that they need.

I am a big advocate of higher education and degrees, but there is a panoply of options out there for young people, and we should not make assumptions about what is best for them. All young people are different, and there are huge opportunities—such as the modern apprenticeship programme—available for them.

We need to get better at communicating with parents about the range of career options. We need to develop relationships and work with businesses—particularly small businesses—and progress is being made in that regard. However, I feel that there is better progress to be made in

engaging with parents. That certainly forms part of my discussions with Fergus Ewing—who, as enterprise minister, has a keen ear for the needs of business—and my work with Dr Allan on schools and the curriculum. There is a massive need to raise awareness of careers that are of particular importance to the economy.

The Convener: I will bring in Rhoda Grant shortly, but I was interested in the fact that twice you mentioned vocational education, which is crucial. Is there a need to develop more strands of vocational education at school level, as well as to develop provision in further and higher education?

Angela Constance: I think that the senior phase of the curriculum for excellence gives us huge opportunities. We have a platform of reform across our education sector. Even in what we are doing on the early years, we never lose sight of the importance of people's future employability prospects. There is all the work that is going on as part of the curriculum for excellence, and there is the work on post-16 reform and careers guidance. At the turn of the year, the Government will say more about how we will take things forward on those four extremely important cornerstones of reform.

One of the reasons for my trip to Brussels a few weeks ago was that it enabled me to take a far closer look at how vocational education operates in different countries. It is not a case of having carte blanche to adopt someone else's system. Our internationally recognised curriculum for excellence gives us a great platform. We want to keep a broad-based education system—we do not want to pigeonhole youngsters too early—but there need to be better identified routes and clearer pathways into work. There needs to be alignment between the world of education and the world of work throughout our education system. That is an issue for not just colleges and universities, but secondary and primary schools. It involves careers guidance and good links between schools and employers. We have a great platform to build on, but there is still a real job of work to be done.

Rhoda Grant (Highlands and Islands) (Lab): Last week, we heard evidence that the skills sector is quite cluttered. Although that is okay for large companies that have specialists to look at the sector, small businesses find it extremely difficult to navigate. What are you doing to make the sector easier to navigate?

Angela Constance: It is important to acknowledge that we have looked at, and will continue to look at, simplifying the skills sector, but it will always have a degree of complexity, because it involves local authorities, employability partnerships, the Scottish Government, the Department for Work and Pensions and the UK

Government, the sector skills councils and all the rest.

We need to do two things for small business in particular. First, we need to hide the hard wiring. It is a question of informing people about what they need to know and what they want to know. Secondly, we need a no-wrong-doors approach.

Our skillsforce, which is a web-based one-stop shop, is a great tool. It provides a great opportunity to bring together local and national information. It means that a small business in Falkirk, for example, can see at the touch of a button what is available to it nationally and locally. As part of that service, there is a skills alert function, through which Skills Development Scotland can get better and more accurate and up-to-date information and can take the pulse of business, as it were. Our skillsforce is extremely important. It has been developed in partnership with stakeholders, the industry and the Federation of Small Businesses, and we will continue to refine it to ensure that we get it right. We have to make it easier for small businesses in particular to engage with the skills system. That is about having no wrong door and hiding the hard wiring of the system, if you like.

Rhoda Grant: Last week, the witnesses said that the portal is difficult and complicated to navigate for people who are not information technology literate and do not really know what they are looking for. Are there—or have you thought about having—advisers who will do some of that work for small businesses to break down some of those barriers? In saying that there is no wrong door, you are saying that the system will point people in the right direction, but is there a need for people to advise businesses?

Angela Constance: There has been a major shift in Skills Development Scotland's outlook and philosophy since about 2010. It is not there just to service young people, in that employers are just as much its clients, for want of a better word, as learners and other users of provision. At the local level, there is also the business gateway.

My experience from my exposure to our skillsforce is that it is quite an easy tool to use, and I am a bit limited when it comes to ICT skills. However, I am sure that there are people out there who do need support. The use of technology for various functions will be fundamental to the survival of any business today.

I do not know whether Hugh McAloon wants to comment on the Scottish employability forum and whether one-to-one support is more appropriately provided at the local level.

Hugh McAloon: The minister said that SDS gives advice directly to businesses and she mentioned the importance of the business

gateway. The way in which I always look at the issue is that small employers do not engage with the skills system very often. When they have a training or recruitment need and they want to come into the system, it has to be quite simple for them. After that, it might be three or four years before they come back. That is not always the case, but it happens quite often.

People who are immersed in the area can look at our skillsforce and say, "Right, that's absolutely everything that people need," but if people are not used to it, even if they are IT literate, finding their way around it can be a bit of a challenge. SDS will continue to work with partners to make it simpler, and will focus particularly on working with employers who are trying to use the system.

Our skillsforce is also useful as a tool for those who advise businesses. When someone goes to the business gateway, the advice that they get from any individual will always be limited to the information that they have at their fingertips. Our skillsforce makes a significant amount of extra information available to those advisers.

I think that your point is that it would be wrong to think that a web-based service will solve all the problems of the world, and I agree with that. However, the ability for the people in the system to access information through such a service that they can then use to advise businesses and employers represents a significant improvement to how things are at the moment, as people currently get quite bewildered by the various offers that are available, the terminology and all the other things that were discussed at your meeting last week.

The tool is there for people who come straight in as employers, but it is also there for people who advise employers.

Rhoda Grant: Who will provide that one-to-one support? As you say, a small business might look for some skills development only once in four years. If something has changed and it needs to develop one of its members of staff, who will do the hand-holding and provide advice? Who will tell the business where the funding is and where the training is?

Hugh McAloon: A range of agencies offer that support. The important thing is that they communicate a coherent message about what is available. I refer to SDS skills investment advisers; DWP staff, who can help if the inquiry is about recruitment; the business gateway; and Scottish Enterprise account managers, who can help in some cases. The key is that they all communicate the whole offer, rather than their bit of the offer. That is what our skillsforce tries to bring together across all those organisations. There is a commitment from local authorities, the Scottish Government and the UK Government to try to

make that coherent offer as clear as possible to anybody who advises a small business.

10:45

Rhoda Grant: Small businesses say that the website is difficult to navigate, although you say that people can pitch up at any one of those doors and get the advice that they need. I am not quite sure why they are finding it so difficult.

Angela Constance: The our skillsforce website was launched a few months ago, so I would be surprised if a wealth of small businesses were saying that they find it difficult. The most immediate challenge that we have is to get the message out there that our skillsforce exists and about where people can go for advice. That can be Skills Development Scotland, the local business gateway or, in some cases, Scottish Enterprise. However, I accept the point about the coherence of the message.

Mike MacKenzie (Highlands and Islands) (SNP): Is there a disconnect between the career aspirations that youngsters acquire when they are growing up and going through the education system and the reality? Is there a difference between perceptions of the job market and the career opportunities that might be available and the actuality of career opportunities? If so, can we do something more to help to prevent that and to get better engagement?

Angela Constance: I have been trying hard to be succinct, but Mr MacKenzie has touched on a bit of a hornets' nest and a broad area.

Although, at the end of the day, we cannot corral young people into choosing particular careers, it is imperative that, through what is taught and made available in classrooms—whether by teaching staff or careers guidance staff—we inspire young people to take up the great career opportunities that exist in our growth areas such as the food and drink, energy and engineering sectors. There are not many certainties in this world but, if someone is seeking work, what a great career there is in engineering. Engineers are so sought after. The average age of an engineer is, I think, 50-plus. There are huge opportunities out there.

We need to inspire and enthuse young people about the realities of where the jobs exist now and where they will be in future. We are dealing with perceptions that sometimes exist in our popular culture and in families and schools, so we need good penetration of information throughout our education system about the opportunities that actually exist. My world of work is a great web-based facility and we should promote it not just among young people but among parents.

There is a notion of career management skills being taught in the classroom. By the time that someone who is 15 today turns 40, they might well have been in 10 different job roles. I have had a few career changes myself. We need to get young folk to a position of resilience, because they will have to live and work in a world that is ever changing and they will need flexibility and adaptability.

We can do much more. We have the platform of the reform of careers guidance, but the issue hinges on the connectivity between education and the world of work. Education is about creating a civilised and learned country, but we should not lose sight of the fact that, at its core, it is about preparing folk for work.

Mike MacKenzie: I apologise for opening a hornets' nest, but you have given a pretty comprehensive answer, so thanks very much.

Angela Constance: I hope so.

David Torrance (Kirkcaldy) (SNP): We have talked about skills shortages and focused on the renewables and oil and gas sectors. I will ask about manufacturing-based industries, in which there is currently a huge shortage of engineers. What incentives are there for manufacturing companies to take on young apprentices who will take three or four years to train to be engineers and then be lost to the oil and gas sector or the renewables industry, when there is a ready-made supply in the European market? It is easy for such companies to go to that market and bring in engineers.

Angela Constance: That is true. We have a global economy and there is a competitiveness element to that. We should not shy away from the ability of well-trained Scots engineers to work throughout the world.

Yes, it takes longer to train an engineer to achieve a level 3 in the engineering framework—three or four years—but there needs to be more collaboration within the industry. We cannot necessarily compare the textiles industry with the oil and gas industry, but companies in the textiles industry have managed successfully to stop cutting one another's throats by poaching staff and begun to collaborate on the training of young people in the industry.

There is a desire in the energy sector—particularly in oil and gas—to coalesce around the industry's needs, plan ahead on workforce development and try to move away from competing. I know that the fact that the salaries in the oil and gas sector are high is used as a tool to attract or retain staff, but there needs to be more industry collaboration and more thought needs to be given to the longer term.

Skills shortages are in nobody's interest. They are not in the interest of the economy, industry or individual companies. We need to move towards a longer-term approach. There is a desire in the oil and gas sector to start planning a bit better and not always to live for the moment.

Alison Johnstone (Lothian) (Green): I recently met a young man who is deaf and who is trying to access funding because he is keen to pursue a career as a personal trainer. He would bring a great deal to that as he has skills, such as sign language skills, that would be incredibly helpful. However, he has found it challenging to get hold of funding to get him on to the course that he wants to do—I think that his first attempt was unsuccessful—even though he has been well supported with a couple of vocal advocates.

What extra support is in place for those with additional support needs who may need a bit more help with form filling or simply with accessing a course?

Angela Constance: Significant amounts of money are allocated in further and higher education for the additional costs that are associated with young people with additional support needs that require to be addressed for them to pursue or participate in learning.

It is difficult for me to talk about specific cases, but I am always happy to receive information about individual cases. That probably gets me into trouble with officials, but I like to know about individual cases because they provide us with an understanding of how the system can be challenged or made to work better.

I suppose that support for young people with additional support or learning needs will depend on where they have come from, in terms of their school background. Skills Development Scotland is a good point of contact, as are colleges and universities. It is difficult to have a carte blanche solution because of the range of additional support needs, but there are always issues that we need to address, and that support should be there systematically.

Do you have anything to add, Hugh?

Hugh McAloon: Not particularly. The minister has been exploring some issues around access to modern apprenticeship programmes for young people, particularly those with disabilities. There are real challenges there, and there is scope for us to do more on that. It certainly looks as if that will be a focus over the next year or so.

Angela Constance: Yes. I had an informative meeting with Remploy employment services about how we can increase the participation of young people with disabilities in, for example, the modern apprenticeship programme, and the same issues

exist for young people from black and minority ethnic communities. A lot of that is about how the disability is perceived, as opposed to the disability being the barrier.

Alison Johnstone: I have another question about young people who need extra support. Your colleague the Minister for Children and Young People met a group of people from Stepping Stones in north Edinburgh who were in Parliament earlier this week as part of a Save the Children event. We had a committee room full of young single mums who are desperate to get into skills training, but simply cannot access affordable childcare. The average childcare fee in Edinburgh is apparently £38 a day; at North Edinburgh Childcare, which has places, it is £16 a day, which is a fee that they would consider. I know that the issue is not entirely within the minister's remit, but what collaboration do you have with the Minister for Children and Young People to make it possible for such people to access training through the greater provision of affordable childcare?

Angela Constance: I have two points on that. I am familiar with the work of North Edinburgh Childcare. I have visited the centre not once, but twice. It is unique in that, as well as providing affordable childcare, it is a training provider that is skilling up women for work, which tends to be in and around careers in childcare. It is a well-established service for childcare and women who are going into work.

The childcare issue is massive. It was a prominent focus of the women's employment summit. For women who want to get into particular careers; women returners; and young women who are perhaps a wee bit further away from the labour market, access to affordable flexible childcare is imperative. I work closely with Ms Campbell, the Minister for Children and Young People, for example, on the change in legislation that will give a statutory right to an increased number of hours of pre-school education for three and four-year-olds.

The important part of that is flexibility. As a working mother, I am aware of the constraints around school-based provision, which is rigid. For many women who go into work, the hours of the available nursery provision—for example, 9 to 11 Monday to Thursday—will not fit with their work. Not many people work hours that coalesce around that.

The childcare aspect is absolutely crucial, and work on that is being pursued with Aileen Campbell. There is, though, a broader issue about the integration of benefits and our tax system. I am not seeking to be political, but we are never going to address the affordability issue without control over tax and welfare benefits.

11:00

The Convener: A couple of members have follow-up questions.

Chic Brodie: My question is on the point about helping young people. The biggest problem that our economy faces is the lack of start-up businesses. How much support is there for young people who want to start their own business or create a social enterprise, given the opportunities coming down the pipe in terms of public procurement and community empowerment? What engagement is there with the Minister for Energy, Enterprise and Tourism on encouraging young people to start up businesses?

Angela Constance: The member is probably aware of the work that John Swinney and Fergus Ewing do through providing financial support to the Prince's Trust for start-up grants. From my perspective, entrepreneurship and starting up a business are feasible routes out of unemployment. In the panoply of services and opportunities that we are trying to offer young people, we must bear it in mind that we are meant to be a nation of inventors and entrepreneurs. We should not forget or dismiss that opportunity for young people. I have met some fantastic young businesspeople from a wide variety of backgrounds.

The Prince's Trust does a lot of good work in providing grants, but there are other innovative funding models, such as crowd funding. I had a really interesting meeting with Michelle Rodger—

Chic Brodie: Forgive me, minister. I understand that, but are we really getting down among the young people? I know that some people are aware of the issue and that we communicate through various mechanisms, but I do not believe that we are really getting into the kernel of youth unemployment, particularly in more deprived areas. As Sir Tom Hunter said, somebody might be sitting in a garage somewhere who could be developing the next phase of Google. I have a feeling that, although we are doing all these good things, we are not really reaching out to the mass of young people. Lots of them have no fear and are prepared to take risks. Are we doing enough to get to the heart of the issue of creating entrepreneurs?

Angela Constance: I do not dispute that more needs to be done. I will give you two specific examples. Hatcheries such as Entrepreneurial Spark and the Tech Cube in Edinburgh are great examples of how to support young people in developing start-ups, and a lot of that work is business and industry led. What has always impressed me about Entrepreneurial Spark is that it is like a living, breathing MBA through which young people learn so much on the spot. John Swinney's announcement on Scottish EDGE—

encouraging dynamic growth entrepreneurs—funding builds on the hatchery or Entrepreneurial Spark model.

Another group of young people among whom there is more potential to encourage self-employment is young offenders. They will have entrepreneurial skills that need to be far more constructively redirected and channelled. Because of lists of previous convictions, some employers might have great anxieties about employing young people from that group. I am interested in what more we can do to get young offenders into appropriate self-employment.

Dennis Robertson: I would like to follow up Alison Johnstone's first question. The minister mentioned the opportunities for all initiative in her introductory remarks, but I believe that there is a perception in what we might call the disabled community that it is opportunities for some, given that, when young people with a disability go to college or university or try to get an apprenticeship or internship, the support that they need is not always readily available. For instance, some people who go to college or university will have to wait six to eight weeks after the course has started to get the appropriate equipment or the support that they need. They will therefore miss out a significant part of the early period of their education or training. For people who go into a modern apprenticeship or an internship, how can we ensure that the support and specialist equipment that they might need is there when they start?

Angela Constance: Opportunities for all must mean that. We cannot have a group of young people who are not able to access provision.

Dennis Robertson: I believe that there is a perception, which probably comes from some of the agencies out there, that there are barriers.

Angela Constance: Yes. Perceptions are important, even if they are not based on solid facts, and it is important that we tackle and overcome them. I am disappointed to hear about delays in the provision of support equipment. It should not be beyond the wit of man or woman to provide that. People know when courses will start, and that is the target for provision. It is about dealing with the practicalities.

Part of the issue with modern apprenticeships is to do with cultures and employers. I know that, in the Scottish Government's recent recruitment of modern apprentices, it employed a young man with a physical disability, and that that was accommodated and taken care of. We need to get on and do pragmatic and sensible things. I am keen to know about examples of things not working, so that we can address them.

Dennis Robertson: Are you open to meeting agencies that have recruitment programmes to discuss that matter and take it forward?

Angela Constance: Absolutely—and that offer is open to any member.

Margaret McDougall: Good morning. I will ask about the connectivity between small and medium-sized enterprises and colleges. Last week, Donald MacBeath from North Highland College stated:

“taking on an additional apprenticeship represents a four-year investment”.—[*Official Report, Economy, Energy and Tourism Committee*, 12 December 2012; c 2255.]

Is that a common approach among colleges and SMEs? Surely not all apprenticeships last for four years. I have before me a paper from Skills Development Scotland that says that some modern apprenticeships last for an average of only nine months.

Will you explain where the colleges are coming from? That was evidence from only one college, but is that approach common across Scotland? Is it understood that apprenticeships do not have to last for four years? I would like to know about the connectivity with other agencies.

Angela Constance: We have more than 80 modern apprenticeship frameworks and we have level 2 and level 3 frameworks, which vary in length. Engineering apprenticeships are at level 3, so they tend to be for three or four years, but other frameworks are shorter. The length depends on the framework that has been devised and approved by the modern apprenticeship group, which is very much about looking at the needs of industry. There is not a one-size-fits-all approach.

Of course, taking on an apprentice is an investment and a commitment. I see that as a co-investment between the private sector and the Government, in which the Government contributes to the cost of training the apprentice.

The strength of our apprenticeship model is the apprentice's employed status, which I will hold to dearly. Our MA programme is linked to real jobs and that employed status leads to sustainable employment among young people. Of course an apprenticeship represents an investment and a commitment by employers, but the Government contributes to that investment.

The big message that we need to get across—everyone in the skills system has to push this message—is that, if a business is serious about economic growth, it needs to be serious about creating opportunities for young people. In the long term, it is far more economical to grow your own talent than to deal with skills shortages by buying in skilled labour later.

There is a positive business case for employing young people in terms of diversity in an employer's workforce. Young people have good qualifications and are willing to learn—unlike me, they are not set in their ways—and they have skills that are probably more attuned to the modern world. Young people make a positive contribution to the bottom line in any business. I feel strongly and passionately that all aspects of the skills system need to get out there and sell to employers the benefits of employing young people. We all have a role to play in that.

The percentage of young people in the workforce in the public and private sectors has been falling since 2005, and we cannot allow that to continue. We need to halt that decline. Young people are our future and they need to be part of our economy. We need to create employment opportunities for young people.

I am sorry if I have gone off on a rant—

The Convener: Or a tangent.

Angela Constance: I am sorry for going off on a tangent, but it is Christmas.

The Convener: That excuses everything.

Angela Constance: Yes, that excuses everything.

Margaret McDougall: Do you have any figures or statistical information on how many young people who have gone through a training session—I would say that a nine-month programme is a training session rather than an apprenticeship—actually get jobs out of that?

Angela Constance: We will publish information on that in the very near future. What classifies something as an apprenticeship is not necessarily its length but the fact that the person is employed, learns skills that are relevant to the career choice and benefits from the quality of the framework.

The apprenticeship programme is distinct from other training provision and I do not see it as just another training programme. Quite often, large employers come to me to look for funding through the apprenticeship programme for what is in effect a training programme, but there are important distinctions between the apprenticeship model and a training programme.

The employed status means that we have high levels of sustained employment among the young people who complete their apprenticeship, either because they continue to be employed in the job in which they did their apprenticeship or because, once they are qualified, they go on to a better job.

Our apprenticeship programme is very successful. On average, apprenticeships in Scotland are longer than those anywhere else in the UK. Apprenticeships are better recognised by

Scottish businesses. According to survey information, 57 per cent of businesses are aware of the apprenticeship programme, whereas that figure elsewhere in the UK is 20 to 25 per cent.

We have a good skills model in the apprenticeship programme. I feel that I am perhaps going round the houses again in answering Ms McDougall's question, but there is forthcoming information about the positive destinations of apprentices.

The Convener: That concludes the evidence session. I thank the minister and Mr McAloon for coming along and answering our questions. You have given the committee a lot to ruminate over in the coming weeks. I am sure that we will want to return to the issue in the near future, as it is relevant to the committee's work and to the strength of the Scottish economy.

I hope that you are sitting far enough away from us not to have been infected by our coughs and colds at this end of the table.

Angela Constance: I have had my flu jab.

The Convener: I wish you a happy Christmas.

Angela Constance: Thank you, convener. If you would like further information following your ruminations, we will be delighted to provide it.

The Convener: Thank you.

11:16

Meeting suspended.

11:23

On resuming—

Public Body Consent Motion

Draft Public Bodies (Abolition of British Shipbuilders) Order 2013

The Convener: Item 4 is on the draft public body consent motion on the draft order. I do not think that the order is particularly controversial. The committee has to consider whether to recommend that the draft motion be approved and, if that is recommended, to report to Parliament on that basis. Do members agree to recommend that the motion be approved?

Members indicated agreement.

11:24

Meeting continued in private until 11:27.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on
the Scottish Parliament website at:

www.scottish.parliament.uk

For details of documents available to
order in hard copy format, please contact:
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@scottish.parliament.uk

e-format first available
ISBN 978-1-78307-040-4

Revised e-format available
ISBN 978-1-78307-050-3

Printed in Scotland by APS Group Scotland
