

ENTERPRISE AND LIFELONG LEARNING COMMITTEE

Wednesday 31 October 2001
(Morning)

Session 1

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ENTERPRISE AND LIFELONG LEARNING COMMITTEE

25th Meeting 2001, Session 1

CONVENER

*Alex Neil (Central Scotland) (SNP)

DEPUTY CONVENER

*Miss Annabel Goldie (West of Scotland) (Con)

COMMITTEE MEMBERS

*Bill Butler (Glasgow Anniesland) (Lab)

*Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab)

*Mr Duncan Hamilton (Highlands and Islands) (SNP)

*Marilyn Livingstone (Kirkcaldy) (Lab)

*Mr Kenny MacAskill (Lothians) (SNP)

*Mr Kenneth Macintosh (Eastwood) (Lab)

*David Mundell (South of Scotland) (Con)

*Tavish Scott (Shetland) (LD)

*Elaine Thomson (Aberdeen North) (Lab)

*attended

WITNESSES

Anneliese Archibald (Scottish Council of National Training Organisations)

Douglas Fergus (Construction Industry Training Board)

Amanda Harvie (Aberdeen and Grampian Chamber of Commerce)

Bob Leitch (Scottish Chambers of Commerce)

Mary Nasmyth (Spring Skills)

Linda Orr (Holistic Training)

Kate Sanford (Glasgow Chamber of Commerce)

Duncan Tannahill (Glasgow Chamber of Commerce)

Colin Turnbull (AXEON Limited)

Adam Weir (National Training Partnership Scotland)

Glyn Williams (National Training Partnership Group)

CLERK TO THE COMMITTEE

Simon Watkins

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Linda Orton

LOCATION

Committee Room 2

Scottish Parliament

Enterprise and Lifelong Learning Committee

Wednesday 31 October 2001

(Morning)

[THE CONVENER opened the meeting at 10:11]

The Convener (Alex Neil): Welcome to the 25th meeting in 2001 of the Enterprise and Lifelong Learning Committee. We have been informed that Kenny MacAskill and Duncan Hamilton will be late.

Item in Private

The Convener: Do we agree to take item 4 in private?

Members indicated agreement.

Lifelong Learning Inquiry

The Convener: We have three sets of evidence to take in relation to our lifelong learning inquiry. The first group of witnesses is from the business panel: Duncan Tannahill, the chief executive of Glasgow Chamber of Commerce; Bob Leitch, from the Scottish Chambers of Commerce; Amanda Harvie, from the Aberdeen and Grampian Chamber of Commerce; Kate Sanford, from the Glasgow Chamber of Commerce; and Colin Turnbull, who is the vice-president of corporate communications for AXEON Ltd.

Bob Leitch (Scottish Chambers of Commerce): Thanks for giving us this opportunity to come before the committee and put forward our views on this important subject. Kate Sanford, from the Glasgow Chamber of Commerce wrote the paper that has been circulated to members of the committee. Colin Turnbull is the vice-president of corporate communications for AXEON, which was founded in 1998 and is a semiconductor intellectual property company that delivers building blocks to the semiconductor industry enabling rapid development of complex micro-processing chips. The company provides a real opportunity for Scotland. Amanda Harvie, who is already well known to the committee, is the chief executive of the Aberdeen and Grampian Chamber of Commerce. She has a background in marketing and public relations and once ran her own business. As Glasgow Chamber of Commerce was responsible for the paper that you have before you, I ask Duncan Tannahill, its chief executive, to give a brief résumé of its contents.

Duncan Tannahill (Glasgow Chamber of Commerce): There are three main issues in the paper. We believe that the lifelong learning strategy has to be coherent and integrated and must reflect the sectoral and regional needs of Scotland to ensure that the skills that business and commerce need to create wealth and a sustainable economy in the long term are delivered.

We believe that the process has to start far down the chain at the schooling level, to ensure that youngsters coming out of school have appropriate skills. The process must continue thereafter, because individual and business needs change in the ever faster business environment.

10:15

We understand that areas of Scotland have specific needs. The north-east, for example, requires technology skills that relate directly or indirectly to the oil and gas sector. Amanda Harvie will talk about that later. In Glasgow, by contrast,

there are areas of very high unemployment and wastage in young school leavers.

We understand that duplication and overlap exists, and will continue to exist, all around us. We fully understand and appreciate the need for social inclusion. Our concern is to ensure that where overlap and duplication exists, lifelong learning is relevant to economic activity—it should meet the needs of business. Rather than have the funding of lifelong learning lead the process, the process should determine how lifelong learning is funded and resourced.

A major issue is the clarification of the routes into and through the training process. The current duplication and overlap of provision clouds that issue and requires examination and clarification. The bottom line is that confusion is detrimental to the process, but competition is highly beneficial.

In Scotland today, as the committee appreciates, 98 per cent of businesses are small and medium enterprises and some 80 per cent employ nine or fewer employees. The difference between SMEs and large businesses is that the latter have time, resources and core skills. Large businesses recognise that sustainability and inclusion should be part of their remit and they are able to undertake such a remit.

Small businesses, by contrast, are involved in running their businesses. They may not have the time, resources, some of the necessary core skills or an in-depth understanding of the needs of the economy. When they look at lifelong learning as something that business should address, they toil. We are keen to see the business community link its business objectives and needs to future lifelong learning processes and strategies.

The Convener: I will kick off the questioning by asking you something that you did not mention in your paper but which is part of the inquiry remit. What does the business community see as the main challenges for higher and further education in the future?

Kate Sanford (Glasgow Chamber of Commerce): For business need to be met by current further and higher education institutes, more partnership working with business may be required. We try to do that through the chamber's policy groups, which link businesses with training providers. Opportunities exist for training to be more focused on business needs. To allow the FE and HE institutions to gear up to produce students in later years, small businesses need to be able to recognise and anticipate their future needs.

The Convener: What are the links between employers and the universities? Are they close enough or does more need to be done to establish closer links?

Kate Sanford: We always have close links.

Bob Leitch: Across the country, that is probably not always true. We see evidence that a fairly good working relationship exists between local further education colleges and the businesses that are located in their communities, but because universities outside the city areas tend to be distant, the relationships between those higher education institutions and businesses are not as good as we would like. We have to build bridges where universities have expanded their campuses out of the main centres.

As the convener knows, if I wear my other hat I am the executive director of the Ayrshire Chamber of Commerce and Industry. The University of Paisley campuses at Ayr and Dumfries are helping, but there is still a disconnection between the major universities and major centres, and the rural areas.

Amanda Harvie (Aberdeen and Grampian Chamber of Commerce): This is a generalisation, but I have observed on several occasions—not only in the Aberdeen and Grampian area—what I perceive to be a disconnection between the academic focus of a university, the curriculum, the links with business and the student output. In the whole university and further education process, those channels need to embrace more, so that the students that are produced are job-ready and the courses that they follow embrace the needs of the workplace that students will engage with at the end of the process. Those links are not always followed through, which is to the detriment of the further education sector, business and the economy.

One of the issues relates to how funding is given to further education establishments. I would like there to be a much more holistic approach to considering where the skills deficits are in the job market and the skills that will be critical for the growth of the Scottish economy in future. I have a particular concern about technology-based and engineering skill sets, because of the nature of our economy in the north-east, and incentivising and directing the funding so that we get more throughput and output of students with those core skills.

The Convener: Many employers tell me that while the quality and level of excellence is very good in some areas, is not so hot in other respects. What is the general view on the quality of higher and further education?

Duncan Tannahill: There is a lag in higher and further education in the development of skills that businesses are looking for. That is partly because the higher and further education sectors are one stage removed from business. An area of major concern to the three universities in Glasgow is

how they can bridge that gap by linking either undergraduate or postgraduate students with appropriate industrial and commercial experience.

The problem is compounded by an economy that is moving more quickly. A generation ago, a skill did you for 30 or 40 years of working life. Nowadays, the skill you leave university with will do you for five years. The whole sector needs to understand that and find ways of promoting that understanding so that people come out of university without any false illusions and move into the working environment realising that retraining is a continuous process.

Miss Annabel Goldie (West of Scotland) (Con): I was interested in your remarks about education, Mr Tannahill, in the sense that where we are trying to prepare young people for the world of work we are perhaps not producing products that are entirely tailored to what is needed. I would like to hear the thoughts of one or more of you on how serious a difficulty that is in the education system. Should we be considering some transitional arrangement, so that instead of keeping young people in a vacuum called schools until they are 16, we try to introduce them to a workplace? Have you any views on that?

Duncan Tannahill: The problem is that the traditional approach of the schooling system, with the three Rs, is not what we need in 21st century Scotland. Employers do not employ unemployed people; they employ people with skills. If an employer employs an unemployed person—at whatever age or level—that is a win-win situation.

The situation in Glasgow is probably the most acute in Scotland: 29 per cent of the school leavers who come out of the 29 secondary schools go to undefined destinations. They become unemployed, unemployable or lost to the system. That is roughly a third of our youngsters. Glasgow City Council has a programme where a number of youngsters who are deemed not to be going on to further, and certainly not higher, education are gaining experience of traditional skills in the building sector, where Glasgow will have an enormous need for youngsters.

An interesting result is that kids are not only improving their attendance and the quality of their attendance at school, but receiving good reports because of the experience that they are obtaining through a works programme that the city council operates. To answer your question, I think that if we can engage youngsters in a meaningful process that shows that they are not simply going on to a scrapheap and that they will have a career opportunity, they will be more likely to engage in their schooling with greater attention and therefore come out with more skills and a better attitude, which is a key requirement that employers look for.

Miss Goldie: If you went down that road, could the new deal be tailored more to the capabilities of youngsters and the needs of the economy?

Duncan Tannahill: We need a joined-up thinking process on that and we need to realise that we should not take the process a step at a time. A youngster should not have to leave school and have a period of inactivity before they qualify for the new deal. If they can join programmes funded or promoted by the new deal earlier, they will be kept more switched on and they will be engaged in the opportunity of work and becoming economically active.

Amanda Harvie: Ideally, if such an initiative worked as Duncan Tannahill describes it, the number of candidates for the new deal scheme would reduce. We must promote to people in school the opportunity that a career in business offers them, so that they are hungry to pursue that line of work. That is an important issue.

Business faces a challenge of perception in making students at school and throughout the system aware of the opportunities that are available at the end of the education system. The level of engagement that Duncan Tannahill described would be helpful in meeting the requirements of business and addressing the issue that Annabel Goldie raised.

Miss Goldie: We must deal with employed people who need to update their skills and training. I will confine my questions to small and medium enterprises. For many employers, a barrier to releasing people for training is that many of them are essential to the running of the business and it is difficult to devise a system whereby they can be released. That issue may be partly attitudinal, but it may be predominantly practical. Have you any views about how employees who are falling behind can upgrade their skills, or how employers can be invited to take a greater interest in releasing employees for training? Does that need to be done at distance? Are there facilities for doing that in the workplace? Have the chambers of commerce a view on that issue?

Bob Leitch: We hope that technology will be a big help with that. Small businesses do not have the resources or the time to give. As you know, businesses must survive and the main concern is making the business operate and generate wealth for the community. Distance learning and technology should allow more reskilling to be done in the working environment without incurring the same expense or resource commitment of going to college or elsewhere.

We admit that business must have a mind change for that to happen, but that is probably true of the education system too, which must change

what it thinks about how and where delivery is done. It would be hard to make business accept that the training that people in a business receive might be a tool to help them go elsewhere later to develop themselves.

The picture is bigger. A huge change of mindset is required to have people thinking in that way, but unless we have that, we will be left with static employees, which we have at the moment, and which we will not be able to afford in the future.

Colin Turnbull has a business that needs specific skills. What he has to say is relevant to what the committee wants to know.

Colin Turnbull (AXEON Ltd): We regard training and personal development as an investment in our business. The quality of the course provision and the quality of the training has a fundamental impact on how successful we are. There must be return on investment. There is also investment in the time we have to make to understand the individual's personal development needs and to understand what external provision is available for them. That is quite difficult. As a small, growing business, we find that there is not clarity: the approach is fragmented. Sometimes the courses we send people on are not relevant. If, like us, you are a rapidly growing business that is about to hit an expansion phase, that clouds your judgment when you are deciding whether sending an individual on a course is relevant.

10:30

Marilyn Livingstone (Kirkcaldy) (Lab): One of the points in the submission from Glasgow Chamber of Commerce that I would like Kate Sanford to expand on and the other witnesses to comment on is the effectiveness and relevance of funding mechanisms. The submission mentions considering an overarching framework with a one-stop shop approach to funding. What do you think about the current funding mechanisms for all training, whether it be volume training or further and higher education? Does it put up barriers to learning?

Kate Sanford: The discussion in the group centred on the numerous different funding mechanisms for training and learning opportunities in Glasgow. I presume that that is echoed elsewhere in Scotland. In Glasgow there are many different mechanisms by which businesses can draw down funding for training. There are employment grants, training employment grants and the youth employment training initiative. It is commonly referred to as EGs, TEGs, YETI and spaghetti in the Glasgow policy groups. There are the five new deals: there are training mechanisms and funding for them. Then the individual learning accounts must be added on top of that.

The group felt that ILAs are a good idea because they give control of funding learning to individuals. Perhaps there could be some way of drawing into an ILA-type mechanism all the different mechanisms by which training and learning opportunities can be funded. The group did not come up with concrete solutions. The idea was that that would be an easier way for people and businesses to understand the mechanisms through which training and learning can be financed.

Duncan Tannahill: One of the big challenges with funding is the confusion and duplication in the marketplace. If you are a small businessperson who employs six or 10 people, finding the time to pursue funding routes is a challenge. That can be a barrier to accessing funding. In a small business in which funds are tight, a training grant or some financial support can be the difference between a businessperson deciding to invest, or not, in training.

The local economic forums could play a major part in reducing some of the confusion and barriers by engaging with business about what they require, to create a simpler and more transparent process.

Marilyn Livingstone: I will expand on that question, to consider current routes and pathways through the education system. Does business see clarity and choice in the system, or do some funding mechanisms steer employers along paths that they go down only because the funding is there?

Colin Turnbull: You mentioned clarity. That is a good word to use from an employer's perspective. Clarity in communication is vital in breaking down barriers and understanding mechanisms. It takes a tremendous investment of time to achieve that understanding.

I will give you a practical example from last week. The key markets in the area of technology within which we operate are automotive and little information appliances. There are major trade fairs around the world. We wanted to send a couple of our engineers to a fair in Las Vegas, called COMDEX. We wanted them to go as part of a trade mission, to immerse them with peers from the industry and to give them a good grounding.

The example does not relate exactly to training; it relates to the commercial awareness that people need when they come straight out of university. It took 17 phone calls to identify a travel agent that operates in conjunction with the US embassy. I was then referred back to my first phone call. The process took four and a half hours and ended in frustration. It is difficult to understand the way through the spaghetti to get to the lasagne and to see a clear way forward.

Marilyn Livingstone: Does anybody else want to comment specifically on training? I take Colin Turnbull's point. The problems that businesses face have been set out. Are funding pathways clear? Is business able to fund the training it wants?

Colin Turnbull: We have difficulty going through the process. I return to the phrase "time investment". Our focus is on developing the business and on customer markets. Our focus on people is on their personal development. There is a real time issue. Accessing information means working to the small hours. External training is competitive. A person cannot comment on the quality of such training unless they have been through it.

Tavish Scott (Shetland) (LD): I want to ask about the process and adequacy of market intelligence on specific skill shortages or shortages throughout the business community. I imagine that Amanda Harvie could wax lyrical about oil and gas in the north-east, as Elaine Thomson rightly does. I am not clear from the evidence that the committee has taken how business inputs into the process of identifying gaps and how public policy in general reacts to business requirements.

Duncan Tannahill: One problem is that as businesses become smaller, the skill base in businesses to examine and develop understanding of such problems—either at an individual business level or at a sectoral level—becomes much more fragmented. Business has much work to do and responsibility for articulating and demonstrating where skill shortages exist.

Glasgow has done extremely well in developing the hospitality and tourism sector. Many businesses in that sector are traditionally operated and run. They are toiling to get the necessary skills from the labour that is available in the marketplace.

A big opportunity for businesses that the committee may consider is presented by programmes such as Investors in People, which is an extremely good framework to help businesses start to understand what they require, not only for today but for going forward in the market. Such programmes help businesses to consider their business plans, to link business plan objectives to their employees' skills and to consider their future needs. Businesses can help themselves significantly by embracing such programmes or initiatives.

Amanda Harvie: Tavish Scott asked about labour market intelligence. We must recognise that there is a constrained labour market supply in Scotland and a skills constraint.

There is no formal, national process in Scotland for identifying our labour market requirements. It

would be to the huge advantage of business and the economy if one were to be devised and implemented. Currently, we work region by region and take industry sector by industry sector and the work is relatively informal. We need to become much cleverer at identifying our requirements. We need to tackle that challenge.

There is also an opportunity to become much cleverer about managing the supply and demand of skills and labour. Some industries and local areas have an excess of labour, but in other areas there are serious constraints—not least in oil and gas, as has been mentioned. That industry has identified that it needs to recruit 150 offshore technicians each year—from an aging population and a declining labour force. That is a huge challenge.

In areas where there is an excess of labour, we must consider how to mobilise it and to focus our investment on skilling it up to meet the needs of the growth industries that will drive the economy of Scotland in the future. We do not have an appropriate process. We need to address that as a priority.

Tavish Scott: I take it that Future Skills Scotland, which I thought had a considerable role, is not achieving what the business community wishes it would achieve. If so, where is it falling down and what can be done to improve the situation?

One of the witnesses suggested the need for an holistic approach. We are looking for responses on that point; we need to identify the gaps and find out how we should seek to plug them.

Amanda Harvie: Future Skills Scotland needs to develop its strategy in tandem with an overarching strategy for the development of Scotland's economy. That would involve understanding where the constraints lie and where the focus on investment must be driven. There is also room to widen the scope of that initiative to address our understanding of labour market constraints.

Tavish Scott: I am led to understand that within three years of graduation, 85 per cent of the knowledge of an electrical engineering graduate who has completed a four-year course will be overtaken by events. How do you grasp that challenge?

The Convener: A similar thing happens to MSPs.

Duncan Tannahill: That is a serious challenge in achieving a highly competitive Scottish economy. The first stage is to ensure that graduates are retained in Scotland. We need mechanisms to get Scottish graduates into Scottish businesses. There is a programme that is

operated in Edinburgh called graduates for growth; similar programmes could ensure that we make that link elsewhere. Mechanisms such as Investors in People can help us to use our understanding that such graduates have a very short period of monopoly in their knowledge, so we can start to plan businesses' longer-term investment in retraining and new skill development.

Colin Turnbull: We employ electrical engineers, so that is a pertinent point for us.

Tavish Scott: Perhaps you can tell us whether 85 per cent is an accurate figure.

Colin Turnbull: Our focus is on personal development. We acknowledge the issue that Tavish Scott raises. We believe that each individual must keep up with technology in his or her area of expertise. A certain block of an employee's time will be allocated to keeping up with new technology. We operate in highly specific niches of the electronic engineering sector and it is virtually impossible for us to find appropriate off-the-shelf training provision in the UK. We must create our own courses.

We have a close working relationship with academia, which results in a healthy two-way process. We seed our technology in academia and we bring in new graduates so that they are aware of the way in which our technology works. We also try to create some business awareness and to carry on with follow-on training. After their first degree, we encourage people to take up further education within our working framework—we encourage people to do PhDs and MScs. About 20 per cent of our work force is qualified to PhD level.

Bob Leitch: There is no simple answer to the problem. What you have just heard from a new growing company that has a modern attitude is very different from what you would hear in the shipyards—maybe there are not many of those left—or in the traditional engineering companies in Scotland. We must achieve a change in people's mindset if we are to achieve a modern way of working.

Amanda Harvie: Can I just say—

The Convener: I am sorry to interrupt, but I must keep my eye on the time. I will let Elaine Thomson ask a question and perhaps Amanda Harvie can lead off on the answer—which would be appropriate, given that they both come from the same place.

Elaine Thomson (Aberdeen North) (Lab): I want to follow up some of Tavish Scott's points. Some geographic areas and some sectors have significant skill shortages. Tavish Scott talked about the oil and gas industries, but the same is

true of the electronics sector; an action plan for the electronics industry was announced yesterday.

It has been mentioned that there is, because of the direction of the economy, a much greater need for people who have technological, engineering and scientific skills. However, we operate with a deficit of around 20,000 engineering graduates a year and the number of people going into engineering courses is dropping by 9 per cent a year. The situation is serious. How do we begin to tackle people's perceptions of technology and engineering and how do we tackle the problems in sectors such as oil, gas and electronics?

10:45

Amanda Harvie: There is a need for a well-focused effort to encourage talented Scottish secondary school students to study mathematics and the sciences as a prelude to engineering or science-based higher education. That must start now to feed in for the long term to the industries that you mentioned. It is important to understand why technology skills are essential to Scotland and its economy. You mentioned oil and gas; retaining talent in Scotland will continue to generate the technology that has made those industries competitive for the long term and that has enabled us to develop previously uncompetitive fields in the North sea. It is critical to the economy that we keep the technology base in Scotland because engineers make purchase decisions—if they go elsewhere, the supply base will move with them and the economy will suffer.

We need an initiative that focuses on filling the gap in the labour force of people who have technology and engineering qualifications. It is important to recognise that a third of Scotland's software engineers are in Aberdeen and Grampian. Diversification is critical to the future of that area's economy and the economy of Scotland. We should have a Scotland-wide, high-level effort with which businesses can engage and which works from schools onward to address the gap in the technology and engineering labour force that Elaine Thomson mentioned.

Elaine Thomson: I want to pursue that point. It is worth while to have a clear focus on encouraging technological careers and interest in technology in schools. You mentioned secondary schools, but does encouragement need to start a little earlier than that? I have heard that research has shown that people's perceptions of technology and engineering are set by the age of eight, much earlier than secondary school.

Amanda Harvie: I endorse that suggestion. The initiative must start from primary schools. We must focus more on the value of technology and science-based subjects, and students must have a

better understanding of the opportunities that qualifications in those subjects provide in the world of work. Scotland must position itself around a knowledge-based economy and we need the skills resource that will enable us to deliver that. That resource must be generated in the home market. I know that Colin Turnbull has examples of the challenges that he faces in recruiting such people.

Elaine Thomson: You talked about a need for job-ready people to come out of universities. Is that a valid request to make of universities? I know from conversations that I have had with somebody from the University of Abertay Dundee that the specific skills that are required in, for example, information technology change extremely rapidly. Is there a need for an intermediary or transitional body to give people who have degrees the skills that they require to make them job ready? Universities are not able to do that, but I understand that employers want to take on people who know, for example, about Windows NT. That subject is flavour of the month today, but it will be different in 18 months. What ideas do you have about that?

Duncan Tannahill: In the traditional system, school education was discrete from further and higher education, which were discrete from work. Those barriers are now irrelevant. You made a point about schools getting into further education, higher education or work. The boundaries must be far less clear so that we can engage school children at a younger age.

Some of the brightest youngsters who go into higher education and through the university process must be far clearer about what businesses look for in a graduate—partly because businesses are smaller. A small engineering company that employs 12, 15 or 20 people cannot afford the luxury of employing a graduate who will sit for a year or two years learning how work works: in order to contribute to the business, that graduate must be in there working in an entrepreneurial way from day one.

Whether we start at the schooling end and work up or start at the employment end and work back, the required skills and mindsets must be established in the education sector.

Elaine Thomson: Do you accept that employers and businesses have a major role to play in working with the education sector—at whatever level is necessary—to ensure that businesses employ people who can hit the ground running when they become employed?

Duncan Tannahill: That is absolutely right. One of the things that the business community can do is to provide work placements to engineering students during their holidays. Those must be meaningful work placements, not placements that

merely use the students as a cheap source of labour to cover for a couple of months during the summer.

Colin Turnbull: I will pick up on a couple of points before Amanda Harvie comes in. One is about attitudes to the workplace after graduation. The other is to do with the fact that once a lot of graduates get into the workplace, they want to change and develop their career. They do not want to be at the nuts-and-bolts end of the business; they want to get involved in the commercial side. To get involved in the commercial side, they must in the first place have the building blocks that will help them to understand it. We encourage that, but we must go back beyond that and identify that there is a skills shortage in the first place. We must qualify what that skills shortage means by region and by sector.

From that point onwards AXEON, as a small company, involves work-placement students. We want students to understand what happens in the workplace. We want to promote that feeling and encourage them to work on their careers. Taking on a fresh graduate is a heavy burden in that it slows up the process. I say that it is a heavy burden, but it is a relative burden, because we are growing. We need people who can contribute from day one. Graduates make a contribution, but we need to maximise that contribution from day one.

Elaine Thomson: I have a final question. Your comments are fair enough. Tavish Scott said that a large part of what a person learns in his or her degree becomes redundant within a fairly short time. I was pleased to hear Colin Turnbull say that he regards training as an investment for his company. That is absolutely right and it is probably true of a lot of companies whose primary business is knowledge creation. However, an awful lot of companies do not regard training as an investment; rather, they regard it as a cost. Many employers are reluctant to train people because their skills will then become much more portable, the company might lose them and that will make skills shortages worse.

Colin Turnbull: Employers should focus on creating a mentor relationship with employees, in order to have an understanding of what their needs are.

We find it incredibly difficult to find the right people. We are working with a number of headhunters throughout the world to identify the right people. We have taken from Scotland many of the key specialists in our niche area. Despite being as small as we are, we have done roadshows, we have been overseas and we have conducted workshops in Singapore and the USA to try to attract people. We are identifying the shortage now.

Within a year AXEON will double in size. From where will we get the right people? It is important that we keep the people we have now; we will train them to grow into the roles of tomorrow and we will do that internally. That is how we keep people. We need to retain the people we have.

Miss Goldie: On the specific topic of procuring training, is there scope for employers and employees to negotiate a relationship in which the employer says, "Look, I'll pay for the training, but I expect a loyalty commitment from you"?

Colin Turnbull: We operate an open-door policy: we have taken the doors off our offices and the management structure is very flat. We are a people-centric business: our business will grow because of the people within it. Training is an investment, but it is also a necessary tool. In order to equip people with knowledge so that they can take on the next generation of technology, companies must keep training—it is a continual process. It is also important to consider individuals in the context of their personal development and to ask where they want to grow. As an employer, we must also ask how we can provide training through whatever mechanisms exist.

Brian Fitzpatrick (Strathkelvin and Bearsden) (Lab): Like all my colleagues on the committee, I am conscious of the fact that complexity is often a casualty of generality. I would like to touch on a number of themes in order to ask the members of the panel whether they can be of assistance.

I am interested in how we might improve the links between businesses, colleges and universities. We are beginning to make progress at school level. Earlier this week, I visited Boclair Academy in my constituency, where there was a successful fifth and sixth year business conference at which children who are going into further education were obviously being sensitised—if they were not sensitised already—to a business, or non-traditional, career structure. We might be getting it right as far as representation on the governing bodies of FE and HE colleges is concerned. However, I seek the panel members' views on representation at university level. Personally, I think that we should take a serious look at how university courts and the like are composed.

Going back to Amanda Harvie's comments, I share the view that consistency and coherence are necessary in order to take children right through the process. I am interested in hearing panel members' comments on how we could improve mentoring, sensitisation, or whatever one wants to call it. The committee's inquiry is a huge piece of work and we must be careful about what we mean by education and its benefits. My view, which I am sure is shared by many members of the committee, is that education is a liberating

experience for people, particularly in the context of our ambitions to widen access. I wanted to explore with panel members what types of graduate we want, although I am mindful of the complexity—

The Convener: I will bring you back in later, Brian—you do not need to ask all your questions in one go. Shall we pause there for some answers?

Bob Leitch: Brian Fitzpatrick covered a vast amount of ground in a short period of time. I think he started out with the connections between businesses, universities and colleges—the further-higher education link. Those connections are improving through the establishment of business education partnerships and, as they grow and develop, there will be better understanding on both sides. As I said, a community's links to higher education are difficult if there is no university in that community. However, those difficulties are beginning to break down and we should encourage practices that will break them down further.

Going back to Elaine Thomson's earlier comments, I think that one of our problems is that specific skills training and education in Scotland is perceived as being second class. There is a huge job to do in ensuring that, in future, we have joiners, plumbers and people who can do jobs that involve such skills and that they are considered as equal members of the community, as far as education and lifelong learning is concerned. We must ensure that we do not finish up with a community that is wholly without manually skilled workers. That would be fatal and the only way we can ensure that it does not happen is to give greater kudos and encouragement to people who go into such jobs.

Kate Sanford: It is essential that investment is made in training teachers and instructors at schools, colleges and universities so that they are also aware of what the world of work looks like. I know that that is not always possible. One of the strands in the pre-vocational hospitality programme that has just been launched in Glasgow is that teachers will have the opportunity to visit places where their pupils are going to be instructed and trained in what the world of work looks like. That is crucial.

11:00

Brian Fitzpatrick: I want to explore what we might do in relation to discriminating incentives for unfashionable careers and skills training. What views does your group have on chambers of commerce getting robust and reliable statistics about the labour market? Given the current world situation, what difficulties do you face in ensuring that those indicators are robust and reliable?

Amanda Harvie: I will answer the point on what role Scottish chambers of commerce can play in helping with that. We all seem to agree that the matter must be a priority. We need to understand better the constraints in the labour market before we address them. Chambers of commerce are ideally placed to address that need because we are independent business support and representation organisations that have local representation throughout the country and because we are in touch daily with businesses of all sizes from all sectors. We would be pleased to discuss more closely with the committee how we could assist with that process. We see it as a priority because our businesses have indicated that it is a priority.

I have comments about the point that was made earlier about the types of graduate on whom we should focus. We must understand that the scope of the inquiry is huge—the committee must focus on where the Scottish Executive can deliver best value and the best return for Scotland. That must relate to where we can add value to developing the Scottish economy.

We have heard about some of the priorities of different areas in Scotland. We need to differentiate between encouraging and facilitating and between legislating and regulating. The relationship between business and industry is an area where the Executive should encourage and facilitate by encouraging best practice and promoting Scotland-wide initiatives in partnership with business and education.

However, the spend should be focused and targeted. One might have a constrained budget and have to consider where to get best value and best return. We need first to understand where the labour market constraints are and then to consider prioritising and focusing spend to address those constraints. My key concern is about the top level and the calibre of the work force that is required to make Scotland competitive in an increasingly competitive global market. We must employ the best people and we must hang on to the best people. We must provide a labour market that will encourage inward investment. To me, that means focusing at the top end—technology and engineering skills—because those are the skills that will add most to the Scottish economy. Businesses are crying out for those skills at the moment.

Duncan Tannahill: I have another point on that. In terms of business support provision, the economy has progressed and gone more into public sector business support provision and become more fragmented as time has gone on. Local economic forums are doing some significant and, I hope, valuable work to address that matter. However, a major part of the solution lies in

engaging business more in that process and in providing organisations like ours with appropriate funding, support and resources so that we can represent business more aggressively and more appropriately. We need to balance what is required by the private sector with what the public sector can provide.

David Mundell (South of Scotland) (Con): I want to explore where the balance lies between in-house training and training and education outwith the workplace. Many employers want the right individual with the right social and attitudinal skills to whom they can add the work skills. Where do you see the balance?

Bob Leitch identified a need for a cultural change in the approach of many employers to training, particularly because of the inevitability of staff turnover. I understand that in the retail sector, for example, there is a high turnover because employees like to change their working environment and there are many opportunities to do so. What should the balance be between training in the workplace and training outwith the workplace?

Bob Leitch: That depends on the size of the business. A smaller business will need to do more in-house training. It is important that that training is of good quality and that that quality can be maintained throughout the system. That can be achieved through remote training. Larger companies will never be able to avoid a large turnover of staff because people change for a million reasons, including environment and pay and conditions. Many such companies train in-house. One of the problems that we have in that area is that there are differing standards of quality of training within organisations. If we are to improve quality across the board, we must ensure that those companies are brought into the education system and that they work to the same standards that would be found in remote training.

David Mundell: When talking about lifelong learning, we tend to concentrate on people who have just left higher or further education. Recently, I met somebody who had taken voluntary redundancy at the age of 60 and wished to continue to work. He found it difficult to do so and showed me a letter from a prospective employer that basically told him to go and apply for his pension. How will we be able to tackle the issue of demographics and the skills gap? How are we going to keep older people who have something to offer—such as you, Bob—in employment? What is the employer's role in that?

Bob Leitch: I will let some of my colleagues speak in a minute, but I feel moved to state that my process of lifelong learning is continuing and I hope that it will do so for some time yet.

Business regards the point that David Mundell raises as a major challenge for the future. From the beginning of this morning's discussion, we have talked about linking primary schools, secondary schools, further education, higher education and continuing training in the workplace and about the need to change attitudes in the workplace. That process will become much more evident as our economy evolves over the next five or 10 years. I hope that the matter that David Mundell raised, which is quite a big problem, will gradually disappear as the lifelong learning process evolves. Today, somebody who is aged 60 might have worked for a company all his or her life, which might make it harder for him or her to find another job. In future, however, people will probably not find themselves in that situation and will generally have changed jobs and roles 14, 15 or 20 times by the time they are 60 and will be able to adapt much more easily. Assuming that all the processes that we envisage falling into place do so, that will eliminate the current problem.

The Convener: I have deliberately let this run on because it is the first time we have taken evidence from the business community, but we have to move on. Would you be succinct?

Colin Turnbull: We have low turnover. We have lost nobody, because we are a people-centred business. We have focused on that and developed initiatives internally to ensure that we keep people. That is on the back of identifying the skills shortage. The investment in time and money that is required to replace individuals is colossal and we know that we will probably have to look outwith Scotland to replace them. In identifying skills shortages, we should not lose sight of the importance of attraction for employees and inward investment.

Mr Kenneth Macintosh (Eastwood) (Lab): From the evidence we have heard, I do not get an impression of the balance between the problem of skills shortages and the need for specialised training in areas such as technology and engineering, and the more fundamental problem of the lack of basic personal skills and educational abilities, such as literacy, numeracy, articulateness and confidence. In our lifelong learning inquiry, we are examining the training sector, but also learning as a whole. I do not have a feel for where the business sector would like the balance to be struck. There is an acute training problem, but is there a more severe problem with fundamental skills?

Duncan Tannahill: By examining schooling, it is clear that although the skills that youngsters are coming out with today were considered adequate 10, 15 or 20 years ago, those skills have to change. In the hospitality sector, for example, social skills are important. It is important to be able

at a young age to speak to members of the public. We must ensure that the process and needs of lifelong learning drive how we fund and structure it, rather than the funding and structure determining the output. A 180-degree turnaround is needed to ensure that we focus on need, and that the process and funding, where appropriate, follows that.

Amanda Harvie: There are two separate issues. It is important to understand that it is a given that business requires people to come into the workplace with the personal skills that Kenneth Macintosh listed: literacy, numeracy, confidence, presentation skills and teamworking skills. That is a separate issue from the balance between the specific skills shortages and the requirement to address them.

I wish to make a point about demographics. Even if businesses in Scotland have been able to discriminate, soon they will lose the luxury to discriminate and choose the profile of their work forces. We must recognise that we have a constrained market. If we examine demographic changes in Scotland, we expect a reduction in the 30 to 44-year-old age group, which has major implications for business, the economy, and where the economic drivers for this country will come from. If we are unable to address that and attract and retain people with the right skills, the whole of the Scottish economy will suffer. Businesses such as Colin Turnbull's will increasingly have to look elsewhere to fill their skills needs and sometimes fruitless businesses will even locate elsewhere. That means that we will not have the economic drivers or be able to attract the investments that are critical for Scotland's economy in the future. The issues are all interlinked, but I want to convey the bigger picture.

Mr Macintosh: I have another point, with regard to what Amanda Harvie and Duncan Tannahill said. Amanda Harvie or Colin Turnbull referred to the quality of some training being suspect. It was said that employers have to send people on a scheme or experience it themselves before they have confidence in it. Duncan Tannahill said that he had confidence in Investors in People as a good scheme. Other than making those remarks, the witnesses have not really mentioned quality. Is quality an issue?

Colin Turnbull: Yes, quality is an issue. When it is decided to send someone on an external course, the associated costs and the time away from the workplace must be considered. In many cases, there is a big division between the claims made for the quality of courses and what they deliver. Without any benchmarks on quality, it is difficult to send someone on courses with confidence.

11:15

Duncan Tannahill: Many skills development programmes are delivered by subcontractors and serious questions can arise over quality. As a result, a businessperson may feel that a course was poor value for money or did not provide the training that was required.

Mr Macintosh: Are such considerations a barrier to lifelong learning? Does lack of trust in the quality of training schemes stop employers from signing their employees up for them?

Duncan Tannahill: Training is deemed to be a high cost, especially by small businesses, which may not necessarily make a link and consider training as a long-term investment. If a business has a bad training experience involving high cost, it is less likely to engage in it again.

The Convener: Brian Fitzpatrick will ask a short question with, please, a short answer.

Brian Fitzpatrick: I would like to ask about a point that Amanda Harvie raised, but the convener wants us to be quick, so it may be for another time. Members are all aware of competition across the range of skills at various stages of lifelong learning. We have spoken about top-flight graduates and postgraduates. By working together, we can ensure that there is a reasonable fiscal environment, we can improve public services, we can try to keep crime low and so on, but it would be useful to learn of discrete policy steps that we could take to support top-flight graduates whom we want to retain. We cannot move the sun, but what can we do to retain those individuals?

My next point may be outwith the remit of the committee. We know that the Government's immigration policy has moved somewhat and that it is considering a green card scheme. Colin Turnbull mentioned some gaps in provision and any information that the witnesses could supply to help to plug those gaps would be useful.

The Convener: I would be grateful if the witnesses could answer those questions in writing.

Amanda Harvie: I will be pleased to do so.

The Convener: Before the witnesses leave I would like to ask two questions that I hope are highly relevant. The Scottish Trades Union Conference gave evidence to us last week. Its principal proposal was a 5 per cent training levy on companies. Could I have a quick reaction to that? Secondly, have the chambers of commerce considered the introduction of business learning accounts?

Duncan Tannahill: Business would resist a mandatory levy, which would be seen as more red tape and bureaucracy and as a further tax on

businesses that are already struggling to be competitive in the global economy. We would definitely resist that suggestion.

We would welcome business learning accounts as a way of allowing business to understand how to access funding to support business-related training.

Amanda Harvie: Government could incentivise business investment and training—through tax breaks, for example. That would be money well spent.

The Convener: Unfortunately, that is outwith our responsibility. However, we can still make recommendations.

Amanda Harvie: Please pass the message on.

The Convener: Indeed. I thank all five witnesses for their extremely helpful contributions. Your evidence has been much appreciated.

The next evidence will come from the National Training Partnership Group and I welcome the four witnesses to the table. Who is taking the lead?

Adam Weir (National Training Partnership Scotland): I am.

The Convener: I ask you to introduce your team, tell us a bit about the National Training Partnership Scotland and how it fits into a changing picture, and introduce your evidence. Will you do all that in about three and a half minutes, please?

Adam Weir: Of course.

Before I introduce the members of my team, I would like to say that today is a red-letter day for the work-based training industry. There is a perception in the industry, particularly among small training providers, that our politicians do not know that we exist. The fact that we are speaking to the Enterprise and Lifelong Learning Committee makes today a great day for us. I thank the committee for that. I also thank the clerk for all the preparatory help that we received.

I am general manager of the National Training Partnership Scotland. I wear many hats, as do the other members of the team. I am vice-chairman of the Scottish Training Federation, which is a network of training providers; vice-chairman of the Glasgow Training Forum, which is a network of training providers in Glasgow; and the Scottish representative on the Association of Learning Providers, which is an association of national—UK—training providers.

The National Training Partnership was part of the Department for Education and Employment. Glyn Williams, who is sitting next to me, will perhaps expand on that. We were privatised several years ago. Our role was to engage

national organisations and to make it as easy as we could for them to access funding for Government initiatives. Our role has always been to engage as many national employers as possible. That role extended to national training providers and training organisations.

On my left is Glyn Williams, who is the head of strategic planning at the National Training Partnership. His history with the organisation goes back further than mine does. He is also a founder member on the council of the Association of Learning Providers. He is vastly experienced and knows all about the changes that are being made south of the border, which the committee might find helpful.

On my right is Linda Orr, who is the managing director of Holistic Training, which is a small training company. Linda is also secretary of the Scottish Training Federation, is on the council of the Scottish Quality Management System—SQMS—and has been in training for 18 years.

The Convener: Linda Orr must have started at a young age.

Adam Weir: On my far right is Mary Nasmyth. She has been the Scottish manager for a national training provider, Spring Skills, for 11 years—she is just an apprentice.

For 35 years I have been mostly involved in Government-funded training for the unemployed and in upskilling training, but I have also spent a lot of time delivering training for employers on a commercial basis. As a result, there is a lot of experience at the table.

Finally, the committee might find it helpful if I gave a quick definition of a training provider and talk about the members of our various networks. A training provider could be not only a company such as Linda Orr's or a larger company such as Mary Nasmyth's but employers themselves. A number of national employers who have been accredited and approved to deliver their own programmes nationwide are also members of our associations. Colleges with commercial departments that are also training providers and universities with training departments that deliver workplace training can be members of our organisations. Furthermore, umbrella organisations that look after a specific occupational sector can be approved to deliver training on behalf of that sector and voluntary trusts can also belong to our organisations. Such employers can also be involved in the public sector. In fact, we have been in discussions with the Scottish Executive about the modern apprenticeship programme that it is about to launch.

I hope that those remarks give the committee an idea of the range of organisations that the four of

us are here to represent.

The Convener: Thank you. That introduction was very helpful. I shall ask David Mundell to lead the questions, as I cut him off in the previous session. I have to ensure that there is fair play.

David Mundell: Your overarching description of the topic was helpful. I was interested in your opening remarks. I should put my hands up and say that, before this inquiry, I was not as aware of the role that your organisations played. How does the potential trainee—if I can call them that—become aware of what you are doing or that workplace training is an option relative to the other available pathways? How can they make an informed choice about going down those routes?

Adam Weir: There are many answers to that question because there are many options open to individuals. For the school-leaver—the youngster who leaves school and does not go on to higher education or university but instead enters the world of work—the careers service and the various employers who recruit from that group offer jobs with training. In what is thankfully a smaller percentage of cases, there are placements that involve training with employers but which have no immediate guarantee of a job. The youngsters might therefore go to the careers service and be offered all those options. On the other hand, they might apply for employment with the sort of national companies that I deal with, which run training programmes that are linked to employment. We are trying to offer youngsters jobs that include training.

Mary Nasmyth (Spring Skills): I have a very personal view about the choices that face young people who leave school. Until schools are measured on the number of school-leavers who go into a job or a job with training, less credibility will be attached to the work of training providers and their value to the Scottish economy.

David Mundell: You said in your opening remarks that you consider the training that is available and its value in the context of the available funding. Is it the funding or the needs of the individual or their employer that determines the training?

Adam Weir: Initially, the funding is not an issue for the youngster because they do not know about the funding. It is an issue for whoever is delivering the training—whether a college, private training provider or employer—because it is expected to support the true cost of the training. As you will find as we go through, the funding that we talk about is always just a contribution towards the true cost of the training.

11:30

David Mundell: On the general issues that came up with our first set of witnesses, it is easy to talk about getting parity of esteem with different learning routes, but how can that be achieved? Obviously, we need people with a range of skills and backgrounds. Throughout Scotland, different areas have different needs. The tourism industry is important in the area I represent, but people coming through the school system do not see it that way.

Adam Weir: This is probably the first step towards the work-based training industry achieving some parity of esteem. Much of the success of that lies in our own hands. When did you last see "Work-based training success" on the front page of a newspaper? You hear about our failures and our problems but not about our wonderful graduation day. Throughout the Scottish Enterprise area, we have 36,000 skillseekers, 17,500 modern apprentices and, this year, we will have 6,000 or 7,000 completers of apprenticeships. That is great news for Scotland, but you will not see that in the papers.

Part of the answer is in our own hands. The industry has failed to push its success. It would be great if there were one national campus for work-based training, where we had a national awards day. That would lift the esteem of everybody. However, that is not happening.

Marilyn Livingstone: It was mentioned that the funding does not affect the individual, but that is not my experience. A skillseeker must undertake a Scottish vocational qualifications programme, but they may not be the right qualifications for that person. The committee has taken evidence that very rigid funding programmes may affect flexibility for qualifications programmes. Do you agree with that?

I want to ask about funding and contracting regimes. I was interested to read your submission and I agree with much of what you say. First, there are big issues around how we fund. Is having one funding body the answer? Secondly, I read with interest what you said about flexibility of qualifications and parity of esteem. We have the Scottish qualifications framework, whose broad band of qualifications is supposed to allow us parity of esteem. Would you envisage work-based qualifications coming into that framework, so that people could view it at the same level?

The committee would like the qualifications to be portable. In other words, they should allow the student entrance into university and so on. All level 1 qualifications should be treated the same, as should all level 2 qualifications. What are your thoughts on funding and portability?

Adam Weir: Marilyn Livingstone is correct that,

in certain instances, funding has a bearing on the individual. The funding is influenced by the youngster's choice of course. The funding support for a course to train as a motor mechanic is obviously a lot higher than for a course in retail. Funding for a course to train to be a chef would fall somewhere in between those two. However, the level of funding should not be the deciding factor in whether a youngster chooses to be a chef or a motor mechanic or goes into retail.

Marilyn Livingstone: I will not disagree.

Adam Weir: The blue-sky scenario would be that we had one funding body. I spend my life talking to employers about the support that they will get from the Government and from Scottish Enterprise and so on for these wonderful programmes and qualifications. I then have to tell them that a tremendous amount of money is spent to make it awkward for them to get that money. We should examine the bureaucracy attached to receiving funding for everything that is linked to training. Having one funding body to cover work-based training, further education and the whole range of choices would be a good step forward.

Marilyn Livingstone: Before we finish on that topic, your submission mentions the different audits. In addition to having one funding body, could we simplify things by having only one audit. Some of your people complain that they are audited again and again. Does that fit into your point about bureaucracy?

Adam Weir: Our company has been audited around 48 times in the last 18 months. That is because we contract with every local enterprise company in Scotland. For some private employers and training providers, that would be horrendous. We would not want to expose them to that.

Marilyn Livingstone: Yours is the worst example that we have heard.

Adam Weir: It would be better if we had a single audit from a single body. If that body were linked to the Scottish Quality Management System, it would certainly give the SQMS more teeth. That could also help the training industry, because two organisations would then be linked up so that only one organisation dealt with audit. That would reduce the burden on the whole industry.

Linda Orr (Holistic Training): As a small training provider, I link into the NTP. If I were to have the number of audits that Adam Weir has, I would not be in business as I could not cope with that number. Because I link into Adam Weir's organisation, my only audit is through the SQMS. That works fine in my case, but without someone like Adam, I could not survive.

Mary Nasmyth: My company has 11 centres. We contract with all the Scottish Enterprise LECs.

Our SQMS audit is taking place this week, during which an auditor will be with us for three or four days to audit only two standards. Last year, all 14 standards were audited and the auditors were with us for nine full days. On top of that, each of the centres has had three individual audits within the last 12 months.

Glyn Williams (National Training Partnership Group): There is an issue with the number of audits and the duplication of effort. Those audits look at the same thing over and over again. That cannot be an effective use of taxpayers' money.

Adam Weir: On parity of esteem and transferability of awards, have you seen the nice table that the Scottish Qualifications Authority produced? Unfortunately, I have not brought it with me.

Marilyn Livingstone: Yes, the committee has seen it—it shows the Scottish qualifications framework.

Adam Weir: Unfortunately, some of our colleagues in the colleges misinterpreted it and squeezed all the work-based training qualifications into one level instead of showing them at parity, which was what we were aiming for. We need to educate our members on that. I fully support transferability and people being able to progress and move on. That is what the young people want to do.

Glyn Williams: Parity of esteem is a relevant issue, which has been discussed both south and north of the border. It is important to ensure that the work-based learning route is on a level playing field with the academic route. More could be done on pre-16 work experience vocational tasters. Such tasters, if properly introduced and managed and of the correct quality, could provide young people with relevant vocational experience and would make some difference to the parity of esteem between the two routes.

Mr Kenny MacAskill (Lothians) (SNP): Your submission mentions the cost of training. We may not be properly funding some areas that are more expensive than others. That may relate to Amanda Harvie's point about incentivisation. What do you see as the best method of properly assessing the cost of training? If we need tax breaks, so be it, regardless of whether that is a reserved power. If logic dictates that that is where our report should be heading, it seems clear that we should proceed in that direction. What are your comments on that?

Secondly, I take it that we need a ladder structure so that people can come in and out of learning depending on whether they have had enough at a certain time or whether they are taking a career break, perhaps for domestic reasons, such as having children. Is Marilyn Livingstone's point about having one funding

source and one audit body one way in which to ensure a ladder structure so that we do not end up with a multiplicity of cul-de-sacs?

Finally, although individual learning accounts have been somewhat denigrated recently, I think that they may be the basis on which some form of portability and individual access can be allowed for, given that employers might add to the scheme as part of incentivisation. Is that a concept on which we should build? We could expand from the small base of allowing someone to study Italian for their holidays, for example, to allowing them to retrain if their skills become redundant. That is the vision aspect.

Adam Weir: The most recent figures that I saw on ILAs in Scotland showed that about 90 per cent of the uptake was on information technology courses. Those courses can be done in small chunks; the amount of money in ILAs is useful for that. Some employers in Scotland have encouraged their staff to use ILAs, which is good. The problem is that all the different programmes and initiatives attract bureaucracy. The more bureaucracy that is attached to a funding mechanism, the more employers are likely to be switched off.

The principle behind ILAs is good, but the bureaucracy that is linked to the initiative is not. Perhaps there is a case to say that, if the ILAs show us that we have good employers, we should have a business learning account whereby the employer can access the ILAs on behalf of their staff. That would encourage both the employer and the individual.

The cost of training is a tricky question. Through our membership, we hear all sorts of stories about the true cost of training. For example, someone in the engineering field will say that it costs £16,000 to £18,000 to train an apprentice engineer and motor mechanics will say that it costs about the same to train an apprentice mechanic. However, for some strange reason the funding network in Aberdeen will fund only up to £4,000 for motor mechanics, whereas in Glasgow an offer of £7,500 might be made. Even within the network, there is no parity in relation to the true cost of training.

11:45

I am looking for someone to take the initiative and to identify both the true cost of training and how much the Scottish Parliament and the Scottish Executive should intervene in funding. At what stage would the employer be turned off because there is not enough funding? At what stage is too much funding handed over and public money wasted? The problem lies in identifying the right level; it is difficult for our organisation to find the right answer because there are so many training providers.

Employers to whom I have spoken have told me, "We're not interested in the funding, Adam. Give us a tax break and we'll do the training." The problem arises with how to monitor that training. Who would monitor it? How can one measure whether the training has been achieved after the tax break has been given? Should we have some additional bureaucracy to audit the training that is delivered and achieved? In my view, that would be difficult.

Glyn Williams: On the true cost of training, Adam Weir quoted a cost of £16,000 to £18,000 to train an engineering apprentice. Some employers will quote £63,000 per apprentice, taking into account the cost of supervisory time, capital costs and the costs of the external and internal training that must take place. Defining the true cost of training is a difficult job. One could go down the route of formula funding, which is based on evidence from all the sectors, including the national training organisation network, which might support an aggregate cost of training. However, a great deal of research needs to be done before people will be comfortable and reach a true understanding of the cost of training.

Mr MacAskill: It seems to me that the cost of training is whatever it costs someone. If we go for a formulaic approach, we might not be able to deal with the fact that the cost will change year in, year out, as technology evolves. We will no sooner have conducted a time-and-motion study or employed management consultants to carry out a study on the cost of training an engineer in the offshore industry than the technology will be passé and we will have moved on. If we simplified the structure, with one audit body, one funding body and the Inland Revenue, which is prepared to clamp down on people who abuse the system, would not that be less bureaucratic than consultancies and studies into costs that have to be updated year on year, never mind the forms that have to be filled in?

Glyn Williams: I cannot disagree with that point.

Brian Fitzpatrick: Adam, you gave us a helpful litany of training providers and the like. We have already taken evidence from the trade unions on their role as supporters and providers of workplace training—we took impressive evidence from the Scottish Trades Union Congress on that issue last week. I was interested to explore your comments about business learning accounts and how they might mesh with the collective learning funds and union learning funds that we heard about. Have you considered that?

Adam Weir: The idea for business learning accounts came from a couple of employers who sat around the table with us when we were trying to gather evidence to report to the committee. They said that they thought that business learning

accounts would be an excellent way of ensuring that they participated in individual learning accounts, as that would mean that they could control training and that the staff were also given a chance to benefit. That would prevent the sort of silly case that arises when a company employing 100 people finds that all its employees want to open ILAs, as opening 100 ILAs would create a lot of bureaucracy. However, one business learning account would cover the whole lot. There was a lot of sense in what they said.

Brian Fitzpatrick: A number of members were pleased to see increasing support for individual and collective learning across sectors. At times, that support came from the most unlikely sources.

I want to tease out one point—I am sorry, it is the lawyer in me. Paragraph 3 of your submission states:

"There was no feedback from employers to suggest that performance targets were constructive or useful in any way."

Was that feedback invited?

Adam Weir: I put it to employers that the Government target for Scotland is to have 20,000 modern apprentices by 2003 and I asked them whether that would have an effect on their business or plans. Their answer was, "Not at all. We are only interested in our business plans."

Brian Fitzpatrick: Was that the same group or round table of employers that informed your evidence to the committee?

Adam Weir: Yes.

Brian Fitzpatrick: I take the point about the burden being greater. However, given what you said about stewardship of revenues, you will accept that, as the committee is interested in exploring lifelong learning, it has ambitions for some groups of people and wants them to be more successful. In their evidence, the representatives of Glasgow Chamber of Commerce mentioned that roughly 30 per cent of children in the Glasgow area were unemployable. The committee considers how public funds are disbursed and we might want to ensure that those funds are targeted on that problem, on areas of gender difficulty or on social problems. Is there anything in your submission that might lead the committee to a contrary view?

Adam Weir: Not at all. The figures for Glasgow that I have seen show that, in terms of the volume of support for modern apprenticeships, skillseekers and over-25s, the local enterprise company seemed to be motivated by demand rather than by targets, which is a good sign.

Glyn Williams: Widening participation is an important issue. The statistical evidence shows

that gender imbalance, for example, is a major issue in many sectors. Skills shortages can be addressed through positive intervention to widen participation. The computer industry, which is male dominated, has skills shortages, but fewer females enter the industry now than five years ago. Lots of issues connected to widening participation and social inclusion, particularly those of gender imbalance, must be addressed.

Mr Macintosh: Some welcome radical ideas have been expressed. I am sorry to jump between papers, but the witnesses seem to be responsible for all of them. The submission from the National Training Partnership Scotland suggests that funding be delivered by one body, which should be Scottish Enterprise. Does your idea of funding for the individual mean funding across the institutions—universities, workplace training and post-16 education and training?

Adam Weir: In a word, yes. If employers could decide which avenue they wished to proceed along, that would give parity of esteem and a level playing field. They could easily decide how to access the funding if there was only one body. Scottish Enterprise was only an example. The Scottish university for industry might be the best organisation. Many members of my organisation feel strongly that Scotland needs leadership from the Executive on the strategy for lifelong learning, which includes work-based training, and one body to deliver the strategy, not 10 different organisations.

Mary Nasmyth: The key to success is flexibility. The present funding mechanisms of the Scottish Enterprise network do not give the training providers flexibility to meet the needs of individuals, even up to the age of 25, and we are supposed to be considering a strategy for lifelong learning.

Mr Macintosh: What you say implies that the economy and the training needs of individuals should be the sole reason for lifelong learning.

Adam Weir: No. If we hinted that, we gave the wrong idea. We are talking about the work-based part of lifelong learning. Lifelong learning starts at school and finishes, or so they tell me, at my age, which is nearly 60.

Mr Macintosh: The idea that funding follows the individual is to be commended. However, if it does so, how can we incentivise or encourage people to go into areas of economic need? If we need more engineers or more computer-literate people but the whole choice lies with the individual, how can we satisfy the demands of the economy?

Adam Weir: That is an age-old question. How can we persuade youngsters that a career in the travel industry or in engineering is what they are looking for? That is difficult to do. We will rely

heavily on careers Scotland getting its act together and helping with that. It will have to play a major part. Once a youngster has made such a decision, we have to consider the options—should he or she go to university, into higher education or straight into employment to use the work-based training route? Youngsters must be offered choices, but they need to be given expert guidance at the start. I am hopeful that careers Scotland will help.

Mary Nasmyth: One of the biggest benefits that we in the training industry can bring, from day one, is our links with employers. We can help young people to develop, but we can also help employees who are already established in companies. Our training is often one-to-one and not done in a group. During a visit, we can spend two or three hours with the young person. At the moment, some funding is available for the over-25s. We can fund those people, but there is a lack of flexibility and there are hiatuses that are not to the benefit of the trainees, or learners, as they are now called—we now speak of learners rather than of trainees or candidates.

Elaine Thomson: We have heard a lot this morning about the need to bring training providers and businesses and employers together in order to take a more holistic approach. How do employers view skills development and training? Has that view changed? It has been said that many employers regard training as a cost and not as an investment. Is that attitude shifting? Are employers beginning to regard training as an investment? What can we do to move them in that direction? Should we have a single funding provider or a more overarching strategy? People have spoken about bureaucracy; I imagine that that puts many employers off. What do you feel are the major challenges?

Adam Weir: The challenges are really for the training and education sector and I would again stress the need to engage employers. We have to sell the benefits to employers. We do that daily as part of our business in providing training; we talk to new employers and we try to persuade them of the benefits of training. Sometimes we meet employers who are just not interested. That may be because, as a previous witness suggested, they have had a bad experience, or it may be that they think that the staff member that they want to train will be away from the workplace—which, with work-based training, is obviously not the case, because both training and assessment are done in the workplace. If we can get to employers and talk to them about such things, we can soon persuade them that training is an investment and will not cost them staff time.

Linda Orr: As in any industry, one has to build a relationship with the client, which is what the training providers strive to do. They try to build

relationships with companies to encourage them to train their staff and they try to ensure that the quality of training that is wanted is provided.

Elaine Thomson: What impact are the Scottish university for industry and learndirect Scotland having on you? Are they improving employers' access to you? Some employers have questions about accreditation and the quality of training that they may be offered by private sector providers. What impact is SUFI having on that, given its role in accrediting training providers?

12:00

Adam Weir: SUFI has a role to play in using a quality system to vet and approve learning centres and training providers. The problem is that that is in addition to the quality controls that are provided by the SQA, City and Guilds and the SQMS. The system is another quality system on top of all the rest. Colleges also have the inspectorate audit.

Elaine Thomson: If one body was to do the quality vetting, which do you think it should be?

Adam Weir: Will I get out of here alive?

Elaine Thomson: Live dangerously.

Adam Weir: Something along the lines of SUFI-SQMS—one organisation that has overarching control of the quality of work-based training provision. I do not see how we could exclude the SQA and its accreditation role. We could not do without it. I am afraid that it is an impossible dream to have one body.

Linda Orr: It would be nice if all the bodies worked together, so that we had credit transfer. That may be the answer.

Miss Goldie: Mr Williams, it would be helpful to this committee if we could benefit from your opinion and experience of the Learning and Skills Council in England.

Glyn Williams: The Learning and Skills Council is a major step forward. It represents probably the biggest revolution in England in work-based learning and education and skills in the past 30 or 40 years. It is a young organisation, with inevitable teething problems. It is also large; it has a £6 billion budget. It has succeeded in at least starting to grapple with some of the issues that we have discussed about bureaucracy and simplifying audit arrangements, quality and inspection through the new combined adult learning inspectorate.

The organisation has the best chance of being successful and making a difference to lifelong learning, but it has an extremely wide remit. For example, it still has not taken over responsibility for sixth-form colleges, although it will do so shortly. There are massive cultural differences between the further education sector, for which it

is responsible, and the work-based learning sector. The staff of the Learning and Skills Council is largely made up of former training and enterprise council and Further Education Funding Council personnel. They speak different languages and have different traditions and cultures, so the Learning and Skills Council has mountains to climb, but it is a major step forward. There are lessons to be learned from the funding systems and the quality approach that it is introducing.

The Convener: I will finish with two quick questions and, I hope, two quick answers. The first is on skillseekers, which is one of the principal programmes that you are responsible for delivering. The National Audit Office has demonstrated that there is a dead-weight factor of about 66 per cent in the skillseekers programme, which suggests that a lot of money—potentially as much as £50 million in Scotland—is effectively being wasted: it is being spent on things that would happen anyway, without the programme. I would welcome your comments on that.

The second point is that the college sector has made strong recommendations that colleges be seen as strategic partners on at least a par with the local enterprise companies. Will you comment on your relationship with the colleges, including some of the tensions between training providers and colleges? Will you give us your view on the idea that colleges should be strategic partners on a par with the LECs?

Adam Weir: Those are two difficult questions, thank you. The dead-weight question is a perennial one about whether an employer would do the training or whether the Government would intervene with funding. Most employers would say that they would do the training. However, would that training be to a national standard that was approved and accredited? Probably not. When we go down the route of accreditation and approval, there is another raft of bureaucracy in which employers do not really want to engage. I doubt whether employers would do the training to the same standard. They may do work-based training—as all employers do anyway—but I do not think that they would undertake training that would meet the national standard for improving the qualifications of all our young people.

Mary Nasmyth: I agree that employers carry out training, but they do so for their own company. The broad-based training and national qualification at the end of that training is the only thing that the training providers can add to what the employer already does. Employers would train only in small sections of their work. Would that training develop the potential of their employees as well as training that had a nationally recognised qualification would? My view is that employees would not get

the same level of personal development without the intervention of the training provider.

Adam Weir: You asked about colleges having strategic parity with Scottish Enterprise. If that were to be the case, it could prevent our goal of having one overarching organisation. It would create another mini-organisation.

I run partnerships with 10 colleges, 10 employers and some training providers. All those partnerships are delivering, so partnership works. Some of our members in the motor industry deliver practical training in their premises but use the college for the off-the-job elements. There are partnerships all the time. Moving colleges out of that would cause problems for us in the industry.

The Convener: Thank you very much. Your evidence has been extremely helpful and we appreciate it.

I have a request for a five-minute comfort break. We will reassemble at 12.15 exactly if that is all right with the witnesses from the Scottish Council of National Training Organisations.

12:08

Meeting adjourned.

12:15

On resuming—

The Convener: We need to restart the meeting, as we are running to a fairly tight time scale. I have let these evidence-taking sessions run, because the quality of the evidence has been very good. I am sure that that will continue to be the case.

I welcome Anneliese Archibald, chief executive of the Scottish Council of National Training Organisations, and Douglas Fergus, the Scottish manager of the Construction Industry Training Board. Anneliese will make an introductory statement in which she will bring us up to date with the changes—and her views about them—that have been proposed for the future of NTOs and for the creation of sector skills councils, as I believe they will be called.

Anneliese Archibald (Scottish Council of National Training Organisations): I begin by thanking the committee for giving us this opportunity to give evidence towards the lifelong learning inquiry. As the convener has said, I am the chief executive of the Scottish Council of National Training Organisations, better known as SCONTO, and Douglas Fergus is the Scottish manager of the Construction Industry Training Board, which is better known as the CITB. Douglas is also a member of the SCONTO board of directors. Ian Hay, our chairman, sends his

apologies. He is unable to be here because of the inaugural meeting of the Food Trade Association Management, of which he is the chairman elect.

As members will be aware from our written submission, SCONTO plays a crucial role in supporting the UK-wide NTO network. It helps the network fulfil its responsibilities in the context of a devolved Scotland. SCONTO provides leadership, practical support and guidance, and promotes NTOs as key to the lifelong learning and competitiveness agenda. Since 1997, NTOs have been working to improve the economic success of virtually every employment sector. Although a number of NTOs have enjoyed considerable success, the need further to raise UK skills prompted the relevant ministers in the four countries to announce a review of the NTO network structure, back in October last year.

The review of the future of NTOs concluded on 17 October—a couple of weeks ago—with the launch of a policy statement, copies of which members have received. The statement, which was agreed by the ministers with responsibility for lifelong learning in the four Administrations, outlines proposals to create fewer, more flexible, more influential and better-resourced sector skills councils—or SSCs—in a UK-wide network. They are to have enough employer support and economic significance to have a major impact on skills and productivity. I will update members on the paper that they have received about the new SSCs in a couple of minutes.

Members will appreciate that this is an extremely challenging period for SCONTO and the NTOs. Discussions among the four national Administrations are still taking place on how to finalise the intricate details of the new SSC network. However, the network will have a much greater presence and influence and a clearer role in the landscape of skills and lifelong learning than its predecessors did.

I urge the committee to recognise the key role that the restructured and adequately resourced network of SSCs will play in bringing a valuable sectoral perspective to the geographic, commercial and economic focus of the main stakeholders in Scotland. The SSCs, through their unique links with employers and their in-depth knowledge of sector skills issues, will be eager to work with partners, including the enterprise networks and Future Skills Scotland, to ensure that training supply is more responsive to demand and economic need. In that context, SCONTO urges key partners to direct resources towards the SSCs rather than use consultancies and other employer groups to maximise the impact on skills and ensure cost-effectiveness and less duplication.

Although Douglas Fergus and I will present our

evidence using the context of the proposed SSC network and structure, we will also draw on examples of good practice from the current NTO structure. I am happy to clarify or expand on any issues that our written evidence on the SSC network raises, during and following oral evidence.

The Convener: I have a couple of factual questions. In the old NTO network of 70-odd NTOs, few NTOs had a dedicated body in Scotland. A small number had branches in Scotland and a fairly significant number had little or no representation in Scotland. It may be too early to answer my question, but is that situation likely to change under the new set-up? If so, in what way will it change? How many of the new sector skills councils are likely to have a presence in Scotland?

A concern of SCONTO and the NTOs in Scotland has been that, south of the border, NTOs have a budget of about £45 million, whereas in Scotland they have a maximum budget of about £1.5 million, depending on how the budget is defined—some people define it as low as £500,000. Will that change as a result of the organisational changes?

Anneliese Archibald: Of 73 NTOs, 21 employed at least one person and had an office in Scotland. Another 24 employed consultants to perform their role, possibly only one day a month. The vast majority of the other NTOs covered Scotland from south of the border. It is too early to say how many SSCs will have offices in Scotland. We urge the new SSCs to have an established resource in Scotland to meet the priorities in Scotland and deliver in a Scottish context.

Moving on to the—

The Convener: May I stop you there? Are you saying that, almost as a matter of principle, the new councils should all have some representation in Scotland if they are to carry out their strategic function in Scotland, assuming that there is a relevant sector in Scotland?

Anneliese Archibald: Yes.

Elaine Thomson: Are NTOs that are primarily relevant to Scotland likely to continue to be based here? I am thinking of Seafish Training, which is based in Edinburgh. The oil and gas industry is of geographic importance to Scotland. Are SSCs for such industries likely to be based in Scotland rather than elsewhere? Will the decision depend on the areas to which sectors are most important?

Anneliese Archibald: Yes. At present, several NTOs are considering which organisations they could form alliances with to establish the new sector skills councils. That is why it is important that bodies that are important to the Scottish economy have and retain a presence in Scotland.

However, it is too early to say which organisations will be sector skills councils.

The Convener: Elaine Thomson's point is that we must ensure that the SSCs for sectors such as sea fish and oil and gas are headquartered in Scotland. That makes a lot of sense.

Elaine Thomson: Such organisations should not have only a presence here. If their primary focus is in Scotland, they should be headquartered here.

Anneliese Archibald: Of the NTOs that I described, three—including the oil and gas NTO—have headquarters in Scotland. The headquarters of Seafish Training are south of the border, but it has an office in Scotland.

The Convener: I am sorry for interrupting you, Anneliese. I will return to Elaine Thomson later.

Do you have a point, Brian?

Brian Fitzpatrick: Anneliese Archibald will appreciate that some of our questions are rather premature, although we are terribly interested in them. Throughout your submission, the theme of working together across the UK is obviously an issue. On licensing and the selection of staff for the various SSCs, I understand that it has already been agreed that Scottish ministers will have an input into the UK-wide initiative. Is that right?

Anneliese Archibald: Yes, the Scottish Executive has been working closely with partners in the other Administrations.

The Convener: Thank you for clarifying that point. I shall let you finish what you wanted to say before allowing members to ask questions.

Anneliese Archibald: You mentioned the sum of £45 million in the budget. That figure appeared in the original consultation document on the NTO network, which said that that £45 million was primarily for use in England, with a budget of £1.5 million in Scotland. That has now been clarified. The sector skills councils will receive up to £1 million of core funding to operate across the United Kingdom. That sum will double in the second year of operation and treble in the third year. If there are Scottish-specific projects that an SSC wants to carry out in Scotland, it would look to other key partners, such as the Scottish Executive, for funding from the £1.5 million over three years.

The Convener: Let us be absolutely clear about this. The proposal is that each of the new councils should be core-funded to the tune of £1 million, presumably through the Department for Education and Skills in London. If they have an operation in Scotland, the core funding for that operation will come out of that £1 million, but there will still be another £1.5 million available to fund activities and

projects. Is that what you are saying?

Anneliese Archibald: Yes, there is a budget of £500,000 a year purely for Scotland.

Mr MacAskill: I would like to digress and address the concept of ILAs. We have some difficulty with ILAs. Where do you see matters going? Do you think that we can build on ILAs to provide the portability that Marilyn Livingstone mentioned? Can the ILA system be a mechanism by which we can attempt to remove the cultural barriers that make it difficult for people to go to college or university and improve themselves?

Do you think that ILAs could be expanded into a system of credits? It seems to me that ILAs do not necessarily have to be financially funded. Matters could be dealt with by an exchange of credits. A degree in medicine could be worth 25 credits and a course in German could be worth one credit. The Government could use that method to fine-tune the sectors of the economy that it wants to drive. In situations such as that at Motorola, it would also provide an opportunity to front-load people's credit rating to encourage them to reskill. Given the difficulties south of the border, where do you see ILAs going? I worry that they cannot stay as they are. Rather than scrapping them, are we better trying to take them on to a new stage?

Anneliese Archibald: I shall hand over to Douglas Fergus, who will be able to tell you specifically about his sector. In my experience of ILAs to date, I have come across a number of NTOs that have positively enrolled people on ILAs in their sector. Scottish Enterprise Fife, the Hospitality Training Foundation and the sport and recreation NTO have worked together on speaking to members of staff one to one, specifically to discuss how they could use the money and credit for the ILA to get relevant training. I believe that more than 600 individual learning accounts have been opened through that method. A number of other enterprise companies are also looking at working with the NTOs to offer sector-specific advice on realistic training.

Mr MacAskill: Would an expansion or enhancement of the ILA scheme be a method by which we could overcome people's fears? If everyone knows that they have a right as a citizen to access the current system, or an enhanced one, would that be a way of overcoming a stumbling block? Are there other ways of doing it?

Anneliese Archibald: It is an excellent method of getting people who perhaps have not taken part in learning for a number of years involved in learning, especially if it is specifically for their sector.

Douglas Fergus (Construction Industry Training Board): My responsibility is to ensure that training in the construction industry is fair. We

have probably got entrant training right. The big attraction of an ILA is that it allows a person to determine when they want to move from, for example, craft to first-line supervision. If that were at an employer's direction, it would be funded through other sources. People now have the freedom to decide to improve their skills.

12:30

Miss Goldie: This question might sound provocative, but it is not intended to be so. To what extent are elements of the Scottish economy not represented by NTOs?

Anneliese Archibald: I believe that NTOs represent about 98 per cent of the Scottish economy. Areas not represented are management, small firms, design companies, legal firms and the fire service. I cannot think of any others off the top of my head.

Miss Goldie: When you say small firms, do you mean small and medium enterprises, or is that a piece of NTO terminology?

Anneliese Archibald: There is a body called the Small Firms Enterprise Development Initiative. It acts on behalf of small firms but was not recognised as an NTO.

Miss Goldie: Obviously, small firms make up a significant part of the Scottish economy. I am trying to find out whether there is an area of the economy that does not enjoy the facility to participate in the NTO network or that is not represented by an NTO.

Anneliese Archibald: Every NTO is responsible for engaging in dialogue with its sector. In Scotland, that applies strongly to small and medium enterprises. NTOs also engage with other key partners, such as the Federation of Small Businesses and the enterprise networks, to ensure that they serve small businesses.

Mr Duncan Hamilton (Highlands and Islands) (SNP): The NTOs have a major role to play in relation to labour market information. However, I do not think that that is a core area of responsibility for the SSCs. Will the SSCs maintain that role?

Anneliese Archibald: Yes.

Mr Hamilton: Will the market data be broken down by each administrative area? Will there be Scottish data as well as UK data?

Anneliese Archibald: Yes. It is probably too early to say at the moment because the detail will come out later in November, but I assure you that the SSCs will be heavily involved in the collection of labour market intelligence, skills foresight and the development of a sector work force development plan specifically for that industry.

Mr Hamilton: Would each of the elements that you mention be worked on in the context of a Scottish labour market?

Anneliese Archibald: Yes.

Mr Hamilton: Scottish Enterprise, Future Skills Scotland, the SSCs and careers Scotland will all have to use the labour market intelligence. You say that it is vital that careers Scotland and the SSCs engage properly, but provision for that is not built into the careers Scotland framework. Will that cause any problems in the sharing of information?

Within that fractured structure, who has the overall responsibility for the delivery of accurate labour market information and for ensuring that that is tied up with employment opportunity and training?

Anneliese Archibald: As the representative and support body of the NTO network, we have met careers Scotland to see how the NTOs can interact with it and feed it information. We have also had meetings with Future Skills Scotland and with both directors to consider how the NTOs can feed into the system.

The NTOs have the responsibility of gathering labour market information for their sector. It is important that they engage with the key partners so that an overall picture for Scotland is produced and there is a better fit between supply and demand in future.

Mr Hamilton: Are you satisfied that your relationship with careers Scotland will be robust enough to have that partnership?

Anneliese Archibald: Most definitely.

Brian Fitzpatrick: I want to develop the point that Annabel Goldie made about the fit between the NTOs and the sector members. I thought that the consultation that led to Estelle Morris's announcement had involved some level of self-reflection on the part of the NTOs and also external criticism on the match between sectoral members. It was felt, for example, that the trade unions did not have sufficient engagement with some NTOs and that there had been problems with the interface. Despite what you are saying about there being NTO coverage for various sectors, do I take it that you are not seeking to depart from the conclusions of that consultation?

Anneliese Archibald: As far as we have been led to believe, the new SSCs must represent the employers within their sector. The councils will be made up of boards, which will include employers, trade unions, professional bodies and trade associations, and they will be approved by ministers. They must cover all sectors within the sector that they represent.

Brian Fitzpatrick: I know that it is a hard

question to answer, especially for a representative of one of the bodies involved, but the councils were introduced partly because there was seen to be a missing dimension in relation to the interface with the NTOs.

Anneliese Archibald: Some NTOs have been very successful in engaging with employers. The CITB, for example, has been successful—Douglas Fergus may want to give some more details.

Douglas Fergus: For a number of years, we have produced a work force development plan, which certainly includes Scotland. We even break down the Scottish plan by region and examine the details. That plan gives us evidence on the numbers that we require to take on annually, and gives us the strength to go to employers and say, fairly strongly, that they have to recruit to a certain level. We have had the support of our industry in working to targets rather than taking a finger-in-the-air approach.

Brian Fitzpatrick: I am not in a position to accredit the CITB with best practice, but I can accredit it with better practice than some NTOs, especially in its engagement with the trade unions. However, I understood that the consultation was prompted by a feeling that the level of activity that you describe was not taking place in some NTOs.

Douglas Fergus: There are more than 70 NTOs. It would be easier for such activity to happen in Scotland if there were fewer than 70, which is likely to be the case.

Anneliese Archibald: On the point about working with employers in Scotland, a number of NTOs have been extremely successful in setting up Scottish advisory boards. Rather than the board being made up south of the border, those Scottish advisory boards consider local needs and the needs of employers in Scotland. We would urge the new SSCs to set up an advisory board in Scotland to engage with employers.

David Mundell: My question follows on from what Mr Fergus said about numbers. Your submission states strongly that a diverse range of providers is a good thing. Part of the evidence and mapping exercise indicates that there is a view that there is duplication and complexity. Where should the balance lie between diverse and effective provision?

Douglas Fergus: Do you mean in training provision?

David Mundell: Yes.

Douglas Fergus: There is diversity, from which, I am sad to say, our industry sometimes suffers. Just now, much of the training provision is college-led, not industry-led, which sometimes causes us grief. The SSCs, with the Scottish Further Education Funding Council, could have a part to

play in trying to determine vocational needs and then to ensure that they are met and are financed correctly to that end.

David Mundell: Do you think that that would lead to a reduction in the number of fingers in the pie?

Douglas Fergus: Not at all. Like most industries, we would like to think that we are employer-led and that we recruit only to meet our industry's needs. Sometimes the current college funding system is driven by a requirement on colleges to meet economic budgets. For example, some colleges might have to recruit a minimum of 14 students to make a class or a course viable. If, in a particular part of the country, the industry can afford only six, seven or eight students, we should not be taking on 14 in any craft. The suggestion that we and SFEFC should play a stronger part in such issues has formed part of our submission to the funding council. Whether that will be recognised or not is another matter, but we think that we should be training to meet industry's needs, not the colleges' economic needs.

Marilyn Livingstone: Your submission says:

"There is an overwhelming need to iron out inconsistencies regarding the funding of Government training initiatives across the different LECs".

I want to tease out that statement a bit more. You have talked a lot about criteria; how do you feel that the schemes are working as far as funding is concerned? I have been asking questions about funding all morning and this part of the session will be no exception. Do you think that the funding regime that has been set up allows the industry the required flexibility within qualifications, or do you think that such inconsistencies apply only to issues such as age?

Douglas Fergus: I want to record that we find the funding provision from Scottish Enterprise and Highlands and Islands Enterprise excellent in many respects and we very much welcome the fact that it is available for our industry. However, the difficulty is that there are now 22 LECs that, in many cases, are required to take a blinkered approach to meet the geographical needs of their particular areas. As a previous witness stated, we receive different funding from each of the 22 LECs, although HIE has got its act together much better in that respect.

I represent a mobile industry in which people will move across LEC boundaries for training and employment opportunities. However, LECs have to meet the foreseeable needs of their own area. That situation causes difficulty and we need to do something to remove the blinkers from individual LECs. I hope that Future Skills Scotland will have a part to play in doing that, particularly in construction and similar industries where there is a

mobile work force.

Marilyn Livingstone: Perhaps I should ask Anneliese Archibald whether, across the board, the funding regimes suit the needs of the other NTOs.

Anneliese Archibald: The NTOs have commented that there are huge inconsistencies right across the board. South of the border, the issue of funding has been examined within a certain range. The matter depends on the particular sector and on the length of time that it takes to achieve outputs—such as, for example, a modern apprenticeship. The issue of skills needs within a local area is also being examined. The future SSCs would prefer such a system to the complete inconsistencies that exist currently.

Mr Macintosh: I will return to a question that Duncan Hamilton asked about labour market intelligence. How accurate is the labour market intelligence that you gather? Who uses it? In paragraph 5.6 of your submission, you state:

"Against this background, the current mapping exercise of four industry sectors ... by the Scottish Further Education Funding Council (SFEFC) involves the relevant NTOs".

You imply that this is the first time that that has happened. Did you gather information but keep it to yourselves?

12:45

Anneliese Archibald: Not in all sectors. A number of sectors have been successful at getting into education. SFEFC chose four sectors for its project to look at provision in FE colleges. Working with the NTOs, SFEFC is also looking at skills needs. We would like to see that project continue.

The document states strongly that future SSCs must link with all levels of education—prior to 16 years of age and post-16 education and training. The councils must feed in that information. That will mean that there is a better fit between supply and demand.

Mr Macintosh: I understand that the past record has not been great.

Anneliese Archibald: Not as far as I am aware.

The Convener: I thank both the witnesses. SCONTO's written and oral evidence has been extremely helpful.

We move on to agenda item 3. A paper on proposed research support for the inquiry has been circulated to members. David Mundell has a point that he would like to add.

David Mundell: I do, convener. I have also thought of a second suggestion.

It would be of assistance to have some

background on the Learning and Skills Council that has been established in England.

The Convener: I agree totally. We need more briefing on what is happening south of the border. It may be necessary at some stage for a couple of members to go down and find out what is happening there. We can discuss that possibility once we have the briefing paper.

Elaine Thomson: I am not yet clear about the business of labour market information. Who is gathering it and—

The Convener: I will take that as a separate issue.

Are we agreed that we should add to the proposed research programme a briefing on the Learning and Skills Council and how it operates?

Brian Fitzpatrick: Given that the minister has input into the council, the Executive could give us that information direct. Why do we need research on a UK-wide initiative?

The Convener: It might be that all the researchers have to do is to dig out that information. We are not talking about external research, as the Scottish Parliament information centre has produced the paper.

We are talking about whether we need a briefing paper on the Learning and Skills Council down south. Are we agreed?

Members indicated agreement.

David Mundell: My second suggestion, which I would find useful, might be more complex. Would it be possible for someone, possibly in SPICe, to pull together an organogram to set out visually the fit between the various organisations? That would give a visual feeling for where everybody sits. It is all very well taking separate evidence from the groups, but I would like to see the individual at the top and some mapping to show the pathways. I find it difficult to visualise where everybody fits in.

The Convener: That should be quite easy to pull together from the Blake Stevenson material, the lifelong learning document that was issued yesterday by the Scottish Executive and SPICe's existing work. Is everybody happy with that? It seems a sensible suggestion.

Mr MacAskill: We need to sort out the structure rather than look at the existing mess. If an organogram would make it easier to see the existing mess and add to our ability to sort it out, I am happy for one to be drawn. I am relaxed about it, although what is produced might just be lines and squiggles crossing all over the place.

The Convener: What we want from SPICe is a messy map, from which we can take what we will.

Elaine Thomson had a point about labour market information.

Elaine Thomson: A number of people seem to be gathering labour market information of different quality, at different levels and at different times. Some people gather information as a one-off exercise; others gather such information regularly. We now have two new bodies—Future Skills Scotland, which has replaced the labour market information unit, and careers Scotland, which, I am sure, will begin to pull the information together. A factual briefing on the subject would be useful.

Mr Macintosh: I would like to know how accurate that information has been in the past. If a lot rests on that information, it would be useful to see the track record.

The Convener: If SPICe could pull that together, that would be helpful. With those additions and amendments, is the paper on research support agreed?

Members indicated agreement.

12:50

Meeting continued in private until 12:53.

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