



Scottish Council for
Development and Industry

POLICY SUBMISSION

Corporate and Operating Plan 2009-2012: Learning for the Real World

May 2009

SCDI is an independent and inclusive economic development network which seeks to influence and inspire government and key stakeholders with our ambitious vision to create shared sustainable economic prosperity for Scotland.

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Corporate Plan
Skills Development Scotland
Alhambra House
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Dear Sir/ Madam

Corporate and Operating Plan 2009-2012: Learning for the Real World

The Scottish Council for Development and Industry (SCDI) is an independent membership network that strengthens Scotland's competitiveness by influencing Government policies to encourage sustainable economic prosperity. Its membership includes business, trades unions, local authorities, educational institutions, the third sector and faith groups. SCDI appreciated the opportunity to comment on Skills Development Scotland's draft Corporate and Operating Plan. This letter briefly reiterates and reinforces the verbal comments which we have already offered on 'Learning for the Real World'.

SCDI welcomed the creation of Skills Development Scotland and strongly supports much of the draft Plan, including all of the key strategies. Skills Development Scotland is correct to highlight the rapidly changing skills challenge posed by the economic downturn as an immediate priority. This is demonstrated by news that demand for college places has risen by a third in the last year to record levels due to redundant workers and school leavers seeking places, and that thousands of applications may have to be refused.

At the same time, longer-term skills challenges cannot be ignored. In recent years, skills issues have consistently ranked as the top public policy priority for SCDI's wide membership. This reflects the paradox which is identified in the draft Plan that although Scotland is well-qualified in comparison with our main competitors, this has not translated into the anticipated competitive levels of business productivity for Scotland. SCDI welcomes Skills Development Scotland's intention to take the leadership role in work with business, trade unions, the third sector, government and the skills and learning system to improve skills utilisation, and more closely to match skills supply and demand.

Delivery on the key strategies will clearly depend on Skills Development Scotland, as a new organisation with its own internal transformational agenda, quickly establishing effective partnerships. SCDI is encouraged by Skills Development Scotland's proposed discussions with business representative organisations, recognition of the importance of the Skills Committee of which it shares leadership with the Scottish Funding Council, and joint work with Jobcentre Plus on the Integrated Employment and Skills Service.

In addition to its partnership with the Scottish Funding Council, Skills Development Scotland should also seek to establish positive, direct relationships with Scotland's colleges and universities and their representative bodies. This would promote integrated and efficient approaches, but also recognise that colleges and universities are autonomous institutions which make their own policies and should be key partners in their own right. As the draft Plan mentions, Scotland's colleges are individually important training providers. Following the publication and endorsement of the New Horizons report by the joint Scottish Government, Scottish Funding Council and Universities Scotland taskforce, the universities sector is now identified as a key economic sector in their own right in the Government Economic Strategy. Moreover, the formulation of and guidance on the New Horizons fund highlights that universities can make a more significant contribution to lifelong learning and the up-skilling of the workforce than is suggested in the draft Plan.

Skills Development Scotland recognises in the draft Plan that a balance must be struck in order that national outcomes are delivered without imposing a one-size-fits-all approach. Skills needs differ around Scotland and have been addressed through differing delivery models, for instance in the Highlands and Islands. The draft Plan emphasises the role of Community Planning Partnerships, but Skills Development

Scotland will need to work with local employers and intermediaries to provide greater clarity about local delivery. A key role for it will be to encourage and share successful examples of local innovation.

Sector skills councils have been identified by the Scottish Government as the leading voice for business in the skills arena, with their intelligence driving the demand for new skills. Some of the sector skills councils have long and close partnerships with Scottish industry, but, from a Scottish viewpoint, others have underperformed, lacked profile and pursued UK priorities which neither match the needs of Scottish industry nor the skills budgets available in Scotland. It would appear that sector skills councils have made progress in Scotland since the publication of the Scottish Government's skills strategy, but Skills Development Scotland must continue to monitor their performance while at the same time also engaging widely with business and sectoral representative organisations, trades unions, and skills and training providers, including colleges and universities.

Partnerships should also be forged with the public and third sectors. Significant skills challenges are looming within many essential public services, for example in the care sector. Within the third sector, specific reference should be made to the role of social enterprises which employ more than 30,000 people in Scotland, add £2bn to £2.5bn to the national economy, and often help people who are furthest from the labour market.

The UK Commission for Employment and Skills has identified six key features in the best skills programmes which SCDI would endorse and are worth emphasising:

- Firstly, they are based on real workplace practice – ideally with real employer involvement or the involvement of people from outside the learning environment.
- Secondly, they are practical and applied in nature – based around genuine workplace experiences or high-quality work simulations, with learners progressing by learning through doing things well – or wrongly.
- Thirdly, they are personalised – to reflect individual needs, strengths and weaknesses and preferred learning styles.
- Fourthly, they are serious and disciplined – incorporating clear feedback and real consequences for success or failure, just as in the workplace.
- Fifthly, they are also reflective – providing continuing opportunities for individuals to reflect on their own, and each other's action and learn from them.
- And finally, they are underpinned by a whole institution commitment to employability – with strong leadership and resources, including extra investment in staff development and capability, and even whole institutional change.

SCDI is broadly supportive of the Government Economic Strategy's identification of key sectors in which Scotland has comparative economic advantage. We welcome the identification in the draft Plan of skills development in these sectors as a key strategy. However, it is essential that these sectors are not prioritised to the exclusion of other important sectors of the Scottish economy. For example, the aerospace and defence industry is strong and one of Scotland's biggest skills challenges over the next ten years will be in supplying the 4000 skilled workers needed to build the new aircraft carriers.

The Scottish construction sector, which has recently been the largest source of private investment and contributed around 10% to Scotland's GDP, has been especially badly hit by the economic downturn leading to a substantial loss of the workforce and apprentices. If the Scottish Government is to achieve its ambitious house-building targets and infrastructure investment plan, this skills capacity will need to be rebuilt. One specific issue which has been drawn to SCDI's attention is the need for Skills Development Scotland to work with employer bodies to ensure that construction apprentices gain practical experience in a proper site environment and are integrated into the workplace and ready for employment on qualification, so that supply responds to industry demand.

In respect of specific skills, SCDI endorses the weight given to the core skills of literacy and numeracy. We welcome, too, the emphasis placed on reversing the decline in physical sciences, engineering and technical subjects, which we are also addressing in our expanding network of private sector funded Young Engineers and Science Clubs. SCDI members across a wide range of sectors also regularly highlight the importance of improving development and marketing skills for their aspirations of business

growth. The draft Plan correctly prioritises the continuance reskilling and upskilling of people which will be crucial if they are to keep pace with constantly evolving products and technology, increasing customer expectations and changing regulatory regimes in the new economy. However, while Skills Development Scotland's support will be focussed on career management, employability and occupational skills, it should also recognise within its Plan the importance of high-level skills to the national agenda, and consider whether it could facilitate dialogue between the higher education sector, government and business.

Scottish industry has benefited considerably in recent years from the skills of migrant workers. The draft Plan acknowledges that the replacement of skills should these workers leave as a result of the economic downturn will be a challenge which needs to be faced. However, it could potentially recognise that Skills Development Scotland might play an important role in making Scotland a destination of choice for skilled migrant workers. Moreover, it does not mention Skills Development Scotland's relationship with the Home Office's new Migration Advisory Committee. This will provide independent and evidence-based advice to government on specific sectors and occupations in the labour market where shortages exist which can sensibly be filled by migration. It draws up a specific Shortage Occupation List for Scotland, as well as one for the whole of the UK, considering criteria such as alternatives to the use of migrant labour, projected future industrial trends and how various agents may look to reduce dependence in the long term. With Skills Development Scotland's overview of Scottish labour market intelligence, prioritisation of skills development in key sectors and leadership of the skills development and utilisation agenda in Scotland, it should seek to establishment regular communication with the Migration Advisory Committee on Scotland's skills needs.

The skills requirements in today's downturn and of tomorrow's jobs demand that we all show ambition, recognise the value of skills development and rise to the challenge. SCDI does not underestimate the transformational agenda which Skills Development Scotland is establishing for the skills landscape in Scotland and in its own organisation. We will be pleased to work with it in delivering the changes in skills delivery which Scotland needs.

Yours sincerely

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