OFFICIAL REPORT
AITHISG OIFIGEIL

Economy and Fair Work Committee

Wednesday 17 November 2021

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 17 November 2021

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ECONOMY AND FAIR WORK COMMITTEE
11th Meeting 2021, Session 6

CONVENER

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

DEPUTY CONVENER

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

COMMITTEE MEMBERS

*Alexander Burnett (Aberdeenshire West) (Con)
*Maggie Chapman (North East Scotland) (Green)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Fiona Hyslop (Linlithgow) (SNP)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Colin Smyth (South Scotland) (Lab)
*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chris Brodie (Skills Development Scotland)
Marie Hendry (Open University)
Paul Little (Colleges Scotland)
Richard McClelland (Qualifications for Industry)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 17 November 2021

[The Convener opened the meeting at 09:05]

Decision on Taking Business in Private

The Convener (Claire Baker): Good morning and welcome to the 11th meeting in 2021 of the Economy and Fair Work Committee. Our first item of business is to decide whether to take items 4 and 5 in private. Item 4 is a discussion of the evidence that we will hear this morning. Is everybody content to do so?

Members *indicated agreement.*

Scotland's Supply Chain

09:05

The Convener: Our second and main item of business is the second evidence session of our inquiry into Scotland's supply chain. This is the committee's first inquiry, and we are looking at the short-term and medium-term structural challenges that are facing the supply chain and how those challenges and the shifts in supply chains are impacting the economy. We want to consider how to build resilience and whether there are opportunities to develop domestic supply chains. Our inquiry is structured around three themes: people, places and product. Today will be our second session on people, and we will be looking at skills provision.

I thank the witnesses for joining us. I welcome Chris Brodie, who is the director of regional skills planning and sector development at Skills Development Scotland; Marie Hendry, who is the depute director of external engagement and partnerships at the Open University; Paul Little, who is the vice-chair of the college principals group at Colleges Scotland; and Richard McClelland, who is the director of Qualifications for Industry.

I will ask an introductory question, which all witnesses will get an opportunity to answer. The inquiry has been prompted by the committee's concerns about supply chains. We are seeing, in supply chains, blockages and difficulties that are impacting on consumers, on the economy, and on businesses as they struggle to get either the people or the components that they need through existing supply chains.

I am interested in hearing about how your organisations can respond quickly to those pressures. In the submissions that we have received from you, which are very welcome, much of the focus is on the longer-term challenges that Scotland faces. There is a broader debate to be had about that, but the committee is interested in how we address the shortages, pressures and delays in the economy that are the result of the current supply chain issues.

I put that question first to Chris Brodie. We have previously heard from Skills Development Scotland, and we know that you have a focus on the medium-term and long-term challenges in the economy. However, what are you able to do to respond to the immediate challenges that we face?

Chris Brodie (Skills Development Scotland): Good morning. That is a great question. The challenges that we are facing in the labour market, particularly in terms of people supply, have long-

term roots, so it is really important to focus on the root causes of the problem and address the challenges in the long term. I hope that we will have an opportunity to talk about some of that today.

Notwithstanding that, it is clear that we are currently facing pretty strong challenges in the labour market. Those are the result of a number of things. We have record levels of recruitment activity in the labour market in Scotland and across the United Kingdom. Job postings are higher now than they were pre-pandemic, which, in a sense, is a good thing, given the challenging 18 months that we have been through.

Another major contributing factor is the choke on labour supply, which has a set of reasons behind it. Some are related to challenges around Brexit, and some are related to people's choices about their engagement in the labour market. A large part of that is down to economic inactivity. The people supply challenge is down to excess demand, which is a good thing, and a deficit of people.

On the question about what we are doing to be agile, my answer partly explains some of that. We are working hard to understand the reality of the labour market and where the pressure points are. I have a team of sector leads who are engaged with industry leadership groups and industry trade bodies, and we are collating information and feeding it to the Government, colleges and training providers in order to ensure that the system is positioned to respond.

We are working specifically on deployment of the national transition training fund. The fund's overall value is close to £20 million, but SDS does not solely control the money—some of it is disbursed through colleges and other agencies. We have been working hard to get about £4.5 million-worth of activity deployed across 20 projects in a range of areas including childcare, seafood, the creative industries and digital skills. That is an important part of ensuring that employers looking to recruit are able to reskill or upskill people who are looking for jobs.

We have also recently established the green jobs workforce academy, which provides access to training, support and information on jobs for people who want to get emerging green skills.

I will stop there to allow others to come in, but the committee will, no doubt, come back to me throughout the session.

Marie Hendry (Open University): Good morning. The Open University is the largest provider of part-time education in Scotland. We serve about 55 per cent of all part-time learners, which is more than 22,000 learners currently. We very much believe that in order to recover from the economic issues that we face, we need to enable access to education for all. We have recently been looking at our curriculum to ensure that our products and services are fit for purpose, so that we are able—as you said, convener—to respond quickly to the issues and retrain people.

We already provide modular education—we have part-time learners across Scotland, 75 per cent of whom are in work and learning at the same time. We know that 75 per cent of those learners earn less than £25,000, because they access the part-time fee grant.

During Covid, and in our response to Brexit, we have been working with individuals and businesses to offer those modules, utilising not only the part-time fee grant but the programmes that are funded by the Scottish Government and the Scottish Funding Council, such as the upskilling fund and the national transition training fund. In addition, we are the only university that has access to the flexible workforce development fund, which enables us to work with small and medium-sized enterprises and offer them up to £5,000 of training.

We are offering a modular curriculum, but we have also developed a large suite of microcredentials, which consist of 10-credit and 15-credit upskilling courses, in areas in which we know, and industry has told us, that there are skills gaps. That includes information technology, sustainability, health and social care. We are able to offer quite a few of those courses for free because we have access to funding pots.

With regard to our response around the supply chain, we have, during Covid, worked with organisations such as Skills Development Scotland, the partnership action for continuing employment—PACE—service and industry bodies such as the Federation of Small Businesses to look at various sectors and see where skills are needed. We were able to focus our campaigns to reach the people who were furloughed or might have been facing redundancy, or who were looking to upskill. We worked with companies such as Michelin, which was going through a redundancy process, to get its staff upskilled and reskilled in green technology and technical areas, in particular.

The benefit of part-time education is that people can study and can reskill and upskill while they are still working. We have been focusing on that aspect—we have been looking at young people, but there has been a big focus on upskilling and reskilling the population in a quick and modular fashion so that people can get qualifications or skills very quickly.

We have also been working on our OpenLearn content. The Open University's mission is very

much a social one, so we offer at least 10 per cent of our courses online for free through our OpenLearn facility. During the pandemic, seven million people accessed that free learning. Again, we worked with SDS to add our OpenLearn content to the My World of Work website—on the first day of launch, 24,000 people accessed that.

We have also been working with the colleges sector—working with teachers and unions, and with Scottish Union Learning, to get people online. We have used the pedagogy that we have available, and offered free courses and funded microcredentials, to enable educators to take their content online so that industry bodies and other educators are able to run online courses for which people previously had to sit in a classroom.

That is a snapshot of some of what we have done over the past 18 months. We have looked at supply and demand, and tried to get people skilled up quickly in the right areas.

09:15

Paul Little (Colleges Scotland): Good morning. Many of you will know that the college sector is the jewel in the crown of tertiary education, so I will not rehearse the issue of the breadth of college education, although some of you might be surprised to learn that we provide 23,000 courses and serve around 250,000 learners in Scotland. Of course, in times of plenty—and, indeed, in times of difficulty, such as now—the college sector provides civic and economic anchor institutions across 13 regions.

The challenge that is faced involves the three central themes of people, places and product. I commend to you "The Cumberford-Little Report", which was commissioned by ministers last year and was published in February 2020, just before the pandemic, so it was eclipsed by the health crisis. In essence, it is a blueprint for what you are seeking to achieve. As it says on its front cover, the report is about the need to take an agile, inclusive and collaborative approach to economic development, business support and lifetime learning.

The institutions are geographically well spread across Scotland and have expertise that dates back many years. For example, my institution is used as a centre of excellence in procurement and supply chain issues by the procurement industry lead body. We are responsible for upskilling and reskilling the supply chains of many economic sectors and the further education sector itself. We have been doing that for 17 years. We have also engaged in the "Procurement people of tomorrow" programme and have helped a number of companies to provide the skilled workforce that is required for inward investment by companies such as Barclays, in relation to which we run a fast-track programme for either six or 13 weeks. That is phenomenal, given that we usually talk of the upskilling process taking three or four years.

The report proposes that microcredentials, which were mentioned earlier, should involve 20 hours of learning. People talk about the lower-level skills or the practical skills around heavy-goods vehicle training or fruit picking, but the media have not focused attention on the medium-level skills that are needed if we are to have a competitive economy. Colleges can deliver those, so we urge, in the report, that they do so in symbiotic partnership with business and industry.

The college sector across Scotland is hardwired into the SME networks. The reality is that colleges are close to and are supporting companies that are in need of skills and we work with the skills agencies to anticipate future demand for skills. Scotland is a cohesive nation, so not only do we have the opportunity to do that, but we have a blueprint to do it. I commend the blueprint to the committee.

Furthermore, we also have a competitive edge in Scotland. In the report, which was a distillation of about one year of intersector and intrasector work on the factors around our competitive edge, we propose the issue of the WorldSkills movement. We have just had the 26th United Nations climate change conference of the parties—COP26—which involved everyone in the world coming to Scotland and finding out what we are doing about climate mitigation and adaptation. I would say that we are also good at world skills. China, France, Brazil, India and our other competitors are all engaging in WorldSkills—they have been involved in that movement for more than 70 years. Scotland punches way above its weight in that regard—it leads the United Kingdom in its response. We send students across the world to showcase the practical and technological skills that are needed. However, we need our skills agencies and the Scottish Funding Council to pick up the pace. To their credit, they have adopted that recommendation in "The Cumberford-Little Report". That will help us to remain competitive as we respond to the urgent and present challenges.

In essence, the college sector, which is made up of anchor institutions, is your national asset for upskilling and reskilling for technology and education and for delivering the rapid and agile response that you need for your three central themes. Obviously, within that, there are some particular initiatives that I am happy to discuss that can help with regard to the supply chain and procurement, as well as all the areas that are in urgent need of upskilling and reskilling.

The Convener: Thank you. Richard McClelland, could you respond to the question about supply

chain pressures and how responsive the sector is to those pressures?

Richard McClelland (Qualifications for Industry): As an employer, the greatest challenge that we have right now is getting people so that we can expand our business. We are finding that one of the major obstacles is in trying to encourage people to consider career changes. People come out of university and seem to have tunnel vision towards whatever the title of their qualification is. You might try to get them to consider a career in, say, education that has a focus on site construction or civil engineering, but it can be difficult to get them to think of something different, because they might feel that they are not ideally qualified to follow that as a career. It is important to encourage people to be multidisciplined and have world skills, to enable them to move from career to career at different stages of their career development, whatever age they are.

The Convener: Thank you. We will move to questions from members. We have a large panel this morning, so I ask members to direct questions to an individual witness. I would like all members to get a chance to ask questions.

Michelle Thomson (Falkirk East) (SNP): I will direct my opening question to Chris Brodie. I was heartened to read the submission from Skills Development Scotland, because it makes clear the differences between skills gaps, skills shortages and labour shortages. In my opinion, such distinctions are vital if we are to understand the people element of supply chains.

We have already started to explore skills gaps and shortages, and other members might want to ask about those issues. I want to talk about labour shortages. In your submission, you note that labour shortages occur due to there being too few bodies, which could be down to issues of demographics, economic inactivity or reduced inward migration.

I want to understand, on an evidential basis, the specific impact that demographics and a lack of inward migration are having, and which issues that can be perceived as structural we need to address. I would like to know where we are right now, and I have another question about where we will be in the future. What is your opinion on where we are now, and on why we are there?

Lastly, I am sure that the B word—Brexit—might come into it, but I want to understand whether, without inward migration, we can have enough bodies in Scotland.

Chris Brodie: I will preface my answer by saying that I will do my best to provide some numbers and evidence, but will almost certainly have to ensure that I have got the numbers right with a written submission afterwards.

On the question of where we are right now, and what is contributing to the situation, there are three challenges. The first is Scotland's challenge of demographics. We have a relatively low birth rate. As a result, with Scotland's workforce demographics, we can foresee that, if we do nothing, we will have fewer working-age people in 25 years than we have now, to the tune of around 130,000 or 140,000 people. In the 10 years prior to 2018, Scotland's population grew by about 280,000 or 290,000. Some 90 per cent of that population growth was down to in-migration from the rest of the UK, the European Union and overseas.

In terms of the migration picture, the emerging evidence suggests two things: significant numbers of EU nationals left Scotland during the pandemic and might not have come back; and, as part of a global phenomenon, patterns of migration across the world have slowed down, and we expect the consequence in Scotland to be that migration has fallen quite significantly. That has a detrimental impact on the Scottish population and the availability of working-age people.

However, that is not the full story with regard to the challenge. There is a lot of emerging evidence that the implications of the pandemic are leading to a rise in economic inactivity. I said that around 280,000 Scots come into Scotland over a 10-year period through in-migration. The reality is that, in Scotland, we have 823,000 economically inactive people, only about 20 per cent of whom are looking for a job. That means that—I hope that my arithmetic holds up—about 157,000 people are looking for a job but cannot find one at the moment. The focus on increasing labour supply is therefore really important in addressing the issues.

To come back to your initial question, I think that some solutions will not be short term. It is not easy to get someone who has been out of work or economically inactive for up to two years back into work in six weeks, but we need a strong focus on inward migration, talent attraction and economic inactivity, and on making it easier for people to upskill and reskill in the way that Paul Little and Marie Hendry have described.

Michelle Thomson: Thank you for that comprehensive answer. Perhaps Richard McClelland can add to what Chris Brodie has said by giving us an industry perspective, particularly with regard to demographics and labour shortages.

Richard McClelland: Are you looking for a civil engineering and construction perspective?

Michelle Thomson: Yes. I want us to be very specific about the difference between skills gaps, skills shortages and labour shortages, and to understand where we are now with structural

issues as far as labour shortages are concerned. As a result, it would be helpful to get on the record and in evidence what you are actually seeing in your area.

Richard McClelland: From a positive point of view, I am seeing a lot of work out there, but what is choking everything is getting people to do it. It is an issue in lots of different sectors, particularly civil engineering. As far as that area is concerned, I feel that we need to attract people into courses that they want to do and which will allow them to develop their careers. That is all that I can say on that point.

Michelle Thomson: In that case, I will move on to my other area of questioning. I have read the excellent report that Paul Little produced with Audrey Cumberford, and I have a couple of questions about it.

You make a very clear case for focusing on excellence rather than competence and, with regard to WorldSkills, I understand that, as well as being a competition, it develops international standards and therefore enables international benchmarking and increases the competitiveness of the contributing countries. Is that correct? Can you tell us more about the thinking behind the move from competence to excellence that you outline in your report with Audrey Cumberford?

Paul Little: Thank you for those remarks. In the report, we argue that if you teach just competence, you will not have a competitive edge. Instead, if you teach excellence—or what we describe as proficiency—you will give an individual such as a technician or a technologist the skills that they will need to work in a competitive world. Regardless of whether it is to do with globalisation or deglobalisation, we are increasingly seeing a movement of human capital. We want our young people to stay in Scotland, but we also want them to be able to compete in markets beyond this country, and we cannot do that if we merely teach competence, merely follow a syllabus or merely acquire a standard, because that standard will be superseded by nations that are upskilling or reskilling individuals at world-class levels.

Eighty countries are engaged in WorldSkills, but despite the fact that we exceed the UK and top the league in certain skills—indeed, we have students who have come fourth in the world—we have come to it only slowly. We are demonstrating that Scotland's college sector can teach to the very highest levels in those skills areas, where we can continue to compete and where individuals can continue to develop as, say, master technologists or master craftsmen and women as they progress in their careers, perhaps by setting up their own businesses or becoming the future lecturers that we need in our colleges and universities.

That standard is a world-class standard, and it will change. In that sense, you are right—we need to be able to benchmark annually or every two years as the competition takes place. For example, next year, the competition will be held in China, and we will know whether the UK and, in particular, Scotland will be competitive in a changing world if our students are successful there.

However, that skills infrastructure must be supported. Across the UK, we have hollowed out our skills infrastructure; we have dismantled our polytechnics and our craft skills. It is one of the few things that we have left to be proud of in Scotland to give our future workers a competitive edge.

09:30

Maggie Chapman (North East Scotland) (Green): Good morning, and thank you for being here.

This question might be for Marie Hendry, initially, because you talked about the work that you have done on focusing and targeting skills training through microcredentials. Will you elaborate on that a little bit? We have previously heard evidence that, for some disadvantaged groups, there are barriers to accessing training and opportunities for upskilling and reskilling. Can we focus specifically by geography, demographics or sector? What can you do now, and what do we need to change to ensure that we can improve?

Marie Hendry: That is a good question, which we all tackle each day when we get up in the morning. One of the key things from an Open University perspective is that we offer open access to the vast majority of our qualifications. There are entry requirements for Nursing and Midwifery Council courses, but we offer open access to the vast majority of our undergraduates, which means that they do not need qualifications to study with us. Indeed, 19 per cent of our students have no formal qualifications at all.

The ability to open up access to education for everyone is key to being able to reach certain demographics. Twenty-five per cent of our students declare a disability, with 9 per cent of them having mental health issues. That is more than a lot of universities have in total. We take that very seriously in terms of the support that we give people. We have found that we can offer online educational support anywhere, which a lot of people find easier. A lot of people who went to brick-based universities and struggled with anxiety have found that they find the online environment easier. The support that we put in there enables us to do that.

The online environment offers flexibility and a part-time education that can be studied at any time, which means that people with caring responsibilities or those who need to work part time can study. As I said earlier, 75 per cent of our students are in work and 75 per cent of them earn less than £25,000. There will be people among that group who are in in-work poverty and struggling. We work a lot with care-experienced people and carers. We reach into different demographics and different parts of the population, and our offering enables those people to study.

The modular basis of the OU means that people can study for the outcome that they need. It is not a case of having to study for a full four-year qualification. Sometimes, a 30-credit or 10-credit module is enough for someone. It might give them the qualification that enables them to get into Paul Little's college, for example, or to put a skill on their CV. We can run a 10-week programme that enables people to develop coding skills that they can demonstrate. With retail workers whose jobs have gone online, we have been able to retrain them in 10 to 12 weeks in order to show their employers that they have the right skills.

Regarding sectors, we work with SMEs, large businesses and industry bodies, and we do a lot of work with the third sector, which is an important part of the economy that often gets forgotten when we talk about organisations that work with people, particularly those who work in the community and who are looking to upskill and reskill.

We have done a business barometer survey, which tells us that 63 per cent of businesses have a skills gap. Businesses tell us that the gaps are in management and leadership areas, particularly for technical and industry-specific skills. The sectors in which we are seeing the biggest skills gaps are agriculture, fisheries, IT and hospitality—the sort of areas that are well determined.

We have developed, and are developing, our microcredentials in those areas. Most of those do not have any entry qualifications at undergraduate level; the postgraduate ones do. We are targeting those sectors and working with organisations such as partnership action for continuing employment—PACE—SDS and industry bodies that represent those organisations, and promoting free and fully funded courses to those sectors. We are working with them to get people on board with that.

The approach is multifaceted and multilayered, but we are looking at bringing as many people into that pool as possible and getting as many people upskilled and reskilled as we possibly can.

Maggie Chapman: Chris, do you want to comment on that as well? In particular, you mentioned earlier the number of economically inactive people. How can we make the connections better?

Chris Brodie: I will not add anything to Marie Hendry's comprehensive statement about focusing on and targeting microcredentials. Let us look at where we are seeing inequalities in the labour market. I will pick out a couple of issues that are emerging quite quickly, particularly in relation to economic inactivity.

There is a lot of evidence that older workers—particularly older women—are most at risk of being made redundant or becoming economically inactive as a result of the pandemic. That is a big contributor to the challenge. We are already looking at the extent to which we have provision in place to support those workers.

On other inequalities in the labour market, we note that the labour market outcomes for disabled groups, older workers, whom I have mentioned, and black and minority ethnic groups have not shifted at all during the pandemic. The gap between the outcomes for those groups and those for other workers has remained persistent. It is therefore really important that we have a focus on not just our upskilling or reskilling provision but on college and university provision and, indeed, apprenticeships to ensure that we are making those training routes as open and accessible to all as we can.

Maggie Chapman: On the skills gaps in leadership and technical skills, can Richard McClelland say a little more about what we need to think about at the macroeconomic level or at the focused, targeted level to support the people with whom you engage and the organisations and companies that you support?

Richard McClelland: For various reasons, we are focusing just now on the market that is available to us in England. We are doing a lot of work on the English standards-based apprenticeships. A particular addition to the construction sector that has been around for a long time, which I think that England is doing a bit better with than Scotland is, is building information modelling. Some of our framework apprenticeships have not changed in 10 or 20 years. I will not say that what is being done in England is better than what we are doing in Scotland, but people in England are looking at new things because the approach has recently changed, for example with engineers who are focusing on digital. I would promote the idea of digital engineering and ensuring that our engineers come out of university and apprenticeships with strong digital engineering skills.

Maggie Chapman: It would be rude not to bring in Paul Little. What are we getting wrong

specifically in respect of leadership and the technical gaps that we are identifying?

Paul Little: You have very comprehensive answers. This is the hard bit.

I would focus on two things in particular: system leadership and cross-silo leadership. In my opinion, the infrastructure in Scotland is ahead of that in England. There is a more managed system in Scotland, and that is to its advantage, but we need a bit more focus on, and sponsorship of, system leadership. We need people to work together, to be aligned and to have a shared vision. People have to train for that, and that must be encouraged. We cannot just hope that that will happen or exhort it to happen.

At the moment, what we are missing is something like a staff college in system leadership, where we can encourage cross-silo working, transition, working on the margins, negotiation and project management. All those areas are extremely important as we emerge from the pandemic and, more important, as we face the next challenges that are coming down the track.

Leadership is key to that, of course, because it engenders teamwork and ensures that everyone is included. It is a key part of the committee's work to ensure that we have fair work and inclusive economic growth, and that cannot be left to chance. In my opinion, it starts with leadership.

Fiona Hyslop (Linlithgow) (SNP): It is great to see a panel in real life; you are all very welcome.

My first question is for Paul Little. It is clear that colleges are very agile and responsive, but as "The Cumberford-Little Report" indicated, they are also engines for economic growth in particular localities. I am interested in what you said about your institution's expertise in supply chain and procurement. With the convener's agreement, if experts in that area have not contributed to our inquiry, it would be interesting to get their take on the subject, given what we are looking at in our inquiry.

The City of Glasgow College is an anchor and an engine for economic activity. What are local businesses telling you about the current labour supply issues? What are you doing to use your power as a procurer to achieve sustainability of products and people in the place that you lead in?

Paul Little: Thank you for the endorsement of out report; you are very on message.

We work closely with the chambers of commerce, the SMEs and the FSB. As a metropolitan college, the City of Glasgow College is very close to those bodies, as Edinburgh College would be, and as would be a college in an island region and, indeed, colleges across the 13 regions. They would be aware of the emerging skills shortages.

You asked about the supply chain. That is a huge area of expertise that has resided in the central belt—in our predecessor college, in particular—for at least 17 years. It never ceases to amaze me that more people do not know about that. Our college is a centre of excellence. The Chartered Institute of Procurement and Supply, which is the industry lead body for the UK, has designated the college a three-star or four-star centre of excellence. There are only 20 of those across the whole UK.

The challenge is how to upskill industry professionals to work in the supply chain, using the skills that the industry says that it needs to a standard that the industry wants. Not every centre can engage in that, but the City of Glasgow College does so right up to masters level. However, students do not get a masters qualification, because the industry does not want a masters qualification—it wants a level 9 qualification, whereby if a student completes the professional or chartership qualification, the industry will allow them to put "MCIPS" after their name and it will know and trust them to be a lead professional who can lead in supply chain and procurement.

As an institution, we have worked with the Scottish Government to provide apprenticeships in supply chain and procurement. We have provided higher national diplomas and higher national certificates in supply chain and procurement. Indeed, we have gone further than that to ensure that the chartered qualifications that the industry needs—this covers the leadership dimension that I mentioned earlier—are at the highest levels.

We have engaged in that work through very targeted initiatives, such as the "Procurement people of tomorrow" initiative. In addition, during the pandemic, we have worked to upskill and reskill some 10,000 employees through the flexible workforce development fund. We have developed 125 digital courses on which individuals can be fast tracked. As I mentioned in my opening remarks, when Barclays came to us and said, "We need 2,000 employees and we need them now. We cannot wait four years. Can you do that in 13 weeks?" We said yes, and we delivered that. When we were asked, "Can you do that in six weeks?", we said yes, and we successfully delivered that.

That agile solution is replicated by colleges the length and breadth of Scotland, which are trying to respond, as Fiona Hyslop said, as civic and economic anchor institutions, to multiply the economic base of that locality. Clearly, some lead institutions do that on a supply chain and

procurement basis, and the City of Glasgow College is at the tip of the spear on that.

09:45

Fiona Hyslop: Thank you. I am also interested in how your organisation uses procurement to help that sustainability, but you might want to follow that up later.

The other issue that I want to ask about is demography. That is one of the biggest challenges that Scotland faces, but there is not an equal split across the country and, obviously, the west of Scotland is losing population at a faster rate, while the east of Scotland is gaining it. That is a challenge, and I want you to answer the question with your Colleges Scotland hat on. In my part of the world, there are students who will not be able to get into the local college in West Lothian, but will be able to get a place in a college in the west of Scotland because there are more places available. We have a bigger and growing population and, with that growing population, we have a growing demand for labour and skills. Is the Scottish Funding Council as agile and responsive as it could be in recognising the immediate issues in relation to labour supply and ensuring that people—particularly young people—are supported, so that we get the required volume of trained young people into the workforce?

Paul Little: I will briefly answer your question on procurement, because that is an easy one. Procurement for colleges and universities is centralised through APUC Ltd, which is a centralised procurement provider. There is a call-off contract framework, and we try to do that in as green and sustainable way as we can, in relation to COP26 and value for money.

In answer to your particular questions about the impact of demography and about the Scottish Funding Council, in recent years, under Karen Watt's leadership, the council has had a much more agile response than previously—commendably so. That also applies to the response of SDS and other agencies, including Scottish Enterprise, Scottish Development International and Highlands and Islands Enterprise. Are all those agencies aligned? I am not convinced that they are and, in "The Cumberford-Little Report", Audrey Cumberford and I suggest that they need to be better aligned than they are now and have a more shared narrative than they have now.

The acute challenge that Fiona Hyslop talks about is the demographic movement of young people from west to east. In Scotland, we are fortunate in having a cohesive and collaborative college network, so we can work closely to meet that demand. However, we should not lose sight of the fact that, because of uncertainty, the pandemic and Brexit, we are facing challenges that we did not face before. Students are now choosing to stay on at school rather than to progress to college or university. In addition, young people are suggesting that it is probably better for them to go straight into a job, if a job is there, and employers are looking for those workers now because of the demographic downward trend.

Is our careers network fit for purpose? No, and we need to do something about that, because, particularly at school level, that will help young people navigate across to colleges, universities and the wider apprenticeship network to get the courses that they need.

The relationship between movement and migration in Scotland was ever thus and, clearly, the net beneficiary of that is the central belt. It is important that we maintain the network across Scotland and our islands. As I said at the start, the Parliament's jewel in the crown for that and your national infrastructure asset is the college sector. It does an extremely good job, and the proof is in the evidence—every year, more than a quarter of a million people participate in more than 23,000 courses. Clearly, those colleges are geographically spread out. Increasingly, we work with Edinburgh College, which works with satellite colleges, as we do in the Glasgow area.

We try to ensure that we provide pathways. Sometimes those are very specialist pathways and sometimes they are only in certain institutions, but the bedrock of foundation apprenticeships, access courses and national workforces is well spread throughout the east and west in Scotland. I reassure you that West Lothian College in your constituency does a fantastic job.

Fiona Hyslop: Thank you. I will let the college know that.

Chris, can you respond to some of Paul Little's points? We are particularly interested in immediate labour shortages in retail and construction. Paul made a point about whether we are as connected as we can be, in order to be as agile and responsive as we need to be. Bearing in mind the demographic and systemic issues that need to be dealt with, are there things that on which we can move more rapidly, in order to mitigate some of the immediate pressures?

Chris Brodie: I will pick up on a couple of points. Paul Little quite rightly challenged whether our national agencies are aligned around a common agenda. I am slightly more positive about that; I think that we are aligned around a common agenda in respect of the need to align the investment that we make in skills behind economic opportunity, and our recognition that the

opportunities, now and in the future, are in digital and green jobs.

We also recognise the need for a variety of routes by which people can acquire skills. From listening to Marie Hendry, and to what Paul Little said about the work that is going on in colleges, I believe that we are seeing the emergence of a strong focus on upskilling and reskilling as a core part of the role for our skills system. That has been born of flexibility, agility and responsiveness to the challenges that we face as a result of Covid and Brexit, and a challenging labour market. That needs to be a consistent focus for the skills system as we move forward over the next 10 to 15 years. We know that demography is going to be tight, and that the economy is rapidly changing and the pace of increase will do nothing but speed up. Having the tools in our armoury to enable us to respond quickly and effectively is therefore important.

Although the transition training fund has been important this year, it is but a small proportion of the total investment that we make in skills. The challenge is not only to make the best use of some of the additional funds that are currently available, but to focus the long-term investment in the skills system, and the long-term commitment to it, on the challenges of the next 10 years rather than the past 10 years.

Forgive me—I have forgotten which sectors you mentioned.

Fiona Hyslop: We are taking a particular interest in retail and construction.

Chris Brodie: The retail and construction sectors are facing slightly different challenges. With regard to retail, one thing that Covid has done—it has done many things—is speed up transitions that we knew were already under way. The shift to online retail over the 18 months of the pandemic was huge; I cannot remember the exact percentage, but essentially the shift that we would have expected over 10 years took place in 18 months. Looking at the challenges that we face from people not being fully back in the office, for example, it is clear that the retail sector is challenged.

There are currently some skills shortages in retail, which are partly to do with the attractiveness of some of the jobs and the competitive nature of the labour market. The challenge in retail is to ensure that we provide pathways for people to find other, newer productive jobs. Some of the work that we have heard about this morning is targeted in that space.

Construction is an interesting challenge. The construction sector has been beset by skills and labour shortages of some kind for as long as I have been in the professional world, so the issue is not new. The challenge that the construction sector is currently facing is, however, undeniably around labour shortages. We know that the sector was quite reliant on EU nationals, so that has exacerbated some of the existing skills shortages.

The other big challenge for the construction sector at present is about facing up to the scale of the opportunities and challenges that the transition to net zero is bringing about. We are working with partners in Glasgow and the south of Scotland to understand what the specific skills requirements are, and the scale on which people will be required for the retrofit of housing or the development of new building projects. It is clear that that is a major opportunity, but it will require us to train more people in traditional trades such as building and plumbing, and as electricians. It will also mean that, at a later stage, we may have to reskill those people in order to respond to new and adopted technologies.

Both the retail and construction sectors are currently facing pressures, but for quite different reasons.

Fiona Hyslop: With regard to construction and the opportunities from net zero—Alexander Burnett might want to come in on this, too—Richard McClelland spoke about “choking” in the labour supply. Is there a danger that immediate pressures might not allow us to get to a trajectory of long-term careers in construction that might involve dual fuel or—as Chris Brodie talked about—reskilling later on? In order to make careers in the sector more attractive, should we be trying to get that modern, dual fuel type of training going on now? Why would people want to go into a career in an area which may be overtaken by events as we move into renewable energies?

Chris Brodie: We are working on three axes; the first is about ensuring that the apprenticeship frameworks—the qualification frameworks—respond to and reflect the transition to net zero. The second is a recognition that we almost certainly need more people in trades; for example, we are considering how to best incentivise uptake in apprenticeships that are linked to construction trades. That is with an eye to the next five years, when we know that the transition to net zero will really take off; it is about training now for the challenges of the future. The third is about looking at immediate opportunities in relation to upskilling and reskilling. We are working with Jim Brown at the Energy Skills Partnership in particular to ensure that a lot of the work that is being done in the colleges is responding to those challenges as well.

As always, there is more than one solution to what is quite a complex set of problems.

Alexander Burnett (Aberdeenshire West) (Con): I will continue on from what Fiona Hyslop said about awareness and the need for alignment of our skills training. I have a question for Chris Brodie. I do not know whether you had a chance to look at any of the other submissions, but Scottish Renewables highlights 14 skill-set categories for which there will be increased demand and potential shortages.

I am not expecting you to have exact numbers at your fingertips, but can you give us some understanding of your confidence in the figures that you work with? On heat pump installers, for example, do you have a number for that particular skill and can you describe how you would reach it, both in relation to assessment and delivery? Also, do you hold any information on the geographical spread of the figures?

Chris Brodie: I am afraid that I do not have a number. You might have seen me just looking through my extensive briefing; of course, there is not a number in there. I will talk you through what we are doing to wrestle with that particular problem.

In Glasgow, we are working with the Glasgow City Region partners on the investment profile in respect of retrofitting housing. We are also engaging directly with employers to understand the extent to which existing skills in the workforce are fit for meeting that requirement, and the extent to which skills will need to be remodelled.

We are also looking to build a model—in simple terms, a conversion, in which £1 million investment in something equals X jobs. I would treat all such things with a bit of caution, because they run the risk of being spuriously accurate. Their importance is in signalling whether we are investing enough in trades and skills. The routes through which that can be done are broad.

This is, potentially, about incentivising employers and individuals to consider careers in such spaces. It is also about ensuring that assets such as the college system and the city region support that approach. We are embarking on a piece of work with the Scottish Funding Council and the Glasgow City Region partners to take our approach on retrofit and roll it out across the city region. That will get us to a shared understanding of the scale of the challenge, what needs to be done to fix it and the levels of investment that will be required to unlock opportunity.

Alexander Burnett: Thank you. As I said, I was not expecting you to have all the figures at your fingertips. If you have figures, I would be grateful if you could provide us with a bit of detail after the meeting—on heat pump installers, in particular, and on the other categories that the Scottish Renewables submission mentions.

My second question is for Richard McClelland. Unite Scotland has talked about the

"implementation of an Offshore Training Passport which will allow workers to move freely between offshore and onshore energy sectors".

I do not know which training or certification bodies we would be talking about, exactly. You might be more knowledgeable about that. Is such a passport feasible? If so, what would be the process for achieving it and how long would it take?

10:00

Richard McClelland: I have a pretty negative view of registration schemes because—in my opinion—the issue then becomes more about the plastic card, the registration scheme or the passport and less about the qualifications, apprenticeships or standards that people achieve to get registration. I would not support a passport or registration scheme.

Alexander Burnett: Okay. Thank you for that. Do other members of the panel have views on Unite's suggestion?

Paul Little: I do not know about that specific suggestion, but I know that the Maritime and Coastguard Agency provides a kind of regulatory body for offshore work. Given its expertise in regulation, it could be contacted about improving standards in that regard.

A passport takes a person only so far, as Richard McClelland said. When you get there you have to deliver; you have to have the skills at the required level. It is about getting in place the right person, with the right skill levels, at the right time. There is an art to that. A passport is indicative of the journey, but it does not confirm that the person's skills are current, or that the person is upskilling.

In its most recent projections, the World Economic Forum talked about the need to reskill 1 billion people as we come out of the pandemic. That is "reskill", not "upskill", in which context we could probably add another billion. Of course people need to have their skills documented on a passport, but the issue is that the skills need to be at the right level.

The Convener: I suppose that the crux of the matter is the need for transferable skills. Is that the issue when it comes to future proofing the workforce? Richard McClelland talked about the difficulty of recruiting people into the sector. Is part of Qualifications for Industry's thinking that a more flexible qualification that would recognise emerging industries could be awarded, to enable workers to move between sectors?

Richard McClelland: The idea behind Qualifications for Industry was that it would allow us to compete in the qualifications and apprenticeships market with other awarding organisations. That is why we went into the sector.

On transferability of skills, as an employer I feel that the difficulty is not just in getting the skills but in being able to pay a salary that allows someone to move, for example, from Ayr to Edinburgh to undertake a job, given that accommodation is much more costly in Edinburgh. We have to compete on salary and on the career that we offer. That is all that I can say on that.

The Convener: That is helpful. Alexander—do you want to come back in?

Alexander Burnett: No, thank you, convener.

Colin Smyth (South Scotland) (Lab): Good morning, panel. My question follows on from the point that Alexander Burnett made. In the context of oil and gas, in particular, there is a lot of focus on the immediate labour and skills shortages that we face, but we know, not least as a result of COP26 last week, that Governments will make decisions that mean that many people in existing jobs will lose those jobs.

We are told, "That's fine, because we'll have a just transition and people will simply move into the new green jobs." However, the committee heard last week that, when it comes to delivering the just transition, there is no comprehensive understanding of what the jobs will be, never mind a proper map of the skills that will be needed to deliver it. Is that a fair criticism? I will put Chris Brodie on the spot with that question.

Chris Brodie: If you are asking whether we know exactly what jobs will emerge over the next 15 to 25 years, the answer has to be no. The transition to net zero is a major and transformational undertaking for the Scottish economy. It will require deployment and adoption of technologies that are not yet invented. No one has the certainty to be able to say, "In 25 years we will need 2,000 hydrogen engineers in Lerwick."

We have certainty about the investment programme for the next three to five years, as set out in the Government's "Update to the Climate Change Plan 2018–2032". It says that we know that we need to act faster on energy generation than on decarbonisation of transport and heat in commercial and domestic settings. That is why our early focus is on getting into some of the detailed issues and on understanding job requirements and skills content.

Have we got that provision in place? When we published "Climate Emergency Skills Action Plan 2020-2025" last year, I emphasised to our board and colleagues in Government that I saw it as a 15-year undertaking. In addition to our short-term focus on areas of certainty, we are actively scanning and working with industry on what the technologies are, and their likely implications for skills, so that when things become more certain in 2026 or 2030, we will have a basis from which to move early. It would, however, be unrealistic to expect anyone to be 100 per cent certain about the next 15 years out to 2035.

Colin Smyth: Is the work that we are doing being done with the necessary urgency, given the challenges that we face? The Government has a climate change plan, but that will change. Are we geared up and able to adapt so that we can do the planning that will be needed? Whose role is it do that? Will all the individual organisations here do their own work, or is something else needed to grab the issue and run with it in a comprehensive way?

Chris Brodie: I can speak with a degree of confidence about the work that we are doing in relation to skills activity. "Climate Emergency Skills Action Plan 2020-2025", which we published with the Scottish Government last year, involved the college sector, the university sector, industry, trade unions and the enterprise agencies, so it was a collective effort. That is the first point that I would make.

On your point about the urgency with which we are responding to the skills implications, I argue that we are acting with pace and determination. The climate emergency skills action plan is overseen by an implementation steering group that includes all the stakeholders that I mentioned. We are considering the progress that we have made in the past 12 months, which is significant in terms of the commitments that are set out in the plan.

We are also looking at how we will lay the foundations for developing the understanding that Colin Smyth is driving at, by asking where the transition to net zero is going to hit the ground and what the skills implications are, whether we are ready to signal that to the college and university system, and whether we should amend our upskilling and reskilling provisions to achieve that. I argue that we are in as good a place as we can be, at this moment in time.

Colin Smyth: I will put the same question to Marie Hendry. Is the Open University geared up? Are you making changes in your courses to meet skills shortages?

Marie Hendry: As Chris Brodie said, the universities and colleges are all part of this. The key issue is transition, so the Open University is looking in particular at how we can help people to make that transition. That will be done partly through part-time education and people being able

to reskill while still in a job. It is very much about the transition between sectors.

We are looking at sustainability and green careers and we are working with SDS and others. We recently launched three sustainability microcredentials, one of which was launched yesterday, in sustainability. So the answer is yes—we are looking at where we need to get to.

We do not know what the direction of travel is yet, but we need to be flexible and adaptable. One of the key successes in Scotland is its joined-up education system. The colleges work closely with the universities and both work with schools, but that could be built up. We need to go into schools and train kids in renewables technologies, then move on to colleges and universities.

Colin Smyth: We need to be looking at existing workers. There is always a focus on going into schools when you should be going to oil rigs and speaking to the existing workers there. What is being done to help people who are in jobs that will disappear soon?

Marie Hendry: We are working on the Cromarty Firth project—in effect, on a skills gap analysis of staff to see what skills they have and what transferable skills we can help them to develop. We are talking about the meta skills that we hear about. It is not all about the technical skills that people need; it is also about transferable skills, adaptability, innovation, the leaders of the future who are looking at those areas, what industry is telling us about where the just transition will be and what skills are needed.

We need to work closely with industry. We all need to get better, systematically, at joining up industry, education and people such as those in Skills Development Scotland, to ask what is coming down the line, what industry is telling us, and how we can get training out to people in order to transition them before the skills gap hits.

We are therefore working with the oil, gas and technology industries. As I have said, the Cromarty Firth is one of the areas where we are working at the moment to look at that.

Colin Smyth: I put the same question to Paul Little. Feel free to tell us if we policymakers are not doing enough to help you to do the job.

One of the issues for colleges, particularly those in rural areas, is that it is quite easy to deliver a course for which there is a demand for 20 or 30 students, because that makes it financially viable. However, if only 10 very specialist engineers are needed, it is not financially viable to run the class. Is there something that we need to do to support colleges to deliver that work?

Paul Little: That is a great question. I am frustrated that "The Cumberford-Little Report" has not been fully implemented, because it provided the blueprint for many of the questions that the whole panel is asking. That has been put off by the challenge of the pandemic's having come one month after the plan's publication. The Scottish Funding Council and the Scottish Government have included parts of the plan, but there has been a bit of cherry picking. We are arguing for a whole-system aligned approach.

Is enough being done? No, in one sense. What more could be done? More could be done by immediately encouraging implementation of the plan in "The Cumberford-Little Report". That report was asked for by the Scottish ministers in order to help economic renewal, development, upskilling and reskilling. It was produced but has, allegedly, been superseded by other reports, although I do not believe that it has. I say that as one of its authors, with Audrey Cumberford. We are two very experienced practitioners with more than half a century of skills knowledge.

First, you need to implement the report as a blueprint, using all its recommendations and without cherry picking from them. The college sector can lead on some of the solutions. For example, North East Scotland College and Shetland college can clearly play a front-line role. However, so can colleges such as the City of Glasgow College. The oil and gas industry depends on transport—maritime transport in particular—and City of Glasgow College is a world leader in maritime education and training, as was evidenced by the convening power that we showed in having the shipping industry come to the City of Glasgow College during COP26 for two weeks. Transport and maritime skills and—as we touched on earlier, with Fiona Hyslop's question—supply chain skills are going to be needed for the oil and gas industry.

In addition, the college sector has the Energy Skills Partnership that was mentioned earlier. More attention needs to be paid to that, and more funding needs to go to it. There is also the advanced manufacturing training network, in which 17 colleges are engaged.

I will go back a little, to Alexander Burnett's point about green skills. Glasgow City Region has identified that there could be 75,000 jobs using green skills. Many of the people who work in oil and gas live in the central belt; they do not live there exclusively—I understand that. That is another opportunity for individuals who choose to retrain. That training can be provided. With my colleagues, I have identified 13 different areas that are involved in housing retrofit skills alone.

Clearly, work is being done to support the oil and gas industry—it is important for Scotland—but, clearly, much more can be done to pump

prime the skills infrastructure that Scotland really needs.

Colin Smyth: That it is very helpful. I will ask Richard McClelland to come in. I will not ask any other questions, as I am conscious of the time. However, if Marie Hendry or Chris Brodie wants to come back in on what else policymakers can do to assist, they should feel free to do that.

I put the same question to Richard McClelland. You will be adapting the qualifications that you need for the sectors. Is there anything that we can do to assist in that? What work are you doing at the moment?

Richard McClelland: My awarding body is totally reliant on the qualifications that are developed through the Construction Industry Training Board, working with sector skills councils and employers. We offer regulated qualifications and we find that it is very difficult to improve those regulated qualifications in order to get what we need, because it is difficult to get information back to the people who make the decisions about updating frameworks. I have quite a few points that I would not mind making on how qualifications are put together in Scotland. Maybe I can provide some ideas on that after the meeting.

10:15

Colin Smyth: I will leave it to the convener to say whether you should do that now or afterwards.

The Convener: You can go ahead with that now, Mr McClelland.

Richard McClelland: The biggest challenge for us in relation to apprenticeships is how they are added to frameworks and the contribution that sector skills councils make to those frameworks. We sometimes find that there is a whole different agenda. You asked about registration schemes. There can be frameworks for which the whole driver is to get people more cards, as opposed to increasing people's skills.

I have had three education-related businesses, and we had to wind one up because of the situation in Scotland with regard to delivery of apprenticeships. That will probably not be what Skills Development Scotland wants to hear, but it was a pretty negative experience. We were at the cutting edge of apprenticeships and qualifications for the extractive sector—the quarrying sector—and a situation arose in which a particular organisation was able to influence the frameworks so that it was the only organisation that could provide the qualifications. That meant that we could not provide a service in the sector and we were driven out of it.

If you are asking me what Government can do, I would say that it could look at things such as the conflict of interests problems in the education sector and the apprenticeship sector and do something about that.

Colin Smyth: That is very useful. Chris, I am not going to ask you for a rebuttal, but I ask you and Marie whether there is anything that we should be doing to assist you in doing that job. One thing that you will know about, Chris—I have spoken to you about it in the past—is flexibility in apprenticeships. I was at a business in the south of Scotland last week where I was asked why apprenticeships take three years and not two years. Flexibility is needed to meet the challenges. Can we do something to assist?

The Convener: I ask for a brief response, Mr Brodie, as we are getting short of time and I am waiting to bring in Gordon MacDonald.

Chris Brodie: I will make two brief responses. I know that I am not allowed a rebuttal and I do not think that the committee has the time to discuss the Scottish apprenticeship system versus the English one, but Richard McClelland said a lot of things that I just do not recognise. Scottish apprenticeships are signed off by the Scottish Apprenticeship Advisory Board, and apprenticeship qualifications and frameworks are signed off by industry. We have a heavy programme of work that is well under way to ensure that apprenticeship standards are fit for purpose and are facing into the future. However, I will be happy to pick that up with Richard outwith the confines of the committee.

On flexibility in apprenticeships, we are absolutely looking at how we can ensure that apprenticeships are a tool that works for as many employers as possible. In the south of Scotland, we are working with South of Scotland Enterprise and the two local councils to pilot apprenticeship models in a range of sectors. That work is close to completion and I am confident that we will be able to introduce innovation into our delivery of apprenticeships in the south of Scotland, and to roll that out to employers across the country.

Marie Hendry: The OU deals only with graduate apprenticeships. In relation to Chris Brodie's point about the frameworks that have been established with industry, we would like the frameworks to be extended to other sectors, and that is already happening. In the work that we do across the country, we have been seeing real demand for apprenticeships in areas such as social work, and in health and social care there is demand for healthcare assistant apprenticeships at graduate level and management level. Those have not come through yet. A lot of apprenticeships are in technical areas and skills areas that have absolutely been needed, but we would like those areas to be expanded.

On flexibility, because the Open University works with such a diverse population, given our aim of widening access, we would really like there to be flexibility in the apprenticeship model so that it is not tied only to the full-year full-time degree. We see quite a lot of people with caring responsibilities, people who have gone off on maternity leave and people who have been off sick having to come off apprenticeship programmes and then go on to them again, instead of being able to flex their time up and down with part-time and flexible working. That situation is starting to impact on the equalities aspect of apprenticeships, because we are starting to see more men than women taking them. We would like to work with SDS on that, and we are starting to have some conversations about the model with SDS and the SFC.

On what Government and others can do about the issue, I note that funding and parity of esteem for part-time education are important not only in oil and gas, but in all sectors. Part-time learners do not get access to maintenance support or council tax reduction, and care-experienced students who are over 25 or are learning part time do not get access to the care-experienced bursary. Elements of those things could be changed easily, and that would make a big difference. The part-time fee grant is the only show in town at the moment, and if someone earns more than £25,000, they have to pay the fees.

The SFC review of modular learning, part-time learning and lifelong learning recommended a learning allowance that people could use throughout their life, rather than people having one chance to get a degree. That would make a huge difference to people's ability to transition from career to career.

We also want there to be more support for SMEs. The flexible workforce development fund allows them to apply for up to £5,000 for learning, and we have seen the demand for that in the college sector. The key thing is that 99.3 per cent of businesses in Scotland are SMEs, and they tell us that funding and time are difficulties for them. Time is a massive issue for them, and their inability to backfill and the uncertainty around Brexit and Covid have meant that SMEs are struggling to keep up and keep their staff, so we need flexibility to support them with funding. Fifty-one per cent of SMEs said that they will increase their training budgets this year, but they are looking for a bit more support in terms of time and effort. That was a long-winded answer that was supposed to be short, but that is my plea.

Gordon MacDonald (Edinburgh Pentlands) (SNP): A lot of the questions that I was going to ask have been covered, but I would like clarification on a couple of points. We have talked a lot about upskilling and reskilling the existing workforce, but the SDS submission highlights that the percentage of Scottish businesses that provide training for staff has fallen from 70 per cent to 59 per cent over the past seven or eight years. Chris, as a starter, will you provide some background to that data?

Chris Brodie: That is a purely factual position, but I will explain the factors behind it. That data is pulled from the Scottish employer skills survey, which takes place every two years. The survey was undertaken in 2020, but not in 2019. The fieldwork took place between October and December 2020, which was in the midst of the second wave of restrictions. The 2020 figure is an outlier that is explained by the economic restrictions that we rightly faced because of the pandemic.

Gordon MacDonald: The number of businesses that were training staff was fairly consistent over a long period before that so, if the figure is an outlier, are we roughly where we were pre-pandemic?

Chris Brodie: I have a terrible record on making predictions and bets, so I will not comment on where we are now. However, looking at the period from 2013 to 2017, you are right—the percentage of employers in Scotland who were providing training to their staff was fairly consistently about 70 per cent, which was slightly above the UK level. If you were to assume, which is dangerous, that things will be the same post-Covid as they were pre-Covid, you could be right, but I would not slap a bet on that.

Gordon MacDonald: We spoke earlier about problems with the supply of people. There are vacancies in agriculture, hospitality, manufacturing and construction, and for HGV drivers. What should the Scottish Government or, indeed, the UK Government be doing immediately to try to address those issues? We have had various calls from VisitScotland, Scottish Chambers of Commerce and the Royal Society of Edinburgh for the UK Government, predominantly, to intervene, but what are your views on how we improve the supply of people?

Chris Brodie: I want to say a couple of things about why we are facing this crunch. As I said earlier, there are the implications of Brexit with regard to EU nationals potentially leaving the country and not coming back. There is also the issue of economic inactivity, and there is the relentless pressure of Scotland's underlying demographics. To me, the combination of those three things means that there is no one simple answer or response to the issue. We need a broad-ranging response.

Where there is a case for bringing in workers in certain sectors on short-term visas, we should be taking that opportunity to close the gaps. We also need to take a hard look at what we can do to bring in people who are not currently engaged in the labour market because of health issues, because they think that there are no jobs out there, because they are actually looking for a job or for whatever reason. We need to focus on that group in order to broaden the labour supply.

It is important that we face the short-term pressures, but we also need to think how, in the long term, we can turn round some of the challenges that we face. The role that is played by the institutions that Paul Little represents and by universities in attracting talent into Scotland is potentially important, and we need to find a way of locking in that talent here for three, five, 25 or even 50 years afterwards. All those things will combine to sort out the long-term challenge that is causing the issues that we are seeing at the moment.

Gordon MacDonald: Does anyone else want to respond?

Paul Little: I will comment, as I was name checked by Chris Brodie—thank you, Chris. [*Laughter.*]

For the sake of clarity, I point out that, between the City of Glasgow College and Edinburgh College, we attract 7,000 international students every year. That is often not recognised, as international students are usually more synonymous with universities. We often hear colleges say plaintively that they do not get enough airtime. I argue that they do not get enough funding. We evidenced that in "The Cumberford-Little Report". It beggars belief that only a third of the tertiary funding goes to colleges and the other two thirds go to universities—and that is for the teaching side. I could understand that if it was the case for universities, but I cannot understand why colleges get only a third. If we look at the national and international reputations that not just the two institutions that I mentioned but others have in their areas, we can see that they are good examples and that we have a very good starting point in that respect.

On going beyond that, we have already talked about working with industry. I note that there are at least 30,000 day-release students in Scotland's colleges. That is another approach. Personally, I think that we are past peak degree: we need more agile responses with more in-work and release training and shorter bite-sized pieces of learning. The future will demand that, as will young people and employees.

Marie Hendry: The Open University works across all four UK nations and we are speaking to the Governments in each of those areas. They are all different, but the key focus for all of them is how we reskill people. In effect, we are lobbying on behalf of not just the Open University but the entire education system—colleges and universities—with regard to the flexible nature of funding and provision to reskill and upskill people as quickly as possible. That might mean anything from a short-term 30-credit module in a particular area to a pathway to a degree that enables people to study in chunks to be brought in from different institutions. A degree is still a very valuable qualification. People cannot be upskilled in, say, green skills and technologies in just 10 weeks. Trades need to be reskilled, and we need to be able to do that in a flexible fashion.

The issue of funding and support for students is important, be they part or full time; young or in the middle of their careers; and graduates, graduate apprentices or learners. We need to be able to address it systematically in Scotland, as well as across the UK—indeed, the UK Government was mentioned earlier. We can provide that sort of thing at scale, and we can work with partners, such as the college sector in Scotland, to support that education.

As I said earlier, Scotland is in an enviable position with its tertiary education system. Last week, I spoke to people in the Northern Ireland skills system, and they talked about the fact that we have a pathway through the Scottish credit and qualifications framework, and about the ability of our colleges and universities and the industrial sector to work together. That is envied, and we should not throw the baby out with the bath water. We should build on what we have, and funding is critical to that. The modular flexible work-based element is also important if we are to ensure that we can get to people as quickly as possible when skills gaps arise now and in the future, as well as predicting where the gaps will be.

10:30

Gordon MacDonald: Richard, do you have anything to add?

Richard McClelland: I will make a point about HGV drivers. In the construction industry, there are people who are working at the most basic level—for example, as general operatives—and everyone is looking for career progression. In the construction sector, a person who has been a labourer for a number of years might want to progress to driving a machine. In the same way, a lot of people want to drive vehicles and would see that as a progression. If HGV driving could be promoted as a form of career progression, people might see themselves as moving on and progressing through getting qualified and skilled in operating vehicles.

Jamie Halcro Johnston (Highlands and Islands) (Con): Good morning to the committee and witnesses. I am sorry that I am not able to be with you in person today. I hope that you can hear me okay—it is blowing a bit of a hoolie here at the moment, so I apologise if I am slightly disrupted.

I want to highlight what Marie Hendry said about parity of esteem. I support that approach. As a former spokesman on skills for my party and convener of the cross-party group on skills, I think that it is vital. Support for small and medium-sized enterprises is also important, and we need to do more to encourage and support them to get involved.

The topic of my first question has been covered, but I want to get confirmation of something from Chris Brodie. Chris, perhaps you can remind us of the number of current vacancies across Scotland in comparison with the number of people who are economically inactive. What you said was really interesting. Are we doing enough to get those who are economically inactive back into work, whether by supporting them or through other ways of encouraging them? To use a crude term, it is about the balance between the carrot and the stick. What more could we be doing right now?

Chris Brodie: I am afraid that I am going to disappoint you again with regard to my ability to provide the specific number of job vacancies in Scotland, as the number has unfortunately not stuck in my head. I can say with a strong degree of confidence that the number of job vacancies that are currently being advertised is above pre-pandemic levels, but I will be happy to confirm the numbers in writing.

I have another figure in my head that I have not yet shared. The Institute for Employment Studies has looked at mobility in the jobs market over the past three months and it found that, across the UK, 2.2 million people changed jobs or entered a new job during the summer months. That is a phenomenal number, and it is the highest for something like 30 years. The increase has been driven by people returning to work as well as people changing jobs. Mobility is taking place in the labour market.

Forgive me—I have forgotten the second part of your question while I was trying to remember the numbers. Perhaps you could repeat it.

Jamie Halcro Johnston: I suppose that what I am trying to get at or find out is how much of the labour supply shortage can be met by those who are currently economically inactive. Of course, they may not be suitable for some of the positions that are out there. My question is really about whether we have the correct balance between supporting those people back into the workplace and using other more forceful ways of encouraging them back in.

Chris Brodie: SDS does not have direct responsibility in that area, so I have the joy of being a commentator rather than a delivery agent. Currently, 823,000 people in Scotland are economically inactive, but that number is a bit misleading. We should focus on the group of people who are economically inactive and are looking to get back into work, which comprises about 157,000 people. Some of the mechanisms that SDS has in place will be available to those people through the national transition training fund, and the route of upskilling through the Open University and colleges is also open to them.

I understand why we are focusing on short-term pressures at the moment, but the bigger challenge is how we build strength and capacity in the working-age population over the long term. That leads us to look at people who are not working because they have an illness or some challenge that prevents them from getting back into the labour market. We are seeing investment in some of the underlying causes, such as childcare.

There also needs to be a strong focus from employers. We are beginning to see that where, in response to labour shortages, employers are considering amendments to job roles and looking into recruiting from different demographics that they would not previously have considered. The digital technology sector is a great example of that, because it is responding to some of the challenges that it faces by actively recruiting from neurodiverse groups.

There is a danger that, when we sit in front of the committee, we assume that we are the only ones who have the responsibility for fixing the issue. There is also a big responsibility on employers to think hard about how they can best secure their talent pipelines for the future.

Jamie Halcro Johnston: Another matter that has come up again and again is automation, which is progressing in various areas. We are also likely to see changes in how we address climate change, for instance. How does trying to get more freight off the road impact on the need for HGV drivers? If we are considering more local sourcing, which could be a positive rather than a negative, how does that impact on demand and need within certain sectors?

How does Skills Development Scotland engage with business on future needs where automation is likely to lead to pressures or relieve them in certain areas? How easy is it to do that? How on the ball are you—that might be a slightly unfair term—in relation to where automation might be able to relieve some of the pressures in the future?

Chris Brodie: I will answer the question in two parts—how we engage and how on the ball that is—because they are slightly separate.

Our engagement with industry is pretty deep and wide ranging. Over the past 10 years, we have established an infrastructure in the shape of industry leadership skills groups and published a series of sectoral skills investment plans. We keep that work alive. It is, in essence, based on the premise that our skills investment plans, our own apprenticeship programmes and investment in skills are driven by what employers tell us is going on in their sectors.

We are already picking up evidence of automation becoming a hot issue in elements of the food and drink sector. It is playing out heavily in advanced manufacturing, as it has for a number of years. The implication of that is that, in the medium to long term, fewer people might be needed to service those industries.

We also hear about the limits of automation in some settings in particular. Tourism and hospitality are examples of where you can automate but, sometimes, the customer experience of that is not what business wants to deliver. Automation will play out differently in different areas.

It is not easy to answer the question of how on the ball that is. However, our approach is based not only on us as an agency understanding automation but understanding where employers and industries are at. That is reliant on how far-sighted employers are about the changes that are coming down the track.

Jamie Halcro Johnston: Does anyone else on the panel want to comment on that?

Marie Hendry: I can give an example of some work that we have undertaken that fits the question about economic inactivity.

During the pandemic, with funding from Skills Development Scotland's digital start fund, we worked with the Department for Work and Pensions and took 100 people who had been long-term unemployed through a 13-week coding skills course that led to industry certification. We also worked with employers and gave careers advice. At the end of the 13-week programme, we got 10 of those people jobs in the tech sector. They had been long-term unemployed. One of the participants actually cried, because they had not thought that they could ever do a university-level qualification, never mind get back into the job market.

If we want to reach economically inactive people, we must work in partnership. Providers should work with businesses and with agencies such as the Department for Work and Pensions, as well as with third sector agencies that work with people who are economically inactive. If we find the right thing for those people, there is a job at the end of it. We can do it.

The OU in particular can do that, because we have open access, which means that we provide open access to the entire education system and not only to an OU qualification. We can do the first part and then pass people on to Paul Little's college or other colleges or pass them back into industry because they are part qualified. Working in partnership is key to that, and we do a lot of it. We can play a part in that. The example shows that, if we get the funding right and get to the right people, we can provide them with a job at the end, and in a short timeframe.

Colin Beattie (Midlothian North and Musselburgh) (SNP): Having had the opportunity to listen to all that has already been said, I understand that there is no quick fix to our current supply chain problems and our labour and skills shortages. Chris Brodie said that there are about 823,000 economically inactive people, of whom about 20 per cent are actively looking for work. The figure seems very high. Is that in line with our competitor economies? Do you have a figure at your fingertips, Chris?

Chris Brodie: I am going to have a stiff conversation with my briefing team at SDS about the numbers that they provide for me. I apologise again, because I do not have an exact number, but I can say a couple of things.

The Scottish economic activity rate is typically higher than that in the rest of the UK. You referred to the 19 per cent figure. I am rarely surprised by numbers—contrary to appearances today, I work with a lot of numbers. The figure of 19 per cent of economically inactive people looking for work is the lowest proportion for a long time. I think that a story will emerge from the pandemic. Lots of people, particularly older workers and most particularly older women, have chosen to leave the labour market. It is difficult to quantify what contribution that has made to the labour choke that we are seeing. It is an emerging story that we should keep an eye on.

Colin Beattie: It would be interesting if you could give us figures that compare us to our competitors. That is really important.

We have heard that 157,000 people are actively looking for work and that there is a disconnect with skills. Over the years, we have consistently heard from companies that focus on hiring older staff, such as B and Q, that those workers are more productive, loyal and consistent in their work than some younger workers. Older staff are clearly a resource that many companies value. I assume that some of those 157,000 people are older people who are looking for work. We are looking

for a quick fix. Is there nothing that we can do to tap into those resources better than we are, in order to provide immediate cover in certain areas?

10:45

Paul Little: We have many of the tools at our disposal in Scotland—we just need to scale them up at pace. We have already talked about the economically inactive, and the college sector probably deals with a lot of those students. After all, one in three of all students in all colleges comes from the most disadvantaged areas. There are in Scotland deep pockets of disadvantage and growing inequality, because of the pandemic and 10-plus years of austerity.

Colleges have a 93 per cent success rate with regard to the target of having 25 per cent of all higher education that is delivered in colleges being delivered to older workers and older adults. "The Cumberford-Little Report" talked about the importance of lifetime learning. In the good old days, it was called lifelong learning, but we managed to dismantle that, too.

There were reasons for doing that. After the previous crisis, we focused urgently on financing and developing the young workforce, but we now seem to be doing that to the exclusion of everybody else. At one point, we were not addressing the young workforce, and then we were not continuing anything for the older workforce.

Our colleges still have the residual infrastructure to do that work. To be honest, if many of our recommendations were implemented in a fast way—I know that I have said that once already, but I really want to push it—you would, after consultation with all the key stakeholders, get greater alignment and a greater and fairer response to the workforce that would allow older workers to get the skills that they need in shorter bits of learning and at a level that they want to learn at. Where else in the UK do people have 23,000 courses to choose from? We are not a massively diverse or fragmented country like England—we are very cohesive in that sense.

As I have said, Scotland has many of the tools that are needed, but the narrative is not shared and is exclusive. The challenge is to ensure that the narrative is inclusive and to rebalance and refocus things after the pandemic. We have a fantastic opportunity to reboot and give hope to the workers that Richard McClelland referred to or the older workers that you mentioned through lifetime learning. Our report says that the many things that colleges do can, in essence, be described as lifetime learning and support for business, particularly in a symbiotic sense. The blueprint is there. We just need to scale it up at pace.

Colin Beattie: Is there a way of bringing older workers back into the supply chain in a productive way to ease some of the pressures that we face?

Richard McClelland: As with everything else, you just have to encourage them to come back and see the valuable contribution that they can make. In our sector, we find that older workers love the idea of mentoring the younger people who are coming through. A lot of older construction professionals and civil engineers want to mentor young engineers and contribute to their training, development and upskilling. It is all about making them feel valued and of value to the sector.

Marie Hendry: The answer to the question is yes—you would not expect to hear anything other than that from the Open University. The older workforce has recognised that it can make an amazing contribution, particularly with regard to upskilling and reskilling people. One great example has been the success of some graduate apprenticeship schemes, many of which are being used to upskill those who are already in the workplace. For example, a lot of people who work in software engineering are taking on our cybersecurity graduate and postgraduate apprenticeships. It is a way of engaging with staff who are already in the workplace. The fact that graduate apprenticeships can be taken on by people who are over 24 means that they can be upskilled into the careers and jobs that the industry needs. Moreover, employers are seeing how loyal those staff are.

At the Open University, although we work with younger people, we work predominantly with the over-25s. As I said, if you are going to encourage people back into the sector, whether they be economically inactive or whether they need to upskill for careers, you need to make it worth their while. The skills and training need to be available, and in a flexible way that fits in with their lifestyle. After all, older learners have more life going on—for example, they might have kids, other caring responsibilities or lots of other things happening—so the funding and the flexibility need to be there.

At the moment, we are doing quite a lot of work in the health and social care sector, which is an area with massive skills gaps. We are looking at people who are working in that sector and are training them to be nurses, or to do introduction to health and social care qualifications. We are working with the Scottish Social Services Council to utilise the young workforce and to upskill workers who are already in the care sector so that they can go into managerial careers or into nursing. The care sector sees its older workforce as key, because those workers have the skills and

the loyalty. We just need to train them up to have higher-level skills.

Colin Beattie: Chris, is the older workforce a potential quick fix?

Chris Brodie: As someone who is rapidly moving into the older part of the workforce, I would say yes. We should exhaust all the possibilities for re-engaging people in work. I am encouraged by what I have heard from Paul Little and Marie Hendry about the focus of their work. I would not say that the older workforce is a quick fix, but it is an important part of the solution.

Michelle Thomson: My question follows on from the theme of the role of women and was triggered by Chris Brodie talking about economically inactive workers in his opening remarks. Here is another question about numbers: what percentage of the economically inactive population is made up of women? To what extent do all panel members routinely disaggregate the data that they collect so that they understand the particular impacts on women in the labour market?

Chris Brodie: I do not have those figures to hand, but we will provide whatever analysis we can to the committee afterwards. Regarding the disaggregation of data, we capture data about the characteristics of individuals who participate in our apprenticeship and other training programmes. We look at a range of characteristics. I can provide that data in writing.

Marie Hendry: We do that. As an access-widening institution, we actively promote women into careers, particularly in STEM—science, technology, engineering and mathematics. I cannot remember the figure off the top of my head, but we have a high proportion of women in STEM courses, which we are proud of.

We also look across functions. We look at women with caring responsibilities or women who are carers or who live in areas of multiple deprivation. We look across sectors to see if there are other aspects.

Paul Little: I will lend Chris Brodie some of my briefing team to help him with the numbers. About 75 per cent of the population is made up of women and young people. My institution is about 49 per cent male and 51 per cent female. That figure oscillates. We talked earlier about some of the most disadvantaged people, such as mothers who are trying to learn English so that they can provide money and benefits for their family. At the moment in Glasgow, we are able to support 3,000 of those women in returning to learn that language, but there is a waiting list of 10,000 women who want to do that. We can only support the tip of the iceberg.

It is about inclusion. Colleges have been involved for centuries in providing local opportunities, particularly through part-time or a lifetime learning. That might be superseded or enhanced by the microcredentials that we discussed. They give us a great opportunity to tell a mother or an older relative that they can get a nationally recognised qualification after 20 hours of study. If we told people that they had to spend the next three to four years doing that, they would not do it.

The Convener: Richard, you work in a sector that has traditionally been perceived as predominantly male. Do you see an increasing need to attract women into the workforce? What can be done to support that?

Richard McClelland: What matters is making the sector more attractive to women. There are jobs in the construction industry that might not have been considered by women, but if we think about people who work in weigh bridges or who work in laboratories or do material testing, we can open up opportunities. People might start out thinking that construction is just about driving a machine or digging a hole. We need to make it more attractive to everyone who might need a job.

The Convener: That is great; thank you. I thank all the witnesses for taking time to speak to us and to contribute to the inquiry.

United Kingdom Subordinate Legislation

10:55

The Convener: Agenda item 3 is consideration of a Scottish Government consent notification relating to a UK statutory instrument. Members will find information about that in papers 3 and 4. The committee is invited to consider the consent notification for the European Free Trade Association and trade and co-operation agreement international agreement procurement SI. Are members content with the notification?

Members *indicated agreement.*

The Convener: The committee will now move into private session.

10:56

Meeting continued in public until 11:49.

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