



OFFICIAL REPORT
AITHISG OIFIGEIL

Finance and Public Administration Committee

Tuesday 31 May 2022

Session 6



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Pàrlamaid na h-Alba

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FINANCE AND PUBLIC ADMINISTRATION COMMITTEE
17th Meeting 2022, Session 6

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*Daniel Johnson (Edinburgh Southern) (Lab)

COMMITTEE MEMBERS

*Ross Greer (West Scotland) (Green)

*Douglas Lumsden (North East Scotland) (Con)

*John Mason (Glasgow Shettleston) (SNP)

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

*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Chris Brodie (Skills Development Scotland)

Andrea Glass (Skills Development Scotland)

John Swinney (Deputy First Minister and Cabinet Secretary for Covid Recovery)

CLERK TO THE COMMITTEE

Joanne McNaughton

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Finance and Public Administration Committee

Tuesday 31 May 2022

[The Convener opened the meeting at 09:30]

National Performance Framework: Ambitions into Action

The Convener (Kenneth Gibson): Good morning, and welcome to the 17th meeting in 2022 of the Finance and Public Administration Committee. Our first agenda item is the final evidence session as part of our inquiry into the national performance framework: ambitions into action. I welcome the Deputy First Minister and Cabinet Secretary for Covid Recovery, John Swinney. Mr Swinney is accompanied by Scottish Government officials Barry Stalker, head of the national performance framework unit, and Caroline Dodds, team leader in the national performance framework unit. I welcome you all to the meeting.

I invite Mr Swinney to make a short opening statement.

The Deputy First Minister and Cabinet Secretary for Covid Recovery (John Swinney): Good morning, convener. I welcome the opportunity to appear before the committee as part of its inquiry into the national performance framework. Although the national performance framework is highly regarded domestically and internationally, we must grapple with the complex question of how to translate the ambition that it sets out into concrete actions for improvement. There will not be one straightforward answer to that question, but by drawing on the experience of those who use the national outcomes to shape policy making and service delivery across local government, the public sector, business organisations and the voluntary sector, I am confident that effective solutions can be found.

Drawing on those experiences and voices exemplifies what the national performance framework is all about: encouraging partnership, collaboration and recognising the part that we all play in improving the wellbeing of people in Scotland. Meeting the challenges of Covid recovery, achieving net zero and reducing child poverty will require more and more of that collaboration, and we must therefore listen carefully in order to unlock more of the national performance framework's potential.

I have been grateful for the responses that the committee has received to its call for evidence and from the oral evidence sessions that it has held as part of the inquiry. The breadth of responses from across Scottish society demonstrates the wide appeal of the national performance framework and its potential to bring together different sectors on the same outcomes. The responses underscore the strength of commitment to the national performance framework and the progress that we have made since 2018 in making the framework's approach one for all of Scotland, not just for the Government.

We can and must learn from organisations that have effectively shaped their policies, programmes and systems around the national outcomes and that can demonstrate their impact on them. However, they also present important evidence in highlighting areas in which we can improve. Improvements can be made on issues such as accountability, budgeting for outcomes and integrating the national performance framework into the Government's systems and processes. I will continue to listen to those important contributions and consider how we will respond.

The inquiry is timely, because the upcoming review of the national outcomes presents an opportunity to put ideas into action. The review, which will be undertaken in partnership with the Convention of Scottish Local Authorities, will consult widely with communities across Scotland on the national outcomes, and it will go further by considering how the national performance framework can achieve greater impact. Public engagement is due to start on 23 June, and the review is to be launched at the national performance framework conference. Communities, charities, businesses and other organisations in Scotland will be given various opportunities to influence what our national outcomes are and how we can create the environment in which they can be achieved. The findings of the committee's inquiry will be considered as part of that review. As the committee has requested, we will provide the Parliament with ample time to consider the review's findings and any proposed changes to the national performance framework that it leads to.

I am very happy to address any questions from the committee.

The Convener: Thank you very much for that opening statement. You hit the nail on the head, because the most significant issues that have come out of the evidence sessions so far have been accountability and budgeting for outcomes. That has certainly been what I have been hearing. In the round-table session and in others, a number of witnesses made those points. The Scottish Leaders Forum said:

“typically, the NPF is not actively used to shape scrutiny, provide sponsorship, undertake commissioning of work or shape the allocation of funding.”

Witnesses have said that the national performance framework could be more closely linked to budget planning. Questions have been asked about that, but no real answers have been forthcoming. How can we make the national performance framework more responsive to those concerns?

John Swinney: That is a central issue. For the national performance framework to be effective, it has to be a statement of what we as a country are trying to achieve and the outcomes that support those aspirations. Inevitably, funding and policy decisions at an operational level will have enormous significance for whether those aspirations are achieved.

I was interested in some observations shared with the committee by North Ayrshire Council, which is well known to you, convener. The council provided a submission to the inquiry that said:

“The National Outcomes influence the development of our Council Plan which outlines our priorities agreed with our communities and is North Ayrshire Council’s central plan. It forms part of the ‘Golden Thread’ linking national outcomes through to each employee’s daily activities.”

That captures the sense of importance that we want to attach to the national performance framework. In that example from North Ayrshire Council, the contribution from an individual employee is connected right through to the national outcomes as part of the national performance framework. Similarly, budgeting should be so aligned. We must constantly be mindful of that issue in all the planning and decision making that we undertake. We should not take decisions or make judgments that are not aligned with the aspirations that are set out in the framework. Accordingly, we should be able to link decision making at an operational level with the achievement of those outcomes.

The Convener: The point that you make is important. The phrase “golden thread” ran through a number of submissions and was raised in oral evidence. At the workshop that we held in Dundee and from talking to Government officials and witnesses across the board, I found that there is strong backing for the national performance framework and what it is trying to achieve but there is an issue with how patchy the Government’s response can be to the way that it sets its own outcomes.

That failure to align budgets to outcomes has caused an element of frustration, which came out last week. Organisations that take the NPF seriously feel that, although they are following it, there is no real reward for aligning themselves closely with it. There is also no backlash for other organisations that are more loosely aligned with

the NPF. The Government does not take that into account either. It is almost as though the Government has set the outcomes and then allowed people more or less to get on with it without any real focus on what we can do from a financial perspective to encourage more people into pursuing them. That is why we have a patchy situation across Scotland, which none of us wants. People want best practice to be followed everywhere.

How can we tighten that up a wee bit? A number of witnesses have given evidence to suggest that Government departments do not always mention the national performance framework in their own documents when they set out objectives. That makes some organisations feel that the Government is not as focused on the NPF as it says that it is or as it should be. How will the Government address those issues?

John Swinney: The first thing that I will say, which I should have said in my answer to your first question, is that I accept that engagement on the issues will be patchy. That is not satisfactory, but it is an acknowledgement of reality. I will not sit here and deny that reality.

The point that you raise about whether there should be a reward or penalty mechanism is interesting. In a variety of different respects, we should consider whether there is a place for the performance of organisations in the use of public money to influence future decision making.

That is not a route that the Government has gone down. We have gone down more of a route of encouragement and engagement with organisations to get them to acknowledge the significance of the national performance framework and for that to be reflected in the Government’s priorities. However, as I said in my opening statement, the Government will examine with care the outcome of the inquiry and, if the committee comes to conclusions on some of the questions, we will give those issues consideration as we examine the role and content of the national performance framework as part of the review that we will undertake.

The Convener: I probably put that quite crudely. It is not really about penalising organisations. It is probably about being more favourably disposed towards the ones that have engaged and accepted your encouragement, Deputy First Minister.

John Swinney: We might settle on a term such as “incentivising”, convener.

The Convener: Indeed.

John Swinney: That might sum up what you and I are going on about and might be a better way to think about it.

The Convener: This is quite a serious matter because the Government has outcomes that it wants to be delivered and there will clearly be an element in Government if they are not delivered. Therefore, we should surely focus on anything that helps to achieve them.

There is also an issue with who owns the NPF. It seems to be a whole-society approach. There does not seem to be a focused driver for it. Again, people feel that it is not being prioritised as much as it was initially. It has been around now for 14 or 15 years and there is a feeling that it should be re-energised a wee bit with a focus on who is driving it so that people are aware of exactly who that is.

John Swinney: The ownership of the NPF is clear: it is owned by the whole of society but is driven by the Government. That is the best way that I can express it.

The outcomes in the framework will not all be delivered by the Government. We need to successfully engage the business community, for example, on some of the questions as part of that. However, ultimately, the framework must be owned by the whole of society if we are to have any aspirations to deliver its contents. What then emerges is the degree of priority that the Government gives to the framework in its agenda and how we go about encouraging and motivating participation in the framework from a range of organisations.

As to the relevance of the national performance framework, it is more important today than ever. The principal areas of the policy agenda that the Government wishes to achieve are, in summary, an economic recovery from Covid, the eradication of child poverty, and addressing our commitments on net zero. Those three principal aspirations of Government policy will not be achieved in neat little compartments within Government. They will be spread across a range of the national outcomes that are part of the national performance framework. As a consequence, we must encourage a collaborative, non-compartmentalised approach to policy making to ensure that we achieve the Government's policy objectives in a fashion that achieves the aspirations of the national performance framework.

The Convener: Thank you for that. It has set my mind ticking over with a number of things but, to reassure my colleagues who are now panicking at the prospect of another myriad of questions from me, it does not mean that I will ask too many more.

I point out that one of the pleasing aspects of the evidence that we took was that the third and private sectors were supportive of, and, indeed, enthusiastic about, the national performance framework. You talked about recovery, poverty

and having to address the climate emergency. Fife Council said that it prioritised those three outcomes. There was concern about there being perhaps too many outcomes when we should focus on three, four or five certain ones, not the 11 that we have.

You talked about the importance of the economy but "Scotland's National Strategy for Economic Transformation" has only two references to the national performance framework. There is no alignment with national outcomes. If the Government is trying to ensure that everything is cross-cutting and working to the same agenda, an important document such as that should surely have taken greater cognisance of the national performance framework.

09:45

John Swinney: I do not share your assessment of the national strategy for economic transformation, convener. I am happy to debate it and, if the committee reaches such a conclusion on some of the issues, ministers will reflect on that. The national strategy for economic transformation sets out an approach to economic development that is inextricably linked to the three themes that I mentioned in my last answer to you: Covid recovery, the eradication of child poverty and the achievement of net zero, all of which are embedded in the national performance framework.

If we are judging some of the questions by the degree to which we structure a strategy document, for example, to align with the contents of the national performance framework, you might have a point. However, the thinking in the national strategy is non-compartmentalised, collaborative and about engaging the various sectors of society in contributing towards the common goals, which are reflected at the heart of national performance by the purpose of the framework, which is to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth.

The Convener: It is important that the national performance framework is seen to underpin such documents. It is not always easy for people who read them to second guess the Government. That might be what the Government has in mind but, if it is not there in black and white, people will wonder whether the Government is really prioritising the NPF in the way that it should. That is what I am saying about the strategy, not that it diverges in any way from the NPF.

John Swinney: There might be an argument for some of the description and presentation of that to be more explicit. We could certainly consider that.

The Convener: A number of people said that one of the difficulties with the national performance framework for the wider population—most of whom, I believe, will probably not even have heard of it—is its remarkably dull name. The title “national performance framework” brings to mind the national planning framework, which has the same acronym—NPF. People have suggested calling it the national wellbeing framework, although “ambitions for Scotland” sounds like a better title to me.

If the framework is going to be reviewed, could the title be reviewed? Could it be something that people feel has a bit more vitality? Somebody said last week the one way to ensure that a document is not read is to put the words “framework” and “performance” in the title. That was not a flippant comment; it was a serious comment about trying to ensure that we get buy-in from more people. I ask the Deputy First Minister to take that issue away and consider it as we review the framework. The Parliament is much more enthusiastic about, and has much more knowledge of, wellbeing—as do the public—than the two-dimensional gross domestic product measure that we used to use in the past. The framework talks about that.

I have one final question to cover a couple of issues that some of our witnesses really struggled with, about how we use the national performance framework—or whatever they call it in future—to declutter the public sector landscape and to share best practice. There is a plethora of documents and it seems that whenever the Government wants to do something new, it brings out an additional document rather than replacing existing documents and strategies.

I asked one of our witnesses directly about best practice and how they share it and they talked about sharing it internally. What I was clearly asking about was how they share best practice with other organisations. For example, if a local authority has an excellent way of working and is delivering on poverty outcomes, how can that be shared with other local authorities? One would assume that would happen through COSLA, but it does not seem to be working in the way that it should.

How we can use the NPF to underpin those aims of decluttering and sharing best practice?

John Swinney: Your point about titles and terminology is reasonable, convener. I will take that away and reflect on it. If I had to give my preference today between “ambitions for Scotland” and “the national wellbeing framework”, you would not be surprised to hear that I agree with you that “ambitions for Scotland” sounds a bit more uplifting. There is a fair point to be explored there.

On the question of decluttering, you make a fair point, convener. As time goes on, new policy initiatives are introduced and there are moments when we have to take stock and simplify some of those exercises. We will look to do that as part of the work on the national performance framework, so that it becomes ever more meaningful to people and organisations.

We do not need to build public awareness of the national performance framework; we need to build awareness of the effect of the national performance framework—that is what matters. What is important is the difference that it makes to people’s experiences of public services and the workings of various organisations. The question is what difference it makes in their lives, as opposed to whether they can answer 20 questions about the national performance framework. There is an opportunity for us to make that more meaningful and impactful. We will reflect on that as part of the process.

The Convener: What about best practice?

John Swinney: Every effort is made to ensure that best practice is shared across the community of governance in Scotland, if I can put it that way. The Improvement Service focuses extensively on that work. We undertake many activities through social investment partnerships, for example, which explore new ways in which we can support some of our more vulnerable population and support individuals into activity. We are sharing that best practice across a range of different organisations.

The challenge is to ensure that there is an appropriate platform to enable that to be undertaken. I would express some frustration that while good and innovative elements of practice can be taken forward in some parts of the country, it takes a long time for them to reach all parts of the country. That is unsatisfactory. However, the national performance framework gives us an opportunity to try to enable more organisations and individuals to see where that best practice lies and how they can learn from it.

The Convener: I recall that the Improvement Service was very messianic about best practice when the sadly departed Colin Mair was at the helm.

John Swinney: Yes, indeed.

The Convener: I will open out the meeting to questions from colleagues.

Michelle Thomson (Falkirk East) (SNP): Good morning, Deputy First Minister. As you will be well aware, the Community Empowerment (Scotland) Act 2015 states that public sector bodies, including local authorities, are required to “have regard to” the act in carrying out their functions. We are also

aware that that does not apply to city region deals and the new replacement for EU funds.

When the Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations gave evidence to the committee, he agreed that policy differences could occur but said that, ideally, those would be resolved through

“regular dialogue and honesty on our part about where we might diverge.”—[*Official Report, Finance and Public Administration Committee*, 24 February 2022; c 11.]

In other words, he conceded that there could be divergence.

Given that the Scottish Government remains accountable for the national outcomes, could the 2015 act be reviewed to ensure that all spend—even spend that goes through public bodies or local authorities—must be aligned with the national outcomes?

John Swinney: Michelle Thomson raises an interesting point. She mentioned the requirement that the 2015 act placed on public bodies to “have regard to” the national outcomes. The phrase “must have regard to” could be replaced by “must be aligned with”, which would place a much higher level of obligation on public authorities.

Ms Thomson makes an interesting point about measures that could be introduced that might not align with the policy direction that we wish to take. The Scottish Government has made absolutely clear to the UK Government our frustration and dissatisfaction with the arrangements that have been put in place on, for example, the shared prosperity fund. In our view, it does not provide a satisfactory opportunity for us to ensure that that expenditure—which, before the new arrangements, would have been aligned with the direction of policy travel in Scotland—will be so aligned in the future. I think that that makes no sense and that it is a foolish route for the UK Government to take, and we have said that to the UK Government, but it is proceeding with its arrangements.

Michelle Thomson raises an issue that the Government could consider, in order to provide a greater opportunity to align that expenditure with the prevailing direction of policy travel. We are talking about achieving the national outcomes, on which we are going through a democratic consultative process. That may provide a better route to achieving some of those objectives. It is an interesting suggestion.

I do not think that the terminology of the 2015 act, as it stands, puts such an obligation on organisations, but it might be able to be made to do so in the future.

Michelle Thomson: Thank you. I look forward to hearing more about that as part of the reflection process.

I have a slightly different question, which picks up on some of the threads that the convener pursued. I cannot imagine that many members of the public are watching these proceedings, but I am sure that members of various bodies will be doing so. I do not think that the challenges and complexities that exist in aligning budgetary spend with outcomes are generally understood. It is a highly complex and difficult process.

Could you give us a flavour of those areas in which you think that that is difficult to do in practical terms? An example that is often cited is our use—globally, I mean—of the crude measurement, thus far, of GDP, as opposed to wellbeing indices. In reflecting on that at some point in the future, might the Scottish Government look to adopt more forcefully some of the newer, softer measures around wellbeing that have emerged recently, rather than looking only at hard measures such as GDP? I realise that that is a complex question, but I would like to hear your reflections on it.

10:00

John Swinney: There are two elements to that question, the first of which relates to the choices that are made about the alignment of spending with the achievement of outcomes. I could go through endless examples of where that is difficult but, as a general theme, there is a substantive challenge to allocate public expenditure to measures that are designed to be preventative as opposed to being reactive to events.

There are many examples of that. We could take a sum of money and have a judgment about whether we deploy that on reactive services, such as the provision of some degree of healthcare that picks up the consequences of illness, or whether we spend that money on encouraging a much greater engagement in things such as healthy living, exercise and active travel which, although they are longer-term investments, will be much more significant and impactful in improving the general health of the population.

The challenge in that example is that, if there is an immediate need of emergency or critical intervention, it is difficult not to fund that at the same time as trying to encourage the preventative interventions. More and more of our funding decisions are being aligned to preventative interventions, but that does not take away the need for emergency and critical interventions as well. That debate or dilemma is an ever-present one with which we have to wrestle, but that probably best sums up the challenge in how we

shift spending in a direction that is more supportive of the achievement of national outcomes than the current position is. That is probably the best way to express some of those challenges.

The second aspect of the question relates very much to the effectiveness of public expenditure, how we are able to measure that and what, as a whole, are the central indicators for making a good judgment about the health, wellbeing and vitality of our society. Certainly, over the 15 years for which I have been a minister, the debate has changed from being, in 2007, a discussion that was, frankly, very much focused on GDP growth to a much broader range of considerations. That reflects part of what the convener said in his questions to me.

Similarly, the national performance framework has to reflect that. It is broadly based. In no way could we say that the national outcomes are all about GDP. They are not. They involve a broader range of factors, and that has to be reflected.

The wording of the purpose has been revised. The wording in the 2007 version, if my memory serves me rightly—and I know that we corrected it—was

“to focus ... on creating a more successful country, with opportunities for all ... to flourish, through increasing sustainable economic growth.”

The wording has broadened in the intervening years. We need to continue to consider that point as we review the framework, and it is important that we take people with us, because there will be voices from within our society that say that it is too broad and needs to have a harder, sharper edge—for example, around GDP.

I come at these arguments from the point of view that economic opportunity is fundamental to the health and wellbeing of our society because, if people do not have economic opportunity, they cannot support those whom they love. Economic opportunity is therefore relevant right across the spectrum of Scottish society. However, I also recognise that just having a job will not necessarily meet the needs and requirements of everybody in society. The range of considerations has to be broader.

Michelle Thomson: I do not want to take up everyone’s time—it is a highly complex area to consider—but you furnish a good example of the difference that is made by preventative spend having a longer sight of funding to lock that in, given that we have a five-year review point. That is an important point.

John Mason (Glasgow Shettleston) (SNP): As far as I am aware, the public are not getting excited about the national performance framework—none of them sends me abusive emails about it, although they do about other

things. Is that important, Deputy First Minister? You seem to be saying that the thinking is the important thing. We, the local authorities, charities and the third sector are all thinking about the values in the NPF but not necessarily talking about them using those words. Are you satisfied with that, or would it be better if more people throughout society were talking about the national performance framework?

John Swinney: We need to have enough people talking about the national performance framework but, if I were to come to the committee and say that I am going to launch a marketing campaign that will spend—[*Interruption.*] Liz Smith has reacted to that as I predicted. If I said that I was going to launch a marketing campaign of £X million to raise awareness of the national performance framework, I think that it would get the reaction from Liz Smith that it just got and she might not be the only person to give that reaction.

However, it is critical that, in their experience of society, members of the public have the benefit of collaborative policy making that is focused on the achievement of the outcomes. I venture that people want to live in a country in which we

“tackle poverty by sharing opportunities, wealth and power more equally”

and where our children

“grow up loved, safe and respected so that they realise their full potential”.

People in society want to have those experiences, but they do not necessarily need to be able to pass the national performance framework entrance exam through raised awareness. However, public organisations, private businesses and third sector organisations must work together to try to achieve those outcomes so that people experience them.

John Mason: One of the comparisons that have been made is with the Well-being of Future Generations (Wales) Act 2015. I believe that the Welsh have a commissioner who can challenge the Government from outside. We have commissioners on many things already and I presume that we will have many more in future. What do you think about the idea of having somebody outside Government whose specific job is to challenge all of us on how we tie in with the national performance framework?

John Swinney: We have many such organisations already. Any day of the week, Audit Scotland could decide to consider those questions—it has in the past—so I do not think that a commissioner would add an awful lot of value.

There is also Parliament, which exists to challenge on such questions, as does the

committee. I welcome the committee's interest in and engagement on the matter, because it gets to the heart of some of the questions that occupy much of my time as Deputy First Minister, which are about how to encourage more collaborative approaches to policy making and service delivery.

Government is inevitably compartmentalised. We spend a lot of time trying to use the national performance framework as a tool to tell compartments that they must collaborate a great deal more with other compartments to achieve outcomes because we will not transform some of the challenges that affect the constituents whom John Mason represents, such as resolving the poverty that they experience, if we do not work more collaboratively.

John Mason: The idea that we should not work in silos and that we should be collaborative has come up quite a lot, and I fully agree with it. The counter to that—a slightly different suggestion—from some organisations is that it would help for organisations such as local authorities, universities or the health service to be tied more into specific outcomes, rather than everybody being responsible for everything. The thinking is that it is harder to hold bodies such as NHS Greater Glasgow and Clyde to account if they are responsible for everything, whereas it is easier to hold them to account if they are responsible for one or two things.

John Swinney: It is impossible to break things down in that fashion. NHS Greater Glasgow and Clyde is exclusively responsible for open-heart surgery—nobody else is responsible for that—but its actions are also relevant and significant to the general health and wellbeing of individuals who might end up needing open-heart surgery in a number of years' time, because of what the health board can do on healthy living, nutrition advice and support to communities through projects that alleviate poverty, which is such a driver of poor health in our society.

Some organisations have exclusive responsibility for certain things, but they always make a general contribution. It is essential that NHS Greater Glasgow and Clyde can undertake open-heart surgery, but it is equally important that it contributes to the wider health and wellbeing of our population.

John Mason: Oxfam said that there is not really an outcome that relates to care, and it suggested that we might add such an outcome or be a bit more specific about that. Do you have thoughts on that?

John Swinney: That may well be a reasonable point to consider. The committee has heard that evidence, and such a suggestion may well come

out of the exercise that the Government undertakes to review the framework.

There are 11 national outcomes, and there will always be scope for people to say, "Ah, but." We must consider to what extent the "Ah, but" comments merit changing the framework. We should be open to challenge on that question.

Ross Greer (West Scotland) (Green): A moment ago, you acknowledged in response to John Mason that it is not essential for every member of the public to have a comprehensive understanding of what the NPF is, but it is important that those who are involved in relevant organisations, such as public bodies, understand what we are headed towards.

I am trying to understand the difference between those who are responsible for on-the-ground delivery and those who are responsible for strategic planning. How important is it for a heart surgeon to understand NPF outcomes versus the senior management team of a hospital or health board? How important is it for a classroom teacher to know what NPF outcomes they are working towards versus the senior management team of a school or a council education department? At what level do you expect people to recognise tangible and specific NPF outcomes and their relationship to those outcomes?

John Swinney: The national performance framework's ethos should be known about not just by those who deliver public services but by those who are engaged in trying to achieve any of the outcomes. Mr Greer put to me the example of a classroom teacher versus senior management; in my opinion, the answer is both.

The classroom teachers who I meet see the wider picture. In general, I do not think that they think that all that they need to attend to is the outcome that

"We are well educated, skilled and able to contribute to society".

They will be mindful of the outcome that

"We grow up loved, safe and respected so that we realise our ... potential"

and of the outcomes that

"We tackle poverty by sharing opportunities"

better and that

"We ... protect and fulfil human rights and live free from discrimination".

They will live out all that through the strength of curriculum for excellence.

Therefore, I am distinguishing between an awareness of the national performance framework, which needs to be almost a household understanding—because people should

experience those outcomes—and the practitioners' awareness, which needs to be at a higher level than that household awareness.

10:15

Ross Greer: You referred to the “ethos” of the NPF, which relates to the feedback from the focus groups. The group that Daniel Johnson and I spoke to ended up landing on the word “implicit” when we asked about how their organisational plans and strategies align with the NPF. On the whole, the people we were speaking to, who were from a variety of public bodies, were not chief executives and senior managers. The folk we were speaking to were much closer to the level of delivery, and my interpretation of that word “implicit” was that, for them, rather than it being about rhyming off the specific outcomes and how they are contributing to them, the NPF is a set of guiding principles that shape the culture in their organisation .

When we are talking about the level of practitioners, is that approach of being guided and having your broad approach shaped by the NPF—rather than being able to list of specific outcomes—satisfactory? Is that what the Government wants to achieve, or are you trying to achieve a deeper, more specific level of understanding?

John Swinney: That is good and beneficial, but it is probably not quite enough. I used a quotation from North Ayrshire Council earlier:

“It forms part of the ‘Golden Thread’ linking national outcomes through to each employee’s daily activities.”

I chose that quotation because I thought that, in all the material that I looked at in preparing for the committee, it best captured my aspirations. It is not that people ought to be able to rhyme off all the national outcomes but that their contribution to what they are doing should be significantly guided by the aspirations of the national performance framework. That quotation probably best expressed what the Government is trying to achieve.

Ross Greer: My final question is the perennial one that is asked every time the Government tries to get broad public engagement. How, through the review exercise that is about to take place, are you going to engage with those people—that overwhelming majority of the general public who have no idea what the NPF is and who do not necessarily have an immediate and obvious relationship with the delivery of NPF outcomes—who are otherwise disengaged from the process and who do not work at the relevant level in a public agency or third sector organisation?

John Swinney: We need to undertake external engagement that will allow us to identify, in

essence, what type of country people want to live in, because that is the question that fundamentally drives the contents of the national outcomes. What type of country do people want to live in? We need to hear that from members of the public, as distinct from practitioners who deliver the services or interventions. A fundamental understanding of what type of country people want to live in ought to shape much of our thinking in that respect. We will do that through a range of engagement mechanisms. Some of that might be through community gatherings. Some of it might be through survey material. We will use different tools to gather that information.

Daniel Johnson (Edinburgh Southern) (Lab):

I want to go back to some of the points that the convener raised because, ultimately, success—and continued success—comes down to accountability and responsibility for taking the process forward.

It has struck me throughout our conversations that a great deal of enthusiasm for the national performance framework is coming from agencies, and particularly from the third sector. However, that is not necessarily being reflected in what they are being asked to do. You gave North Ayrshire Council as an example, and we have heard multiple accounts of organisations saying that they have found it useful to consult the national performance framework. However, they are also saying that they are not necessarily being asked by the Government to frame their plans.

I wonder whether there is a need to reexamine sponsorship and ownership at a Government level. Do we need to ask your colleagues around the Cabinet table to take specific actions with regard to their portfolios? One observation that has been made is that, when you held responsibility for both the national performance framework and the finance portfolio, that glued the NPF, as a priority, to the money, which is what ultimately tends to drive things. That does not necessarily happen when things are split from the money. Does there need to be a rethinking of responsibility at ministerial level and about where the performance framework is owned within the responsibilities across Government?

John Swinney: I do not think that the particular solution that Mr Johnson puts to me is necessary to achieve that end, although I think that the point that underpins that is necessary. Mr Johnson makes the point that the national performance framework has to be meaningful in Government and that it has to influence decision making. I agree whole-heartedly with that. I think that it does that. However, the Government probably needs to look at whether the NPF is as influential in decision making as it could and should be.

The Cabinet considers performance on issues in relation to the national performance framework reasonably frequently. The Cabinet and ministers are also looking very extensively at the delivery of priorities, and of course the delivery of priorities should be shaped by what they contribute towards national outcomes and the national performance framework.

If we find ourselves taking decisions that are at odds with the national performance framework, that is a completely different question. That would not be an appropriate position for us to be in. The committee might reflect on some of those things in its report. That brings me back to Mr Mason's point about external scrutiny and who is looking at what the Government is doing and saying "Actually, I don't think that's very consistent with the national performance framework". Well, parliamentary committees can say that to us, and Audit Scotland can say that to us. Ministers are looking at those questions to be satisfied that we are taking decisions that are in line with the framework.

However, the other perspective is that of third sector organisations—and I think that Mr Johnson has put a fair point to me here. I think that they will still feel that they are being asked to do compartmentalised things instead of collaborative things. They will probably feel that they are still being asked to undertake transactions rather than to provide holistic support to individuals. It is an on-going challenge in Government to move from the transactional to the holistic. Getting closer to the holistic approach would get things more in line with the aspirations of the national performance framework.

Daniel Johnson: I really recommend the Scottish Leaders Forum's work on how to apply the national performance framework. It has done work that goes beyond the level of the work that the Government has done.

On that note, I want to put to the cabinet secretary three suggestions that have been made and which I think make a lot of sense. First, although the point that John Mason was getting at with regard to responsibilities is important, I do not think it wise to ascribe particular measures to particular organisations, simply because of their very nature. However—and you could ask individual departments to do this—when strategies are published, it might be sensible to have, say, a policy of explaining in greater detail how they fit with and contribute towards the national performance framework. It would not need to be a statutory requirement, but could be just a matter of policy. It would make a lot of sense if we were to make explicit—front and centre—almost the first and last things that we are asking people in

Government to do and report against, much as we do with sustainability targets.

Another suggestion, which seeks to eliminate the situation in which everyone broadly agrees that the national performance framework is good and no one takes responsibility for specific things, is to have agreements between the Government and agencies that make who contributes what a lot more explicit. That would not necessarily mean putting hard targets in place—a lot of it could be qualitative description—but it would be very much about putting in black and white some of the interdependencies and relationships with third sector organisations that the cabinet secretary has just alluded to. Could those sorts of agreements, which wrap around or sit on top of formal contractual agreements, be an idea to pursue?

Moving on to the third suggestion that was made, as has been pointed out a lot to us, no one is going to disagree with any of the outcomes. They are all good things—they are pretty unobjectionable and unarguable. However, the difficult bit is trying to come up with plans to influence them. Instead of just picking individual targets, do we not need to have some medium-term plan for influencing certain things in the framework? The other two suggestions—on reporting and having agreements—would flow from the plan that would be implemented. After all, having metrics with no sense of how you might influence them is potentially a recipe for making no progress at all.

John Swinney: First, I agree whole-heartedly with Mr Johnson about the Scottish Leaders Forum. Essentially, we said that we needed to translate the national performance framework and the achievement of outcomes into practical realities, and it has really advanced the thinking on that issue. Of course, the forum is a collection of people who influence this whole area of delivery, but I hope that that gives the committee some confidence that such practice is going on in different aspects of the public sector.

In response to the points that Mr Johnson has put to me, I think that there is an opportunity to build on that work. We need to test ourselves as to whether our actions are consistent with the framework. For example, when I read a Cabinet paper that develops a particular policy position, it will narrate the relationship between the policy intention and the national performance framework, but that relationship has then to be reflected the whole way through from a policy development angle, in budget choices, in operational decision making and so on. Coming back to some of the points that Michelle Thomson put to me, I would say that an approach that is based more on picking up the pieces will be less aligned with the national performance framework than an approach

based on early preventative interventions. We have to look at where we can establish that alignment in all aspects of policy making.

Recognising the fact that the solutions to issues that members of the public face are not generally found in neat little compartments is an on-going challenge. Government generally operates in neat little compartments and I have said to the committee numerous times that I spend much of my time trying to overcome those neat little compartments.

10:30

Let us take, for example, the formulation of the child poverty delivery plan, which was published by Shona Robison. Behind that process was an extensive amount of cross-governmental dialogue, which I chaired, to ensure that the plan would get cross-government intervention and support. What came out of that dialogue was a collection of measures that addressed not only direct financial support to families, but employability support and wider holistic support, drawing on aspects of transport, childcare, early intervention, mental wellbeing and counselling for people who are economically inactive. As a result, the plan was much broader. A lot of cross-ministerial dialogue was involved to get to that point—probably more than should be needed, but it was necessary in order to get across all those compartments.

What we produced was a much broader and much more relevant intervention, which was much closer to the aspirations of the national performance framework than it would have been if we had just left the work to the compartment within Government that formally deals with poverty, which is Shona Robison's responsibility. If we are going to tackle poverty, we need to work on education, health, transport and employability—it will not take place in a neat little compartment.

I explained to the committee the focus on the big themes of eradicating child poverty, economic recovery from Covid and net zero. Those big issues are all tackled on a cross-ministerial basis to give us some chance of ensuring that our interventions are commensurate with the scale of the challenge.

Lastly, Mr Johnson asked me about how to influence methods of achievement. This is where I come back to where I started in this answer, with the Scottish Leaders Forum. We have to turn the NPF into a practical reality, and we have to operate an empowered system. I do not think that we need to wait for Scottish leaders to say, "We shall do this".

Some of the best outcomes that I have seen achieved have been through members of staff feeling confident that they are doing the right thing

and delivering better solutions to members of the public. In so doing, they might not have been thinking, "I must do this to satisfy national outcome 5", but are thinking about what is expected of them through the national outcomes.

Daniel Johnson: Ultimately, the success of that approach is largely reliant on that quality of the data that sits underneath it. It has always struck me that when you click through the national performance framework on the website, you get presented with lots of bullet points—probably more words than numbers—and that it is not very digestible.

There is a broader point around how to approach the data. However, on a simple presentational point, do you not think that we need to do better at presenting it? I became a real addict of the Public Health Scotland dashboard through the pandemic, which was incredibly helpful for seeing what was going on. Do you think that we need a bit of a refresh and something similar for the national performance framework in order to bring the data to life?

John Swinney: We were all addicts of Public Health Scotland, believe you me. An important point comes out of that: it was absolutely the focus for a certain amount of time, because Covid was the overwhelming issue. That tells us that although we might sometimes think, "Oh my goodness—people don't want to plough through all this data", the experience of Covid was that people wanted to plough through the data, because they wanted to know where we were heading. That is the crucial question: where are we heading?

We have to learn a lesson from that as we look at the material on the outcomes from the NPF. I have certainly been part of discussions in which we have wrestled with the question of data presentation in the national performance framework and have taken the view that, "We can't present all that complex data, because people will never plough their way through it." However, the example that Mr Johnson puts to me completely refutes that, because the data mattered. We have to find a way of making sure that we identify the data that matters.

We have had various attempts at that—performance maintaining, performance worsening or performance improving—and there are vast data sets sitting underneath that. However, it is a fair point for us to explore whether there is a collection of data sets that really tell the story of whether we are progressing. Some of those data sets are to hand. I am mindful that colleagues would not look at GDP and say, "Well, that's it,"—they know that it is one of a number of data sets. There are several data sets that I look at all the time that make me think, "Are things moving in the

right direction at this particular time? What I am troubled about?”

We look at those data sets on a constant basis. However, perhaps we need to draw them out, label them officially and have them endorsed by Public Health Scotland—then everyone would look at them.

Daniel Johnson: That would be a good start.

Liz Smith (Mid Scotland and Fife) (Con): I will ask about an important dilemma in all this, which has been raised by three sets of witnesses—when we took evidence from Fife Council last week and from the third sector about four weeks ago, and at our workshop in Dundee. All those people are broadly in favour of the national performance framework’s principles, but they said that the best outcomes are those that are owned locally. When local communities come up with ideas and feel that they are making the best progress, that is when they—perhaps led by local government—have ownership of what they are doing.

The dilemma is that, if the best performances can be driven from a local bottom-up scenario, some of the 11 projected outcomes in the national performance framework may get more emphasis in one region compared with another region or in one local authority compared with another local authority, and other outcomes will be lower on the agenda. Dundee City Council gave us the example that it felt that it was making good progress on child poverty but that, as a result, it was not focusing on the other outcomes.

Are some of the best outcomes being driven by local empowerment? If so, does that challenge the need for such prescriptive oversight from national Government of what we are trying to achieve?

John Swinney: I agree entirely about the importance of locally empowered solutions, and a lot of fascinating work is going on. I am closely observing the work that is going on in Dundee in the pilots that relate to the complex relationships around child poverty, employability and engagement in society. Really interesting work is emerging on that, and it is emerging in Dundee—not in other places. That is great, because it may give us an approach to best practice that we can share with others, so that we can begin to move on. There is a really sound platform that enables us to take that forward. Inevitably, that probably gives rise to greater emphasis being placed on some areas of activity than others, which is understandable.

I am interested in the characterisation that Liz Smith gives—that there is a prescriptive approach from the Government. I do not think that the approach is prescriptive. As I look at the evidence, some voices are saying that the Government needs to be more prescriptive, because we need

folk to be absolutely complying with the framework.

As you can probably sense from my evidence, I am not persuaded by the get-more-prescriptive approach. I am much more interested in making sure that people are empowered at local level to define the solutions that work for them, provided that they contribute towards the national outcomes.

Liz Smith: If that is true, does that imply that, when it comes to accountability and measuring achievement of the outcomes, the Scottish Government has to allow the measurement and the ambitions to be developed much more from a local perspective? Some people have used the word “prescriptive” to describe the 11 outcomes that are on the diagram.

People feel that their local communities can do things in their own way with considerable effectiveness, without having to worry too much about what the national performance framework says. I have some sympathy for that, because I have certainly seen examples of good practice that has been informed not by the national performance framework but by what works for a local community.

Last week, we debated community wealth in Parliament, and we have had the levelling-up agenda. In principle, both of them are good things, even if we might debate aspects of how they are run. What I am getting at with this dilemma is that many local communities across Scotland feel that they have an awful lot of ambition, talent and resources that they can best use if they are the decision makers, rather than having to apply themselves always to a national performance framework. That is the issue.

John Swinney: I am not sure, but we might potentially be in danger of talking at cross-purposes. If a community is developing its approach to tackling child poverty, that will obviously be with the objective of eradicating child poverty, which is right at the heart of the national performance framework.

Liz Smith might have a point if the Government was saying, “You must do the following,” but the Government is not saying that. The Government is saying that we want, by our collective efforts, to eradicate child poverty and that the Government will put in place certain things, but that is not exclusive. If people think that other things can be done in their community to eradicate child poverty, by drawing on their resources and capacity, they should just get on with it. Let us hope that that makes a big impact on the child poverty levels in the country.

The degree of prescription is in the Government saying what type of country it is trying to create

and inviting a variety of private, public and third sector organisations to work with us on that journey. We are not specifying, “You must do the following.”

Liz Smith: I will cite comments from the Wise Group, which has done fantastic work. Its point was that, although the national performance framework’s principles are extremely important, if the organisation is doing its job properly, it does not need the national performance framework to tell it what to do. It feels that it has enough examples of really good practice—of collaborative work with the third sector, local government and the private sector, I may say—that is helping to achieve national performance outcomes, but it does not need the NPF to get those outcomes in the first place because, if it is doing its job properly, the outcomes will be there. Given that observation, do we need to be slightly less prescriptive about the national performance framework so that people buy into its principles but we do not have to set too many parameters about how it is delivered?

10:45

John Swinney: I come back to the word “patchy”, which the convener put to me at the start of the session. I would be stunned if the Wise Group found itself at odds with the national performance framework or the need to refer to the NPF. I have known the Wise Group well for about 25 or 30 years; its thinking, ethos, outlook, perspective and practice have heavily shaped the NPF. However, some organisations in the country are not operating at that level and need the NPF to give them a clear idea of where they should be heading.

On the specific example that Liz Smith put to me, I do not think that I have anything to teach the Wise Group to any discernible extent, but there are other places in the country that would benefit from learning from some of that experience.

Liz Smith: You said something interesting when you said that, if you felt that people were not performing as well as they should be, the accountability level might be raised slightly, so that there were sticks rather than carrots to get them to perform better. Is the Scottish Government seriously considering that?

John Swinney: In our performance approach with organisations, we put challenging demands on them in what we expect of them. The Government is not entitled to do that in relation to local government but, if you look at the reports from the Accounts Commission when it looks at individual local authorities, it has pretty bruising things to say to them on occasion and it may have bruising things to say to them in a comparative

sense. There will be challenges to performance and we should be willing to consider those challenges to performance.

Douglas Lumsden (North East Scotland) (Con): To go back to the point about the golden thread and local authorities, you mentioned the North Ayrshire Council submission. We also had a submission from Fife Council, which said:

“In terms of our funding to the voluntary sector we do not assess grant awards against their contribution to the National Outcomes directly, nor do we map the awards to the National Outcomes that they contribute to.”

I asked the council about that and it said, rightly, that they are mapped against its LOIP instead, and I think that I made the point that—

John Swinney: Mapped against what, sorry?

Douglas Lumsden: They are mapped against the local outcomes improvement plan. I would say that the golden thread still runs through that, because the LOIP has to have due regard to the NPF. However, although third sector organisations will be contributing to the NPF, they might not be aware that they are contributing. Do you see that as a problem? Is it an issue at all?

John Swinney: The question that it raises in my mind is whether the local outcome agreements genuinely contribute towards the expected outcomes of the NPF. In theory, I understand Fife Council’s point, but I have a question in my mind as to whether that is all as closely aligned as is being expressed.

Douglas Lumsden: Would it be a problem if a voluntary organisation was not aware that it was probably making a good contribution to the NPF?

John Swinney: No—I do not think that that matters, as long as we are all operating in a way that contributes constructively to the direction of travel that the national performance framework expresses. I suppose that that comes back to comments that I made earlier. If organisations were using public money to operate in a fashion that was contradictory to the direction of travel, that would give me concern. I would not understand the point of that, because we have decided on our direction of travel and on what we should be aiming towards. That does not mean to say—in any shape or form—that every approach has to be identical in every part of the country, but we want to be satisfied that people are moving in a direction that complements the national performance framework.

Douglas Lumsden: You have made the point that it is all fine, as long as the LOIP aligns with the NPF. Where is the check and balance done?

John Swinney: It is not done formally. If I looked at an Accounts Commission report on a local authority, I would be surprised if I did not see

some commentary on the degree to which the local authority's planning and thinking were aligned to the national performance framework. The Accounts Commission is mindful, from a regulatory perspective, that that is a relevant issue for it to consider.

Douglas Lumsden: That might tie into what the Auditor General said last year, when he raised issues around accountability and delivery. He said that Scotland is suffering from

“a major implementation gap between policy ambitions and delivery on the ground.”

He went on to say:

“I am not convinced that public sector leaders really feel accountable for delivering change”.

Do you agree?

John Swinney: I do not think so. I go back to a point that Liz Smith previously made about the Scottish Leaders Forum, which is generally made up of public sector leaders in Scotland at an operational level, not a political level. As I look at the work that comes out of the forum, I see those individuals as being very much signed up to the agenda that I have talked about extensively this morning, while recognising that service changes have to be made and improvements have to be delivered to enable that to happen. I therefore do not really think that there is an absence of engagement and accountability on such questions.

Given the challenges that we face, we have to be satisfied that there is sufficient pace and intensity to such work. For example, I want us to move at pace to eradicate child poverty. We and all public authorities have to ask ourselves whether we are moving quite as fast as we could.

Douglas Lumsden: How could you increase that pace?

John Swinney: That is about the political leadership that we need to put in place to move the organisations. We might need to think of different policy solutions that will enable that to be the case and give particular areas of policy greater priority than others.

Douglas Lumsden: As Liz Smith suggested, is that about looking at how organisations are funded and using the carrot or the stick to make sure that they are aligned to the NPF?

John Swinney: There are always different approaches that can be taken. We have to satisfy ourselves that organisations are operating with good will in a direction that will help us to achieve the national outcomes.

The Convener: I thank my colleagues around the table. I will touch on one area that committee members have not covered. You talked about delivery of priorities, and one of the focal points of

the national performance framework is continuous improvement. Of course, it used to be more target driven. In response to Douglas Lumsden, you talked about the need to move at pace to eliminate child poverty.

You have said that you want the outcomes to be delivered in a less patchy form. However, if we have continuous improvement, what does that mean? Does that mean that the Government is satisfied with an improvement rate of 1 per cent a year, 5 per cent, 10 per cent or something else? If we are not going to return to having targets, would milestones be a more effective way of assessing where we are in reaching each outcome? Would that enable you to incentivise and encourage organisations that might not be doing as well as they could be?

John Swinney: There is a mixed picture with regard to some requirements. For example, Parliament has put into law statutory targets that must be achieved in relation to child poverty, and the same thing exists for net zero. Parliament has legislated for certain elements, and it is just a matter of fact that they must be achieved. That means that we must have a degree of intensity that is commensurate with achieving those targets. However, that does not exist in all areas of policy—it cannot because, inevitably, we have to give some areas of activity more attention than others. The Government has made its choices—we are giving more attention to Covid recovery, child poverty and net zero.

The national performance framework helps us to have as clear a shape and concept as possible of what is going on, so that we can judge whether progress is being made. Daniel Johnson put to me—fairly—the issues about data. The national performance framework should enable us to compare the situation in the country today with the situation 12 months ago and to judge whether that is satisfactory. That is an important measure, because we need to be able to judge whether our society has advanced as much as we would have hoped that it would.

The Convener: That is a fair point, but a number of organisations and people, including me, are goal and task driven, and one person or organisation might have a completely different idea of what continuous improvement means from another person or organisation. That comes back to delivery of the NPF being patchy, which is why I mentioned milestones. Is there a way in which we can, as it were, square the circle of the two philosophies so that we optimise the response that we receive for delivery of the NPF?

John Swinney: We have to consider that issue. Nobody wants the process to be vague—that is what we are trying to avoid. It has to be meaningful and discernible. The Government is

making a genuine effort to construct a national performance framework that enables us to do that. However, the review that we will undertake, which will reflect the feedback of the committee and its inquiry, gives us an opportunity to judge whether there is more that we could do. You put to me an important point that we will consider.

The Convener: We will finish on that point. I thank the Deputy First Minister for his frank and detailed responses to our questions, and I also thank him and his officials for attending. That concludes the evidence-gathering part of our national performance framework inquiry, and we will consider a draft report after the summer recess.

We will take a short break before we move to our next item of business.

10:58

Meeting suspended.

11:07

On resuming—

Skills Development Scotland

The Convener: The next item is to take evidence from Skills Development Scotland on the trends behind the income tax forecasts. The session follows on from issues raised during our 2022-23 budget scrutiny. It also sets the scene for our pre-budget scrutiny this year, which will be informed by the Scottish Fiscal Commission's next forecasts, which are to be published later today.

I welcome to the committee meeting Chris Brodie, director of regional skills planning and sector development, and Andrea Glass, head of regions and enabling sectors. I understand that Mr Brodie would like to make a short opening statement.

Chris Brodie (Skills Development Scotland):

Good morning and thank you for the invitation to give evidence to the committee. I begin by thanking the committee for agreeing to reschedule this appearance, which was originally due to take place five weeks ago. After managing to avoid Covid for two years, I took a short trip to Spain and unfortunately brought back an unwanted present. I am therefore very grateful for the rescheduling of this evidence session.

I will briefly set out some context around Skills Development Scotland. We are the national skills agency for Scotland and deliver a number of core services on behalf of the Scottish Government. We have more than 800 career staff who are embedded in every secondary school in Scotland and work across a range of public access centres.

We also run the modern apprenticeship programme on behalf of the Scottish Government; we delivered more than 25,500 modern apprenticeships last year. We also jointly deliver graduate and foundation apprenticeships with colleagues in the Scottish Funding Council.

The part of SDS that Andrea Glass and I work in is the skills planning directorate. We play a central role in working with employers to understand their skills needs now and in the future. We develop a range of evidence and insights, some of which we shared with the committee as pre-reading. That information is, in essence, cascaded out to training providers, colleges and universities with the intention that it is used to inform skills provision in Scotland. We also have a small team that delivers direct support to companies to help them to understand their skills needs at an individual business level and look at upskilling and reskilling opportunities.

It is also important to say that we have a direct influencing role in a number of the areas that I

described but we also have an important indirect influencing role in respect of the skills system. Scotland currently invests somewhere in the region of £2.1 billion or £2.2 billion per year in post-16 education and skills, excluding the cost of student support. SDS's annual budget is in the region of £216 million out of that £2 billion or so, and we directly invest somewhere in the region of £85 million to £90 million per year in apprenticeships.

We look forward to giving evidence to the committee and hope to be of help with its inquiry.

The Convener: Thank you very much for that. I will start with some questions and then we will go round the table.

“Scotland’s National Strategy for Economic Transformation” was published on 1 March and includes what have been described as

“five bold new policy programmes of action”.

Those include creating an entrepreneurial nation, developing new markets and industries, enhancing productivity and innovation, skills growth, and delivering high rates of employment and wage growth. In the three months since that was published, what changes, if any, has Skills Development Scotland made to its approach in order to take on board those priorities?

Chris Brodie: I will begin and Andrea Glass may come in with some follow-up points.

The first thing to recognise in relation to those five pillars of the national strategy for economic transformation is that, although you would instinctively think that SDS's primary role would be around a skilled workforce, we also have a role right across the strategy. We are working with colleagues on the young persons guarantee. The team that I mentioned that works directly with businesses is also supporting ambitions around new market opportunities for inward investment. That team also supports some of our work on the business support partnership and direct support to businesses.

Our primary areas of action are, however, around a skilled workforce. I will pick out a couple of examples. One of the named projects in the national strategy for economic transformation is the green jobs workforce academy, which we launched on 23 August last year. I will be in front of SDS's board next week talking about the development proposition for the second phase of the green jobs workforce academy. At the moment, it provides a resource that connects people with emerging opportunities in relation to the transition to net zero. We expect that the scale of job opportunities that will emerge over the next five to 10 years will be significantly greater than what we are seeing at the moment. We are

therefore building functionality into that resource and looking at how we align upskilling and reskilling support for individuals and businesses with that work.

I will point to another area, which I suspect will get to the heart of the discussion about productivity and skills. We are working very closely with colleagues in the Scottish Funding Council on the alignment of skills provision in Scotland's regions and sectors behind the needs of the economy. We have some sectoral work which, again, is looking at the transition to net zero. We also have some work in the north-east and the south of Scotland that involves working with education partners—the universities and the colleges—and the regional economic partnerships to ask where we think jobs are going, whether the skills system is currently delivering against those ambitions and what may need to change.

The Convener: From your response, it seems that you are saying that the strategy is based on a lot of the work that Skills Development Scotland is doing in the area—would that be right? That was not really what I was asking about; I was asking what you were going to change or do differently as a result of the strategy. You talked about what is being done around, for example, the green jobs programme from last August. Has the strategy been built on some of your work as opposed to the other way round?

Chris Brodie: I can maybe explain that slightly better than I did. The direct answer to your first question is that yes, like other public agencies, we were involved in the discussions to shape the national strategy for economic transformation. Some of the areas that I picked out deliberately referenced some of the actions that have been identified. I think that there are 78 actions across the national strategy, and I was looking to pick out some of the actions that specifically relate to our work in SDS in order to give the committee a sense of the progress that we are making on them.

The convener is right to point out that the green jobs workforce academy predates the publication of the national strategy for economic transformation. However, the importance of that work, and the potential contribution that it can make, is one of the reasons why it is a named project.

11:15

The Convener: The unemployment rate is about 3.7 per cent in the UK, and in Scotland it is a record low of 3.2 per cent. However, is that a realistic figure? For example, we understand that the percentage of people who are economically active in Scotland is more or less the same as the

percentage for the UK—it is 75.6 per cent, which is 1.1 per cent lower than the UK—but is that a realistic figure for full-time involvement in the economy? What percentage of those people are less than fully economically active and are working part time? Is there hidden unemployment? I understand that Sheffield Hallam University produced a study that showed that there are more than 1 million people who should be included in the unemployment figures but are not. What is the real picture? I think that, on paper, the picture looks rosier than is really the case. A lot of that is possibly because it is a time of huge vacancies in certain skills and there is a geographical mismatch of jobs and skilled people.

Chris Brodie: There is a lot in that question—I will try to pick my way through it. I warn the committee that I have been known to talk about this area at great length, so I will try to be brief. The first thing to say is that your characterisation of the headline figures is absolutely right. Adult unemployment is at a historic low. Youth unemployment in Scotland is remarkably low—it is something like 5.6 per cent. However, I agree with you, because I am not sure that that tells the full story of what is going on in our labour market. Economic inactivity is somewhere in the region of 21.4 per cent. I think that you have slightly earlier figures, because we updated our Covid labour market insights yesterday; the gap between our economic inactivity rates has closed, putting Scotland's rate close to the UK average.

Let us consider the long-term situation: the issue that we have in Scotland is to do with rising or fairly stable economic inactivity. I will come back to that in a moment. There is a flip side of the labour supply perspective, and that is what is going on in the economy. In short, every jobs market indicator that I look at suggests that we have a very hot labour market at the moment. From a certain perspective, that is a good thing. A high number of vacancies are being posted—it is higher than the pre-pandemic level. We also see lots of evidence of employers having recruitment challenges.

Although you might not have asked this, I might offer what you can do around that. We need to think differently about the labour supply challenge. Part of that is about looking hard at that economically inactive figure. You are right to point out that a significant proportion of that group—off the top of my head, the number is about 110,000 of the 230,000 economically inactive people in Scotland—is looking for work. We need to reframe our thinking about that group and ask how we get those people into the jobs that we know that employers are looking to recruit to at the moment because they are having difficulties doing that.

There are other dimensions to the issue with regard to demographics and some of the implications of what is going on in the skills system as a result of the pandemic. However, I agree with the premise of your question. Drilling down into the figures for economic inactivity is important, because I suspect that those people would want to work if they could find a job, and we know that employers are having difficulties recruiting.

The Convener: There were two parts to the question. It was quite an extensive question, so I apologise for that. The other part was about part-time working. What is the situation with the proportion of people who are working part time? What is happening with regard to the geographic balance? I represent a constituency in North Ayrshire where the market is not particularly hot, relative to, for example, Edinburgh. I and other colleagues from the west of Scotland have concerns that there is an east-west divide in Scotland. There might be a north-south divide in England, but it is more of an east-west divide in Scotland. How do we address those specific challenges? We can talk about percentages for Scotland, but there are marked differences between different parts of the country, as I am sure you are aware.

Chris Brodie: Yes, absolutely. On part-time workers, I have an extensive briefing in front of me that has just about every statistic that you can imagine for the labour market but nothing on part-time workers, so I will undertake to provide something in writing to the committee after the meeting.

You are right to point out the difference in unemployment rates across the country. For a long time, there has been an emerging east-west divide in Scotland in terms of population growth, economic growth and unemployment. That picture is beginning to change. One of the bits of data that we have been tracking since about 2014 or 2015 is the change taking place in the north-east. When I visited Aberdeen 10 years ago, the flippant comment that you would typically hear was that you could count on one hand the number of people unemployed in the north-east, because of the buoyancy of the labour market. However, that is no longer the case, and the north-east is now moving back to the national average. That east-west breakdown is now breaking down.

Andrea Glass will talk about some of the things that we might do around this in a moment but, for me, a number of issues lie at the heart of this matter. First, how do we ensure that conditions for creating good-quality jobs exist in areas of significant unemployment? Secondly, it needs to be recognised that North Ayrshire, in particular, is 20 or 30 minutes away from a really strong labour market in the wider Glasgow city region. The

transport infrastructure plays an important role in connecting people to jobs, but the important thing is skills, which brings me back to our focus on skilling, reskilling and upskilling people for the jobs of today rather than the jobs of 20 years ago and on improving people's employability skills.

Andrea Glass (Skills Development Scotland):

It is worth noting the very important work that is done in regions through the regional economic partnerships. The SDS regional skills planning leads manage the relationships with our regional partners right across Scotland, and part of that is about understanding where in those localities—the regions and the local authority areas—the challenges lie. It is important that we have a good evidence base for understanding the problem that we are trying to solve, and local partners can come together on that basis and begin to address the challenges, be they unemployment or whatever, within a particular locality. By having that strong evidence base, we can begin to ensure that we are solving the right problems, because it allows us to identify the challenges that we face.

The Convener: I asked about part-time work not only because many people prefer it but because a lot of people do not feel that there is a full-time job in the area for which they are qualified or in which they are skilled. With regard to skills, I visited one of the major employers in my constituency during national apprentice week, and a number of apprentices to whom I talked all said the same thing to me. When they were thinking about a career post-school, they were told by their careers advisers, "If you don't go to university, you're a failure." If one person says that to you, you take it as anecdotal, but if a whole wheren of people say the same thing, you have to think, "There's an issue there."

In your opening statement, you said that you have 800 careers advisers in Scottish schools. What kind of message is being given to younger people? We are trying to build more houses in Scotland, for example, but we need more roofers, plasterers, electricians, plumbers—you name it—as well as engineering skills blah blah blah. If everyone goes to university, there will be a shortage of people to go into apprenticeships, particularly as we do not have the same number of migrants coming into the country and the birth rate is at an historic low. Are we not facing a perfect storm in the years ahead?

Chris Brodie: As an immediate response to your comment about careers advisers, I would say that the influences on young people's career choices go wider than such advisers to include their teachers, their parents and their peers.

The Convener: Of course.

Chris Brodie: I can tell you that Skills Development Scotland's careers advisers do not push the message that, if you do not go to university, you are a failure. It is important that we communicate to young people the range of choices available—and, of course, we deliver modern apprenticeships, too. If a careers adviser is pushing that message, I would like to meet them. That might sound very threatening, but I just do not think that that is a message that we are looking to put out through SDS careers advisers.

Again, you have hit on an important point, and one that is a real paradox when you consider some of the data that we look at. We have significant labour shortages at the moment, for all the reasons that you have described and partly because of older workers leaving the labour market as a result of Covid. At the same time, record numbers of people are going into further and higher education—and, in saying that, I am in no way denigrating either.

One of the interesting innovations that we have introduced into the system at the SFC is the notion of graduate apprenticeships, which give people a higher-level qualification while they are in the workplace. They also have the added benefit of equipping young people and letting employers see the quality of the employees—an employer can get somebody working in their business, and young people can get the opportunity to learn how to learn. Broadly, then, I would be in agreement with the points that you have made.

The Convener: To be fair, I did not really think that the career advisers were saying that about going to university, but that is the message that a lot of young people are picking up. I have raised the issue in a number of fora, because I think that it is certainly something that schools need to address more directly. I know that, when I have held employment fairs, some schools have been very snotty about sending kids along—even kids who are not even going forward for exams, never mind those who are likely to go to university. Therefore, I think that graduate apprenticeships are hugely positive.

I want to stay with the issue of demography for a wee bit longer. The figures are quite stark. They show that, by 2045, the number of people of a pensionable age in Scotland is expected to increase by 21 per cent, while the number of people in the workforce is expected to decline by 2 per cent and the number of children is expected to decline by 22 per cent. That shows what the long-term situation is going to be. With 192,000 fewer people in the working-age population, the economy is going to have to be a lot more productive if we are to cope with the people of pensionable age at that point—I include pretty

much everyone in this room in that number, of course.

I want to ask about the migration figures specifically, because they are slightly ambiguous. Your submission says:

“Almost twice as many people left Scotland and moved overseas (31,300 out migration in 2019/2020 compared to 19,700 in 2018/2019)”.

When you say “overseas”, are you including England and that, or are you talking about countries beyond the United Kingdom? Last year, the birth rate in Scotland was 48,000. If we are losing 31,000 people in one year, that is pretty disconcerting at a time when the workforce is shrinking.

Do you know anything about the age, skills and educational profiles of the people who are leaving Scotland? As I have said in this committee before, many people come to Scotland to retire, but we are losing a lot of people in their 20s and 30s who are moving to the rest of the UK or beyond.

What are we doing to attract more people from the rest of the United Kingdom to live and work in Scotland?

I am sorry that there is a lot in there—there is so much to ask about, and I am trying not to ask everything.

Chris Brodie: I will pick up on a couple of things about what is going on in relation to demographics and migration, and then talk about what we might do about that.

Again, you are right: Scotland’s demographic profile has been challenging for a number of years and will continue to be challenging for the next 20 years. That is a consequence of, as you alluded to, the falling birth rate. In that regard, we are not unusual compared with both other Organisation for Economic Co-operation and Development countries and developing countries. This might sound blunt, but there is very little that you can do about that now. We will be dealing with the consequences of the low birth rates 20 years ago for another 20 years.

The really interesting story is around migration. In the 10 years to 2018, the Scottish population overall grew by about 290,000 people, and 90 per cent of that rise was due to in-migration. That 90 per cent could be cut almost perfectly in half, with half of that number coming from the rest of the UK and half from the EU—145,000 people moving north and 145,000 people coming in from the EU.

The consequences of Brexit and the pandemic have turned that flow down to a trickle. Those two elements are related, of course: we have lots of evidence that many EU nationals went back home to Europe to see out the pandemic and then were

perhaps unable to come back into the country because of changes in immigration rules. The second issue—it will sound obvious when I say it, but it is important to bear in mind—is that the entire global economy and population stopped moving for two years. It is too early to say whether the levels of migration that we were seeing in 2021 are typical of what we will see future years. However, what I can say with some confidence is that that flow of in-migration, which was typically of younger people of working age who were highly skilled and were likely to be engaged in the labour market, has slowed down considerably in the past four years as a result of Covid and Brexit.

11:30

The Scottish Government is wrestling with how to turn round the challenge that we face with regard to the working-age population. It published a population strategy in late 2019 or early 2020. For obvious reasons to do with the pandemic, that has not progressed, although it has picked up pace significantly over the past six months. It looks at measures that can be taken to increase the birth rate by creating a good environment for people to have families—that is a long-term intervention. It also features a talent attraction approach, which involves being clear about the sorts of skills that we want to recruit and bring into Scotland—we might decide that health workers and care workers are an important part of the mix, or we might go after, for example, digital technology skills and life sciences skills. Linking that to the priorities of the inward investment strategy and the national strategy for economic transformation is key.

The important part of the strategy is how you action that. Just before the pandemic, I had the good fortune to visit Copenhagen to look at how Denmark goes about talent attraction. From that, it was evident that Scotland needs to sell the distinctive qualities of the country in terms of the quality of life and employment opportunities here and the fact that it is a good place to raise your kids. Further, it is important to have a focus on who you are going after and to not only market to individuals but to follow up that marketing and ensure that you land that lead, for want of a better term.

Finally, the proposals around the talent attraction service also envisage some kind of settlement support for people who are coming to the country, whether they are from Bromsgrove or Barcelona.

The Convener: I realise that I asked quite a lot of questions, but there are a couple of points that you have not responded to. Can you say something about the age profile of people leaving Scotland and whether you are including other

parts of the UK when you talk about people going overseas? I do not know what the word, “overseas” means in the submission—does it mean people leaving Scotland or does it mean people going beyond the United Kingdom?

Attracting people to Scotland when a lot of people are leaving Scotland is like trying to fill a sink with the plug out. Surely, retaining people in Scotland is half the battle, and it is particularly important because, I believe, a disproportionate number of educated and highly skilled people are leaving. I know a number of people who have got, for example, a son who is an oncologist in Scotland or an information technology consultant in Boston—I do not mean Boston in Lincolnshire; I mean Boston in the States. Scotland continues to export an incredible number of talented people. We need to think about retention as well as attraction.

Chris Brodie: For clarity, the number that I was quoting—290,000 people over 10 years—was a net figure for migration; it is the difference between those who left and those who arrived. You are right to say that migration is complex. There are flows out of the country and flows into the country.

The other thing that I would say is that the data on migration is patchy. There is a bit of a treasure hunt involved in putting a shape on it.

I will make two quick observations. Almost as important as the issues that you have raised are the flows within Scotland. I have done a lot of work with South of Scotland Enterprise and in the Highlands and Islands. The situation in the Highlands and Islands is fascinating, as its population has grown by 6 per cent or 7 per cent during the past 20 years. However, that has primarily been as a result of older people moving there to retire, as you have described. The work that partners are undertaking there is about looking at the University of the Highlands and Islands as an asset that can be used to retain people in the region. We worked with Western Isles Council to scope the career ambitions of every person in school from secondary 4 to secondary 6, and we designed foundation apprenticeship offers around those ambitions, linked to provision at the college.

You are right to say that we need to focus on retaining people in Scotland, but we also need to focus on retaining and anchoring skills in Scotland’s regions.

To come back to the pandemic, digital connectivity and the breaking of the necessary link between where people live and where they work presents some opportunities to do things differently.

The Convener: I want to talk about loads of things, but I will not, because colleagues want to

come in. I will ask one final thing before I open the discussion out to colleagues, because there is so much to get our teeth into.

In your submission, you mentioned that

“The number of inactive people ‘discouraged’ has risen sharply during the pandemic but is starting to fall.”

I wondered what “discouraged” meant, so I looked at footnote 22, which says that it means,

“Those who are not looking for work because they believe no jobs are available.”

I find that point astonishing given that we have record levels of vacancies in the economy and that every aspect of the economy seems to have a chronic shortage. For example, the airports—not so much in Scotland but south of the border—have been clogged up, not just because of shortages of air crew but also of people in security and baggage handling posts. One would think that those vacancies would require all levels of skill. Where are we on that discouragement? Is the situation continuing or subsiding?

I have one final question about productivity. Reports differ on whether working from home increases productivity or decreases it and on whether a hybrid model is actually the best of both worlds. What is Skills Development Scotland’s view on that point?

Chris Brodie: I will say a couple of brief things on economic inactivity and the discouraged workers. If we look at the economic inactivity numbers, the numbers of people who are “discouraged” are relatively small in comparison to other groups, so part of my response is that we need to look elsewhere for the big challenges around economic inactivity. The big growth has been in people who are inactive because they are long-term sick and people who have gone on to study.

You are right—I look at those numbers all the time and that one makes me scratch my head. We have a hot labour market, lots of jobs, and recruitment difficulties, so why are people thinking that no jobs are available? What my colleagues who crunch those numbers tell me is that that group is typically, in the language that they use, “fluid and responsive to labour market conditions”. To put it in a layperson’s terms, that group will get smaller as people recognise that the labour market is now in a better position.

I do not want to say that discouragement is a red herring but, for me, it is probably not the most critical issue in relation to economic inactivity, because that group expands over time quite quickly.

There was a second part to the question, which—forgive me—I have forgotten.

The Convener: I have forgotten as well, now that I think about it. It was just about discouragement and so on—I was asking about what is being done. No—you have answered that one.

The second one—that is the thing when you think on your feet and do not write things down—*[Interruption.]* It was about working from home. Has Skills Development Scotland carried out research on which model is more productive—working from home, working in the office or a hybrid model of the two?

Chris Brodie: The best way to respond is to talk about the approach that SDS is taking. Like everyone else, on 16 March 2020 we flipped from an organisation that was fully in the office to fully at home within 48 hours. We have had two years, pretty much, of working from home. Indeed, I have done my past couple of committee appearances from the comfort of my spare room rather than the committee room.

SDS's approach is to test the benefits that we will get from hybrid working. We have recognised that hybrid working has had many benefits for employees and colleagues. Andrea Glass is on the team and she might give you a different view, but the volume of work that we have gotten through as an organisation has been significant because we have not been travelling to meetings during the pandemic. Personally, I have not been travelling all over the country. Home working brings big efficiency gains, for want of a better term.

At the same time, one misses out on interactions with colleagues, on creative thinking around new ideas, and on project starts and completions. It is too early to say whether a hybrid model of working will improve productivity, but my gut tells me that it will. However, I might need to come back on that question in two or three years to say how it has worked out.

The Convener: Andrea, do you have anything to add to that?

Andrea Glass: Yes, certainly. A lot of my team are out in the regions, and those who are in Highlands and Islands or the south of Scotland have found some significant benefits in a hybrid working model. They are not having to travel huge distances for meetings all the time, and that has allowed them to be more focused. When there is a meeting that they need to be at, they can do it virtually. They can also make a judgment that, if they absolutely need to be in the room for the benefits that Chris Brodie talked about, such as social interaction or workshopping ideas or whatever it might be, then they are able to be there.

There are also benefits in terms of the green agenda to not travelling so much. It enables organisations to demonstrate their commitment to net zero, and that is very important for us and our partners.

The one challenge that I see around it is the fact that people are expected to be available 24/7. There is perhaps some concern that if they are always undertaking work online, they do not have the breaks that they might have in the office. That can be a little bit challenging. On balance, though, I think that the hybrid working model will work, and it will give opportunities for balance.

The Convener: We will open up the session.

Ross Greer: I come back to the Sheffield Hallam University study around hidden unemployment—I think that is how they phrased it—that the convener mentioned, and specifically the million people who are on incapacity benefits. I preface this by saying that the report's authors made it very clear that there is no suggestion that large numbers of people are on incapacity benefits who should not be. It is not about fraud; people who are on incapacity benefits have legitimate incapacities and that is why they are on them.

The basic thrust of the report is that a large number of people are on incapacity benefits because they do not feel that they are able to get employment, or they are searching for employment, but while they are doing so, those benefits are the most appropriate social security for them. The subset in Scotland is about 100,000 people. Do you have any data on how many of those people in Scotland would like to be in employment?

Chris Brodie: I do have that figure somewhere—of course, now that I am looking for it, I cannot find it. Perhaps I can try to pick up on that question but we can follow up with the specific data, or Andrea might find it in a moment as she looks through the briefing papers.

As I have said already, I think that there is a real imperative from a labour market perspective to look at how we re-engage people who are described as economically inactive back into the workplace. I want to be clear that, in terms of what we deliver as an agency, that is not a service area where we have specific training or opportunities. We work with colleagues in local authorities and other partners in that respect.

I also think that it is an important driver for business to recognise that group of people as a potentially important source of skills and talent for filling labour shortages. Part of that is about businesses recognising the point that the convener made earlier, that a job that needs to be filled might not need to be filled full time. Employers might find that offering reasonable

adjustments that do not necessarily impact on the business but which facilitate ease of access to jobs for people who are on incapacity benefit is a good way of plugging gaps.

Andrea, have you tracked down the figure?

Andrea Glass: I am afraid not.

Ross Greer: It was a very specific figure to ask for, so there are no worries if you do not have it immediately to hand. If you could follow up in writing on that—

Chris Brodie: I will find it on the train back to Glasgow, no doubt. I can offer to provide it in writing to the committee.

Ross Greer: Thanks very much. As a follow-up question, in terms of availability of that data, I acknowledge that you just said that this is not one of SDS's primary or core responsibilities, but if you were to conduct further research into that group of around 100,000 people, would sufficient data be available to you? Do you have the data that you would need to contact those people directly, or would you have to go through the UK Department of Work and Pensions for it?

Chris Brodie: There are two parts to that question and part of my frustration is that we spotted this economic inactivity issue about six or seven months ago and I have a detailed report—a deep dive—on economic inactivity that we shared with our board and which we can summarise and share with the committee.

11:45

It is important to recognise that the economically inactive group is made up of a range of different groups of people. You are right to focus on getting people back into work who might want to go back to work and who have long-term limiting health issues. That number went up quite significantly during the pandemic, as did the number of students in FE and HE, and those are the two groups that account for most of that change.

I have done it again—I have forgotten the second part of your question—my apologies.

Ross Greer: It was about your ability to conduct further research in this area. Do you need to go through the DWP or do you already have access to all the information that you need?

Chris Brodie: Although I said that SDS does not have a direct service delivery role—we do not run the employability fund any more—one of the services that we run on behalf of our partners is the 16-plus data hub. Working in collaboration with the DWP, local colleges, schools and universities and using anonymised data, we can track where every young person aged 16 to 24 is on their

journey through either the education system or their engagement with employment.

We identify young people who are at risk and share that information with our partners. That dataset does not extend to the economically inactive but, although I do not know for sure, I suspect that the DWP will be aware of who those individuals are and will be working with them, either one-to-one or on a group basis.

Ross Greer: I have one final question, somewhat related to that. You mentioned that economic inactivity rates have gone up in part because of the high number of young people in Scotland who are in FE and HE. The net result of that is that we have, on the whole, a highly educated population and yet one of the most perennial bits of feedback that we get from employers—I remember it from 10-plus years ago, when I was at the senior phase of high school, and it is still the case now—is not just that they cannot find the young people but that they cannot find the people with the right skills.

Leaving aside specific skills shortages such as not being able to find enough qualified plumbers, electricians or radiographers, for example, the other element is general employability skills, such as the ability to work as part of a team, good communication skills and so on.

I realise that this is a very broad question, but, when we have such a highly educated population, with such high levels of participation in not just the senior phase of high school but in FE and HE, why do we have this perennial issue of employers saying that the skills are just not there?

I am an enthusiastic supporter of the idea that education is not just about employability—people go into FE and HE for all sorts of reasons—but it still seems odd that we have this disconnect. We have huge participation in further and higher education and yet we have employers saying that the skills are still not there.

Chris Brodie: It is a great question and it is quite a challenging and emotive subject, so I will preface my remarks by saying that Scotland's colleges and universities are a huge asset to the country, particularly when it comes to research.

At the heart of this is the mistake that we often make of equating high levels of qualifications with high levels of skills, but they are two quite different things. I will give a couple of examples, which go back to some of the sectoral work that Andrea Glass and colleagues in my team did a number of years ago. We were looking at skills for the life sciences sector. Scotland's university system turns out high-quality graduates but their lab skills capabilities were not there. Our approach to that was, first, to run a 16-week retrofitting course, for want of a better term, to put those lab skills into

graduates. That was then taken up as part of the curriculum by universities, so we saw a problem and we resolved it.

For me, the work that we are doing with colleges and with the Scottish Funding Council through some of the national strategy economic transformation projects is about looking at the skills system in the round and recognising that we have assets, but asking how to better align the system behind the needs of industry so that the gap that you describe does not emerge.

It is about aligning the system behind where jobs will be rather than where they were, and it is about having more courses in areas around the green transition and digital, where we know the economy is going to grow.

We need to look at the depth of the curriculum. The example that I gave about life sciences is replicated across a range of other courses. If you get industry engaged in designing the curriculum, you get graduates who are more ready for industry.

My final point is—I would say this, wouldn't I, because I work for Skills Development Scotland—if you look at the data, our comparators in the OECD that do not have that gap between qualification and skills have much more workplace learning. Apprenticeships are not perceived as the second choice, as you described, convener; they are a fundamental part of the skills system.

The final part is about upskilling and reskilling. The economy and the labour market have changed massively during the past two years, and that ain't going to slow down in the next 10 years, so how we keep worker skills up to date is a key question for us.

Andrea Glass: It is probably worth remembering the importance of meta skills, which are the higher-order, timeless skills that enable individuals, from school age and into the labour market, to become adaptive learners in whatever context the future brings. Those meta skills are really important and they need to be embedded in all sorts of provision and learning, because they enable individuals to respond to the challenges that we will face in the future.

Ross Greer: I would love to get into more detail on that, but I would be at risk of wearing my other committee—which was called the Education and Skills Committee—hat. Perhaps another time.

John Mason: I take your point, Mr Brodie, that there is a difference between skills and education. However, are we sending too many people to university?

Chris Brodie: That is a great question, which has put me right on the spot. Surprisingly, the answer that I will give you is that I do not think that

it is as simple as that. As I said earlier, Scotland's universities are a huge asset with regard to their research capability and in terms of providing a pipeline of talented and capable graduates. They are also a big draw for international students; we need to think about how we keep some of those international students to work in Scottish businesses.

Our issue is the nature of the journeys that young people take through the education system and, in some cases, the length of time that they take. We send so many people to university, as John Mason said, because although the college system is, in part, producing people who have the skills to go straight into work, it is increasingly becoming a route to getting the qualifications to go on to university to study.

The other nuance to the conversation is, as I have alluded to, recognition that the skills that we need to teach in our colleges and universities must be aligned to the future.

I will offer one observation, without answering the question directly and getting into some difficulty. There are a number of professions—for example, accountancy—for which people now need to go through university. However traditionally, looking back 30 or 40 years, the route to gaining those skills was the workplace. That is why we and the Scottish Funding Council are looking almost to reintroduce the concept of on-the-job learning through graduate apprenticeships, which are delivered by universities, to get people into the workplace.

John Mason: That is a fair point. I am an accountant, actually. Perhaps the situation is not as simple as I was suggesting. The idea of graduate apprentices is an extremely good one.

You talked about aligning with the needs of the future, or words to that effect. I am not asking you to do it, but how easy is it for anyone to predict what we will need in the future? I presume that that is why we have the census—I will plug people completing the census today.

During my lifetime, or while I have been a member of the Scottish Parliament, in some years we have said that we have trained too many teachers, but in other years we have said that we have not trained enough teachers. The same applies to nurses and some other professions. Is future need incredibly difficult to predict?

Chris Brodie: It is not easy to predict future need. Predicting the future is not what our forecasting work is about. It is guaranteed that the minute you write a forecast, it will be wrong to some degree. I have the debate regularly with college principals and colleagues in the skills system. We commission a set of national forecasts every year and we cascade them out into the skills

system. Is that because we believe that they will tell us that we need 12 plumbers in Lerwick next Thursday? No, it is not. However, they show us, directionally, where potential pressure points in the economy will be, which is an important thing for skills providers to understand.

The depth of our work is in engagement with employers. It is one thing to know that there is pressure in the oil and gas or engineering sectors, but we need to understand what creates that pressure and where the pinch points are in terms of skills.

I have a team of sector leads who work across 16 or 17 industries. Underpinning the forecast is a readout that we share with colleges, universities and training providers. It will say, for example, that there are issues in the digital arena around, for example, cloud computing. I might be wrong about the example, but the readout will say what specific skill needs are. It is not just about forecasting; it is also about putting some meat on that and saying which skills employers tell us we are missing.

The challenge is in respect of the speed at which the skills system can respond to that. One of the things that the national strategy for economic transformation highlights—we firmly believe this—is that the old models of two-year or three-year courses will not work in a fast-changing labour market. There is definitely a role for them, but we need our world-class assets to focus on upskilling and reskilling. There is already much evidence from the pandemic that universities and colleges have moved provision online, so the ingredients exist to meet that challenge.

John Mason: Are we making progress on getting more women into certain professions or, generally, into the workforce? We have often heard that, if women were setting up businesses at the same rate as men, the economy would be much better off. I suspect that that applies to various sectors—the economy would be better off if more women were high up in the engineering sector and all sorts of places.

Andrea Glass: There is certainly a challenge in that respect. It can be argued that we are underutilising the potential of the workforce if not everybody is able to take up the opportunities that exist.

We know that inequality is a potential drag on economic growth, so we need to look at how we can get more women engaged in the labour market. We have to be clear about opportunities and we have to work to break down barriers. Do we understand why women are not engaging, or why business start-up numbers for women are not so high? We also have to ensure that we have the right support in place once individuals are in the workforce. Are we offering the right conditions in

terms of flexible work practices and access to relevant training to allow women to take up opportunities?

I do not have detail about the actual numbers. Can you add anything, Chris?

Chris Brodie: We can follow up with some specific data. One of the challenges in relation to apprenticeships—particularly trade apprenticeships—is that we have had significant gender imbalances. They are obvious: women are much more likely to undertake hairdressing qualifications and men are more likely to undertake construction qualifications.

A significant body of work over the past five years has addressed that issue. We have appointed a senior adviser on equalities to examine what we could do in our apprenticeship programme. I know that we have made some progress—not in eradicating the imbalances but in changing the dial and closing the gap between male and female participation in some frameworks. One of the things that we have learned is that the issues have a societal root, rather than their root necessarily being in the design of our frameworks.

John Mason: I was going to ask about that in a supplementary question. You have people in schools; I hope that you can assure me that they are working on this. When I speak to young people when I visit schools, I get the impression that many girls have just not thought about engineering. That is because of peer pressure or their families feeling that they should not go into those jobs. If you can show us figures that show that we are making progress, that will be encouraging. I get a bit despondent at times.

12:00

Chris Brodie: I do not have figures at my fingertips, but I will provide them. I am fairly—if not very—confident that a change has been made in the metrics around the original targets that were set.

On your point about the messaging that is being put out, our careers advisers in schools are absolutely on message that construction is a career that is open to all and that hairdressing is a career for all. Any career is open to all. Our apprenticeships marketing reflects that message as well, as does the diversity of occupations that receive our apprenticeship awards. I sincerely think that at Skills Development Scotland we recognise that matter and take it very seriously.

John Mason: Okay—

Andrea Glass: [*Inaudible.*]*—*that you have to start very early on. Careers advisers are working with children in primary school to ensure that

opportunities are identified and that children do not feel that there are barriers to their being able to engage in any sector. That early work is very important, because it lays the foundations that enable breaking down of gender stereotypes in relation to various types of job. It is very important to start when people are young.

John Mason: I absolutely agree with that.

The other thing that I will touch on is the other end of people's lives—early retirement. It can be argued that people retiring early—especially highly skilled people—is having a negative effect on the productivity of the country as a whole. I have highly skilled friends who are the same age as me who have already retired. Maybe I should be considering it, as well. Is that a bad thing? It provides an opportunity for a younger person to come into a highly skilled job. In terms of the national performance framework, we have other aims in society—for the environment, for example. People who retire early might voluntarily get involved in some of those things. How do we get the balance right?

Chris Brodie: Andrea will answer first. I hope that I will not contradict her when I respond.

Andrea Glass: We certainly have a very tight labour market at the moment. For that reason, we really need to make sure that everybody's skills are still engaged. Older workers are important for the contribution that they make to the economy.

The evidence is a bit mixed. There is no clear evidence that older workers affect productivity when it is measured at the level of the firm or the team. However, some economy-wide studies have suggested that the ageing workforce might reduce productivity slightly due to the smaller numbers of workers in their 40s, which is the productivity prime. Maybe that is one for my employer—I turn 50 on Friday, so I will be beyond my productivity prime. The contribution of older workers to productivity is likely to differ by job type. For older people, jobs involving hard physical labour might be more challenging than more neutral occupations. However, we know that because of demographic challenges there is value in engaging and retaining older workers in the labour market.

It will take a wide variety of supports to do that. They could be around eliminating age bias in recruitment practices, or making sure that work remains attractive to older workers through there being a good working environment, a healthy working life and flexible options. To focus on skills again, the support could be through developing and maintaining skills throughout careers and ensuring that older people have access to the training that they need in order to be productive in the workforce.

Chris Brodie: From the SFC's economic and fiscal forecasts, in data from 2016 to 2020 we know that the biggest increase in economic activity is in the over-55 age group.

I will make two points. Interestingly, there was a lot of talk—I might have mentioned this at a previous committee appearance—about the great retirement that emerged as a result of Covid. Some of the early data that we have suggests that that is more a UK phenomenon than a Scottish phenomenon, and that leakage from the workforce has not been so great in Scotland. That might become clearer in future months.

I also highlight the fact that, although we have seen a big increase in economic activity among those aged 55 to 65, we have not seen the same among people aged over 65. That is despite there being an increase in the pensionable age to 66 then 67. The impact on economic activity of moving the retirement age from 65 to 67 remains to be seen. At best, the picture is mixed.

John Mason: Thanks, convener. I think that I will carry on working for a bit longer.

The Convener: Thank you. Michelle Thomson is next, to be followed by Daniel Johnson.

Michelle Thomson: I will pick up on two areas that John Mason already referred to, although I am not entirely sure whether that is a good thing, convener.

The first is the role of women, which is a personal interest of mine. I was reading the "Climate Emergency Skills Action Plan 2020-2025: Key Issues And Priority Actions"—or CESAP. As is the case with many other worthy documents, I find in it mention of women, green jobs, the pay gap, representation and so on. However, in common with the practice of most agencies, women are added to the main strategic document, rather than being worthy of a specific strategy document. That is of particular interest to me, as we start to look at the transition around skills that we can be involved in from the beginning.

Therefore, will you have a specific bespoke strategy for women in your emerging strategy, and do you plan to have one as your climate emergency skills action plan evolves? Before you answer, I will say that, in my opinion, without someone being accountable and responsible, that will continue to be only a bolt-on to the main thrust of the plan.

Chris Brodie: By happy accident, you could not have a better set of witnesses for the question on the climate emergency skills action plan, because Andrea Glass and I co-authored the document in the heady days of December 2020. I do not necessarily agree with the idea that we ever saw women as an add-on. However, you are right that

the document does not include a stand-alone section or chapter that states: “Here are the particular challenges that women face in terms of the transition to net zero.” Therefore, I take that point on board.

You referred to ongoing development of the plan. Implementation of the plan is overseen by the climate emergency skills action plan implementation steering group, which includes not only representatives of public agencies and the enterprise agencies, but Lesley Laird who is the director of Equate Scotland. The challenge that you have set with regard to how we reflect that in the future development of the plan is one that I am happy to take on with Lesley, outwith the committee, to see how we can best respond. We can follow that up with the committee fairly quickly. Andrea might want to come in on that.

Michelle Thomson: Before Andrea comes in, it is probably worth your while to note that I asked the same question of the enterprise agencies. They do not have a separate document either, so you will have similar views on that. Only if you have a separate document will you have specific measures of success, or lack of success, and an absolute focus on outcomes.

I would appreciate your thoughts on how, from the start—particularly in relation to the term “just transition”—we are going to address those different areas. I suspect that we might want to pick up on the matter again, given Andrea’s comments about economic contribution. I will bring her in on that, because it is a broad area.

Andrea Glass: You have raised an important point, not least because many of the opportunities around net zero in the climate emergency skills action plan are in areas that have historically had more male engagement, including construction, engineering and transport. We therefore, as Chris Brodie mentioned, certainly need to focus on that.

I could compare that with some of the work in the skills action plan for rural Scotland, in which we have undertaken a number of focused activities on supporting women, including projects on getting women into agriculture and projects that enable and support women to understand the opportunities that are available to them. We have also done business development work on childminding, specifically for rural businesses. In focusing on a specific sector, there are opportunities to develop projects and programmes that support women. As Chris Brodie said, that is something that we would be more than happy to look at with the committee.

Michelle Thomson: Every strategy will have two sides, a push and a pull, and what you outlined reflects both sides of that—how you incentivise and measure whether your stakeholder

partners are actually producing instead of just encouraging them, although I am not saying that you would not also encourage them.

On another area that follows on from what John Mason was saying, I very much enjoyed reading your comprehensive submission, and I was pleased to note that you made reference to some of the factors that influence productivity. That is something that I have talked about often. Macroeconomics, for example, is absolutely fundamental, as are exports and research and development. I was reminded of the example of EMEC—the European Marine Energy Centre—in the Orkney islands, which has lost its funding now even though it is an excellent example of a project to do with another area. I am pointing that out to encourage you to continue to do that in the future, because it is my perception, having come to Parliament, that there is not necessarily the same understanding across the board of the factors that influence productivity. I am simply commenting that I was really pleased to see that.

My next wee point is that I wonder where your thinking is on competence versus excellence. You will be aware of the Cumberland-Little report, which came out a couple of years ago. I did not hear all that much about it after it was launched but, in fairness, that was in the middle of the pandemic. That report is clear about the need for a move from mere competence to excellence, with excellence being a differentiator that will drive us forward. I want to get a steer on where your thinking is around that theme and how that will feed into your strategy.

Chris Brodie: It is a great question. The distinction that you make between competence and excellence is really important, not just from a skills perspective but from the perspective of driving productivity. We made reference to the apprenticeship programmes, and that is where I will focus my remarks.

For a long time—too long—apprenticeships have wrongly been perceived as necessarily an add-on. We have placed great effort on working with employers to make sure that apprenticeship standards are up to date and fit for the workplace of tomorrow, not the workplace of 20 years ago. That is an important part of creating the conditions for competence to move to excellence.

The second part is around some of the innovations that I have already referenced. The extension of the apprenticeship family into the graduate space is a really important part of the move from competence to excellence. How employers shape that broadening of the depth of the qualification is a really important part.

Our graduate apprenticeships go up to Scottish credit and qualifications framework—SCQF—level

11, I think, but in Germany the approach to apprenticeships allows the opportunity to achieve a Meister qualification, which takes you beyond the qualification of an undergraduate degree. There are challenges around embedding a qualification of that nature and dropping it into the Scottish system immediately, but we have that ambition internally at SDS.

We are looking at how we can create the conditions whereby a graduate apprenticeship is not the end point and people can continue to build beyond competence and excellence in workplace settings through apprenticeship qualifications. The other advantage of delivering qualifications in a workplace setting is the cascading of the skills and experience through the workforce. I agree that that could potentially make a big contribution to productivity in the long run.

Michelle Thomson: Do you want to add anything, Andrea?

Andrea Glass: I have nothing to add.

12:15

Daniel Johnson: I will make one remark about the hybrid working comment, because it is important to consider the issue holistically. Speaking as a former retailer, I know that people who work from home do not spend as much money during their working day. It is not just about how many widgets you produce. However, that is not the main thrust of my questions.

I will ask two questions to follow up Ross Greer's questions about the labour market, labour activity and the impacts on low pay. What work is being done to unpack that first issue a bit more? As Ross said, that is not a new issue; we have been sending more people on to tertiary education for 30 or 40 years, and higher wages should be an outcome of that, but we are not seeing that. To unpack that a little more, about 40 per cent of people go on to higher education, including colleges; however, looking only at full-time university places, we have a slightly lower proportion than England, which has overtaken us.

What is going on? You would expect that, if a higher number of people were going on to higher education in the college sector, their education would be more vocationally focused and would translate into higher employment rates and higher wage rates. Is there work going on to unpack that? Is there work on whether there is a mismatch between skills and requirements and on whether those transitions are working correctly? We need to delve into those headline figures and understand what is happening at a sectoral level. Is that work under way?

Chris Brodie: There is a lot in that question, so I will take it in parts. I will briefly return to the comment on hybrid working to say that you are absolutely right. I should also have said that it is clear that hybrid working is not an option in many industries or for many workers. Nevertheless, you need simply to walk around Glasgow or Edinburgh city centre to see that hybrid working has had a challenging effect on city centres. I absolutely recognise that point.

I will pick up on wage rates and my comments on the journeys between college and university. We have wrestled with that issue in Scotland for a long time, and we need to be open and honest about the fact that we still have too many people who are in jobs that pay low wages.

Daniel Johnson: Yes.

Chris Brodie: That is a long-term challenge that everyone can put their shoulder behind and say that we need to do something about. The question then is, what can we do about it? Previous committee witnesses commented that our goal has to be to create a better range of high-quality jobs. That is important, because it helps to grow Scotland's tax base, which is a significant part of the committee's focus.

We have a lot of work under way, but we need to think about the issue at different levels. The Scottish Government has had a strong focus on the principles around fair work, which it should be commended for. That is about addressing low pay and being clear with employers that paying the living wage and creating the conditions for good workplaces is important.

At the other end of the economy, the focus on inward investment and business growth is important. We need businesses to come into the country and recruit the highly educated and highly skilled workers that we have, but we also need to grow our indigenous business base. At the risk of sounding like a broken record, I emphasise that the focus on upskilling and reskilling is important. We need to create opportunities for people to progress in the workplace, learn new skills and develop. We need all those things to happen in tandem—there is no silver bullet. There needs to be an approach that recognises that the labour market operates differently for different people and that it needs a range of policy responses.

The point that I was making about colleges and universities was subtly different to the point that I heard. Yes, colleges provide vocational skills for lots of young people, but my point was that those young people often do not take the skills into the workplace; they take them to university, and it can be another two or three years before they hit the labour market.

Some of the data that we have around graduate underemployment and the underutilisation of skills generally shows that, in Scotland, there is a bit of a gap between people's qualifications and the extent to which they are used in the workplace. Some of that is down to the quality of jobs, and some if it is because the skills that we are giving people might be becoming degraded by the time that they get into the workplace.

Daniel Johnson: I agree with all that, but we will make progress only if we do detailed research, both quantitative—we need more refined data about how the situation varies by sector—and qualitative, which involves considering what those transitions look like. You have described the problem, but we need to carry out research to identify the solution.

I will pick up on something that you just said, which is absolutely spot on—too many people in Scotland are stuck in low-wage jobs. Picking out what the Resolution Foundation has said in recent weeks, I find it slightly horrifying that, although headline wage growth is happening at pace, if we factor in inflation and remove extraordinary wage payments such as bonuses, the poorest paid are actually seeing their wages shrink quite considerably in real terms.

At a time when so many relatively well-paid areas of work are screaming out for people, is there not a role for much more focused and direct interventions? This is a rather crude example, but how many people with a truck driver's licence could earn £40,000 compared with the minimal wage that they might be on now for want of a training course? Do we need to be a lot more direct, focused and surgical? Although I absolutely agree with what you are saying about the modern apprenticeship, it takes several years to complete and it is quite inflexible. Do we also need a more surgical labour market intervention to get people into work where they are needed and, critically, where they can earn higher wages?

Chris Brodie: I would argue that we do, and I would argue that some of those surgical interventions were initiated in some places as a result of Covid. At the risk of getting slightly technical, I would distinguish between upskilling and reskilling. Upskilling is very much about raising people up in the jobs that they are in, whereas reskilling is about the transition from a job, such as the jobs that you have described, which might pay low wages, into an area of opportunity.

During the Covid pandemic, we worked with colleagues in the Scottish Government and in colleges and local authorities to develop a range of transition training fund opportunities, some of which were in targeted areas just as you have described. A lot of hard work and research went

into identifying where those opportunities were, lining up training provision and getting people to make the transition from areas in which there were no jobs into areas in which there were jobs.

I have been saying today that, in relation to Scotland's skills mix and the £2.2 billion that we invest in skills and education, given the way in which the economy and the labour market will change—which is a given—we will have to focus more of that resource on those priorities if we are to meet labour market need and drive productivity.

Daniel Johnson: I agree with that, and I think that we need to see that work being taken forward.

I wonder whether our approach to skills is too detached from our approach to enterprise support. More than 90 per cent of businesses are small businesses that have seen zero productivity growth over the past decade or more. Those are small businesses—a handful of people work in them—and you cannot divorce the employee from the business, because they are one and the same. It makes no sense to have an approach that looks at business investment and support separately from skills. Indeed, that approach forces us to shoehorn apprenticeships into businesses that cannot support or sustain them. There has been a lot of talk about apprenticeship sharing. However, as someone who has run a small business, I know that small business owners do not want to share their employees with their competitors, so that is a non-starter.

Do we need to think about small businesses more holistically instead of separating out investment in skills? Should we take a holistic approach to supporting the business skills of small businesses by treating the employee and the business as one and the same, in order to get productivity going in that sector?

Chris Brodie: That is a great series of observations, although I do not necessarily agree on the situations that you describe.

I have a couple of points to make, the first of which is about small businesses. I think that it is a myth that no small businesses engage in apprenticeships. That is not the case. In many sectors, small businesses are the primary users of apprenticeships. That is not the same as saying that apprenticeships work for every small business—you have given a powerful example of why apprenticeships do not work for some businesses. However, we cannot necessarily act on that.

I will now turn to the relationship between skills, business growth and the enterprise agencies. When it comes to our work in understanding skills needs, I know from my time at SDS that we cannot write a plan unless employers endorse and recognise that story as their own. That is not my

view; it is the view of employers. We have stuck to that principle. At one point, SDS was part of Scottish Enterprise. I have a colleague who jokes that he has done more work with Scottish Enterprise now that he is in Skills Development Scotland than he did when he was in Scottish Enterprise. I do not know how true that is.

During the pandemic, every Tuesday morning, I spent two hours on a call with colleagues at South of Scotland Enterprise, Dumfries and Galloway Council and Scottish Borders Council, on which we shared insight and intelligence about what was happening—on where funding opportunities were emerging and on where there were labour shortages or where people could potentially be made redundant. We forgot about our organisational boundaries and just got on and tried to do the right thing. Much more of that work is done in the part of SDS that I work in than was the case before. We try really hard to work closely with our enterprise agency partners and to engage with businesses on the delivery of our services.

Daniel Johnson: Thank you. That was very helpful.

Liz Smith: I have two quick questions. You described the outcome agreements between universities or colleges and the Scottish Funding Council. Do graduate apprenticeships feature in those agreements?

Chris Brodie: In attempting to answer that question, I would genuinely be taking a guess. The outcome agreements are negotiated between colleagues at the Scottish Funding Council and individual universities. I could find that out for you or ask a colleague to find that out.

Liz Smith: I would be grateful if you could, because it is important that graduate apprenticeships feature in those agreements. In relation to your job, I think that it would be helpful if there could be a more joined-up approach to that, because, like you, I think that graduate apprenticeships are extremely beneficial. I wonder whether we are talking enough about them and giving them enough consideration.

When you speak to people in schools, how much comment do you get about youngsters not necessarily having the breadth of curriculum that would be desirable from the point of view of their going straight into the workplace, rather than doing college and university courses?

Chris Brodie: In response to your first question, I will come off the fence and say that I believe that the answer is, “Yes, they are included,” but I would like to confirm that with colleagues in the Scottish Funding Council. If they are watching at the moment, they will be throwing their hands up in horror or nodding their heads.

12:30

On your question about our engagement with schools, my part of the business does not do a huge amount of direct engagement with schools, but we do a lot of direct engagement with employers. The issue that you have raised is not one that I hear regularly or recognise as one that is raised regularly by employers. We are much more likely to hear questions about the efficacy of existing apprenticeship programmes and whether those programmes provide young people or, indeed, older workers with the skills to operate in a workplace; about the fit, appropriateness and volume of skills in the labour market; and about college and university provision. I do not hear an awful lot about the issue that you have raised.

Liz Smith: Thank you. I think that there is a disconnect there and we need to do more on that.

Douglas Lumsden: My first question is about the green jobs workforce academy. Is there any data yet on how effective that has been and how many people it has helped into new employment, or is it still early days?

Chris Brodie: I will provide some written data by way of follow-up. With so many numbers, there is always a danger that I will quote numbers that will be taken as gospel, but I will do my level best.

The academy is only seven or eight months old. We have developed an original product that we always envisaged would have later functionality, and that work is on-going. I hesitate here, because I have a ballpark figure, but I may get the numbers slightly wrong. I think that about 3,800 individuals have used the site and followed through. I do not understand the technicalities of that, but I am assured by our digital team that the hit rate, which describes individuals going to different parts of the website, is strong.

At the moment, we do not have data on the extent to which the academy is then moving people on to colleges in Aberdeen, Glasgow or Edinburgh, for example, as a result of their engagement with the website, which was asked about at previous committee meetings. We are working on building in that functionality.

We have not heavily marketed the green jobs workforce academy yet, as we have recognised that the functionality that we want it to have, which includes access to the full range of courses and training provisions that are available across Scotland and, potentially, access to funding support, is not quite there yet. We would expect to see the numbers going up considerably as the workforce academy moves into its full scale of operation.

Douglas Lumsden: At present, then, is it more of a signposting website that shows people where

green jobs are and where green training is, or is that too simplistic?

Chris Brodie: I think that it is about more than that. The ambition for the green jobs workforce academy is to get the message out about the range of opportunities that there are here and now, but also the opportunities that are to come, in relation to the transition to net zero. It is very much targeted at adults, but it is also targeted at some of the groups that Mr Johnson described—people who might be looking to make a career shift.

The website has an assessment tool that helps people who are currently employed. The example that I always give is someone who is working in heating and plumbing who can fit gas boilers. What skills do they need to develop to be able to fit heat pumps or alternative technologies, and where would they find those skills? The website also aggregates some of the learning content that is already available, and it makes that available to individuals for free at the point of use.

We are working on developing a skills wallet that will create a stratified entitlement—an individual's entitlement will depend on their circumstances and the extent to which other funding would be available to them. For example, someone who is based in Inverclyde and is unemployed would get access to a greater training entitlement than someone like me who is based in Glasgow and is fully employed. The stratified entitlement will allow people to access training as it develops.

It is important to say that the green jobs workforce academy does not sit on its own. We are focused on making clear to people in the workforce what opportunities are available at the moment, how to access them and where their skills need to be. We are working concurrently with colleges, particularly through the Energy Skills Partnership, to build the capability in green skills across Scotland's college network. Even if we did nothing else, the green jobs workforce academy would expand the availability of provision because the skills system will catch up.

Douglas Lumsden: My next question, which ties into that, is about your involvement with ScotWind. How can we ensure that as many of the opportunities that we can possibly get from that remain in Scotland?

Chris Brodie: ScotWind is a great example, but it is not the only one. We are also looking at some of the potential legislative drivers around the decarbonisation of heat in buildings. With ScotWind, we are at the licensing stage, but rather than go into the specifics of our engagement, I will say that the approach that we are taking is to get close to the developers, or to the employers in respect of the decarbonisation of heat in buildings,

to understand when that investment is likely to hit the ground—whether it will be in 2022, 2023, 2024 or 2025—and to understand where skills are currently available and where they are not.

At the moment, we have a very focused piece of work with colleagues in Glasgow looking at the decarbonisation of heat in buildings. That will land us on a gap analysis, which will involve looking at how many people we need, what skills exist in the workforce, which skills are missing and how local and regional colleges can develop a curriculum with employers to ensure that those needs are met.

We do not want to see change only in Glasgow, Inverness or Aberdeen, so that provision needs to be licensed or delivered through all of Scotland's colleges or moved on to the academy platform so that the investment in new training is available to all. That is where the green jobs workforce academy could come into its own.

Douglas Lumsden: With regard to ScotWind, has that engagement with potential employers already started?

Chris Brodie: It has, although not directly through my team. One of my colleagues is leading on engagement with ScotWind but, again, the approach is to understand the timing of investment. We know that we have licensed for a significant uplift in Scotland's offshore wind capability, but it is about understanding how much of that will happen and when, and which specific requirements will be driven by it.

Going back to an earlier example, I note that, 15 years ago, I did some work on the decommissioning of oil and gas rigs in Scotland. At the time, that was seen as a significant opportunity for Scotland. In reality, some of it did not transpire, but the work that we did meant that we thought about what was involved in breaking up oil rigs, where the money would flow, where it would translate into jobs and whether those jobs would be available in local labour markets. Our role in SDS is to provide that overarching national picture and to provide local partners with some of the tools and support to wrestle with what ScotWind means for Shetland, Aberdeen or Glasgow, because it will mean different things in different places.

Douglas Lumsden: I guess that that information will then flow into the regional skills investment plans and the sectoral skills assessment plans.

Chris Brodie: Absolutely. The plans are one thing. I should probably shut up and let Andrea Glass say a few words, as the work of her team is absolutely about taking the insight that we gain from our engagement with employers and ensuring that it gets into the hands of local

authorities and colleges. More than that, we need to ask what we can do about it.

Andrea Glass: The regional skills planning approach is about looking at the evidence, working with regional partners to identify opportunities such as the examples that Chris Brodie gave, understanding what the opportunities are, and then looking at what the priorities should be and what we need to do to ensure that the labour force in particular regions can access those opportunities. We then need to agree some actions. The regional skills investment plans are not something to just be left on the shelf. They have action plans associated with them whereby partners come together and deliver around the specific issues that come up in a particular region. That is the approach that the skills planning leads take irrespective of where the opportunities are across Scotland.

Douglas Lumsden: How do you keep them live? I guess that the documents should be changing quite regularly.

Andrea Glass: All the actions that come out of the plans are governed through either regional economic partnerships or the specific subsector workstreams that flow from them. Partners will come round the table to review progress against the actions, which are live in that, if amendments are needed to respond to new opportunities that come on board, the partners will make them collectively by meeting through workstreams that are led by skills planning leads.

Douglas Lumsden: As a last point on that, is there a review of those actions? Does that come back anywhere?

Chris Brodie: Andrea Glass talked about governance. In essence, we have regional groups, some of which are chaired by SDS and some of which are not. We bring all the partners together and we hold one other to account for what we said we were going to do. Typically, we have found that about 80 or 90 per cent of the actions in the regional skills investment plans get delivered. Some of the things that are not delivered get overtaken.

There is a point that I was trying to make with the example that I gave of our engagement with the team in the south of Scotland. There are six or seven things that we progressed as priorities during the pandemic, for which we just rolled up our sleeves and got on with it. I did not say to Andrea, "Hold on—you need to rewrite your skills investment plan before we can move on these things". The plans are really important for setting the direction, but it is more important that the ground level is agile and responsive to what has been a really difficult set of circumstances over the past two years.

If we simply took a view that the regional skills investment plans were gospel, we would quickly run into the sands. We try to put an emphasis on agility and on working with and, importantly for a national agency, listening to regional partners about where the opportunities and challenges are on the ground.

The Convener: I feel somewhat frustrated, because there is so much else that we could ask questions about, from the rural and islands productivity lag to research and development and the core growth sectors. However, I will finish by asking a couple of quick questions.

First, people at school often assume that, whether they get an apprenticeship or go to university or whatever, they will get a job working for someone. I do not know that enough is being done to try to teach what we might call entrepreneurial skills. It is accepted across the Parliament that Scotland has a low rate of new business start-ups relative to the rest of the UK and beyond. What is Skills Development Scotland doing to address that? At what level should it be addressed? Should it be addressed in schools, for example?

I will ask my second question now as well. It is about people with disabilities, which we have not touched on. I remember that, when I was a councillor way back in the 1990s, there was a policy that, if possible, 3 per cent of all employees should be people with disabilities. Interestingly enough, the public sector lagged behind the private sector in that regard. There have been a number of initiatives over the years to try to increase the number of people with disabilities in the workforce, in order to improve productivity and those people's quality of life.

My questions are on those two issues: entrepreneurial skills and people with disabilities.

Chris Brodie: I will pick up on the first question, and perhaps Andrea Glass can pick up on the second.

As I said at the start when I was asked about the national strategy for economic transformation, SDS has a role to play in working directly with colleagues to ensure that entrepreneurialism is embedded in our work on the young persons guarantee and the work of our careers advisers.

I think that there is a cultural thing around entrepreneurialism, and I often wonder how much it can be taught and how much it needs to be experienced. You might see me here, in a shirt and tie, as a dull civil servant, but my career has taken me down different routes. I worked for a big American company when I graduated. I then quickly started up a business at the age of 27 with one of the directors before moving into a company and then starting up another business on my own.

I then ended up in the public sector. There is something in Scotland about people not being afraid to take a risk and try something different. At a personal level, some of the skills that I learned—or, rather, that were forced upon me—as someone who was running a business are skills that I have certainly found useful in the career that I am in now.

In short, entrepreneurialism is exceedingly important but, at a personal level, I am not sure to what extent it can be taught.

The Convener: That is interesting.

12:45

Andrea Glass: We know that about 51 per cent of people who have core or work-limiting disabilities are in employment. How that relates to the figure for the wider population is clearly an important issue. We have undertaken work in a couple of areas to address that. First, our work on the apprenticeship equality action plan, which we have mentioned, is important in providing apprenticeships to those with disabilities. We have worked closely with partners to focus investment on supporting diversity and to ensure that employers know what support they need to put in place to support apprentices who have disabilities to work effectively.

Secondly, SDS has undertaken a good piece of work on neurodiversity and digital technology with ScotlandIS, our enterprise and skills partners and industry. We have looked at the skills and strengths of individuals with neurodiverse conditions, including dyslexia and a range of others, and at the barriers that are associated with those conditions. We have demonstrated where those people's strengths lie and we have supported them with specific job opportunities that are available to them. We carry out good research, and then we provide support to move individuals with disabilities into employment. It is a very focused approach.

The Convener: The focus of my question was whether a higher proportion of people with disabilities are moving into employment; it was not so much about what you are doing to move them into employment. Is the strategy actually working?

Andrea Glass: The only thing that I am aware of in that regard is that the final progress report, in 2021, on the apprenticeship equality action plan showed that there had been an increase in the number of apprenticeships for those who are disabled. Beyond that, I do not have detailed statistics. We can come back to you on that.

The Convener: Thank you. The session has overrun, and I realise that members have itchy feet and have other things to do. For example,

John Mason, Michelle Thomson and I have another meeting that started a minute ago. We will therefore conclude the meeting and consider our work programme next week, if members agree to do so.

I thank Andrea Glass and Chris Brodie for the comprehensive evidence that they have given. There are still a few issues that we might want to touch on, so we will probably be in touch with them on those.

Chris Brodie: If you would like to explore other issues and would find a further session useful, even if it was in private or in a different setting, we will be happy to arrange that.

The Convener: Thank you very much.

Meeting closed at 12:47.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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