



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy and Fair Work Committee

Wednesday 30 April 2025

Session 6



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Wednesday 30 April 2025

CONTENTS

	Col.
SKILLS DELIVERY	1
SUBORDINATE LEGISLATION.....	34
Cross-Border Insolvency (Enterprise Group) Regulations 2025	34

ECONOMY AND FAIR WORK COMMITTEE

13th Meeting 2025, Session 6

CONVENER

*Colin Smyth (South Scotland) (Lab)

DEPUTY CONVENER

*Michelle Thomson (Falkirk East) (SNP)

COMMITTEE MEMBERS

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)
*Murdo Fraser (Mid Scotland and Fife) (Con)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Daniel Johnson (Edinburgh Southern) (Lab)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Lorna Slater (Lothian) (Green)
*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Sandy Begbie (Scottish Financial Enterprise)
Paul Campbell (Scottish Apprenticeship Advisory Board)
Jack Norquoy (Scottish Renewables)
Paul Sheerin (Scottish Engineering)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The Sir Alexander Fleming Room (CR3)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 30 April 2025

[The Convener opened the meeting at 09:32]

Skills Delivery

The Convener (Colin Smyth): Good morning, and welcome to the 13th meeting in 2025 of the Economy and Fair Work Committee.

Our first item of business is the fourth in our series of evidence sessions on Scotland's skills delivery and development landscape. The purpose of these sessions is to consider how the current skills system is working and identify the actions that are needed to support businesses and to improve the skills supply chain, including green skills.

I am delighted to welcome our panel: Sandy Begbie, chief executive of Scottish Financial Enterprise; Paul Campbell, employer engagement group chair for the Scottish Apprenticeship Advisory Board; Jack Norquoy, director of public affairs and communications at Scottish Renewables; and Paul Sheerin, chief executive of Scottish Engineering.

As always, I ask members and witnesses to keep questions and answers as concise as possible. To kick off the questioning, I invite the deputy convener to ask her questions.

Michelle Thomson (Falkirk East) (SNP): Good morning, and thank you very much for joining us. I want to ask a couple of open, framing questions.

As you know, the committee is looking at wider skills policy, which is different from the work that is being undertaken by the Education, Children and Young People Committee. I want to get a sense from you of how businesses engage with Scotland's skills system and the extent to which you feel that the views of industry or your sector are fairly represented and heard in order to shape policy and the provisioning of skills.

I will go first to the first person who looks up—Jack Norquoy, well done—but I would like to hear from all the witnesses.

Jack Norquoy (Scottish Renewables): It is great to be here and I welcome the time that the committee is spending on what is a key priority for Scotland's renewable energy industry and supply chain, as well as, more broadly, the whole economy—our industry recognises our role in that

economy and some of the pressures that are being felt across it.

One of the most acute of those pressures is that of skills shortages. Our industry is looking to invest and build at scale in Scotland. That requires a host of enablers, and one of the key enablers in that regard is a workforce. We want to create a workforce for the future. Industry is stepping up to that challenge and is investing at scale. Private sector investment in the skills system is around £4 billion per year. That investment on the part of our members can be seen in, for example, the formation of skills academies at some of Scotland's ports, and in various science, technology, engineering and mathematics initiatives.

Industry is willing to play our part, but there is a challenge when it comes to the public sector in terms of apprenticeships and the approach of our colleges, which are absolutely key. The overriding message that I want to get across today is that we need to create an education and skills system that is more agile and more responsive to our economic priorities. That will be critically important in the years ahead when we look to deploy projects that are actively in the pipeline today. There is work that we need to do to quite quickly reform that system.

Another thing that will benefit the development and delivery of skills in Scotland is certainty about the developments that will happen within our industry and across the economy. Certainty in the pipeline of projects that we have in Scotland is critically important. If we can get that sustained project activity across our pipeline, that in itself will create some of the complementary private sector investments that we need to make. We recognise the issue of certainty as being one of the key barriers but also, fundamentally, a key opportunity in relation to how we can create that workforce of the future.

Michelle Thomson: You have skilfully taken the opportunity to put on the record some of the areas that Scottish Renewables is interested in, and quite rightly so, but I still want to understand the extent to which you feel that the views of industry are heard with regard to the shaping of policy and provision.

Jack Norquoy: There is absolutely a need for the education and skills system to take the needs of industry into account better. There are frustrations about how effectively we can input our needs into the system in order to create that agile and responsive system, particularly with regard to colleges. We can take a place-based approach to that, as we have the benefit of knowing where the developments and projects in our pipeline will take place, which gives us a strategic line of sight that will enable us to work backward from that point in

terms of what the skills and workforce requirements are for those projects, and we can begin to look around the country to utilise the great network of colleges that we have in Scotland to meet the needs of those projects. The overriding message there is that, as an industry, we feel that there should be a more effective way of inputting those needs.

Michelle Thomson: You have mentioned providers such as colleges, but do you feel that there is a clear way for your trade body to be able to influence and shape policies such as the new deal for business? Are you clear about how you can take part in the shaping of those policies?

Jack Norquoy: Thinking about what the committee is asking about today, I would say that the energy industry environment, broadly, is a busy one in terms of the bodies and initiatives that operate in that space. They all have a role to play but there is a role for Government to pull that landscape together so that there is more collaboration that benefits the ability of industry to have an input into the shaping of policy.

As I said earlier, industry is stepping up to face some of the frustrations that we can see, but we will hit some of the wider barriers that I mentioned. Wider collaboration at a Scottish and United Kingdom level will be very important.

Michelle Thomson: I will put the same question to the rest of the panel. I think that Sandy Begbie was the next one who looked up.

Sandy Begbie (Scottish Financial Enterprise): I agree with much of what has been said. For clarity, I should say that I also wear another hat, as I chair Developing the Young Workforce, so I have a couple of angles on this area.

I have always viewed this question as a big supply-and-demand equation. Bluntly, supply and demand are not aligned at the moment. Engaging with the process around that is hard and complex, and some of our firms give up because it is so difficult to navigate the landscape. The Withers review calls out a lot of that.

That said, speaking holistically, you will also find some great examples at a micro level of our members engaging directly with colleges and universities. The way in which Barclays worked with Glasgow College, Glasgow Caledonian University and the University of Strathclyde on the resourcing of its Glasgow campus is one such example. However, the system does not allow that kind of model to be scaled, and that is part of the challenge. The Withers review's report, "Fit for the Future: developing a post-school learning system to fuel economic transformation", says that, at a macro level

"the whole is not greater than the sum of these parts."

I think that that is right.

You asked about how our views are taken on board. Financial services is the largest industry, in economic terms, in Scotland, contributing £15 billion in gross value added annually, which represents 10 per cent of the economy. About two years ago, we did a significant piece of work where we engaged across our membership across the industry. Following that, we articulated what our skills needs would look like over the course of the next three to five years and sent that out to all colleges and universities. We got 10 replies. In fact, we even got a reply that said, "Thank you very much, but we don't think we can help you with this." That is the kind of thing we are dealing with.

However, again, at an individual level—I will not call any institutions out specifically—once you have traction, you can make it work effectively for you. You can get heard, but it tends to be at the level of individual firms and institutions rather than at an overall macro level.

I would like to pick up on the point about agility. A lot is written about the impact of artificial intelligence and so on. The head of technology at Lloyds Banking Group mentioned to me last week that it is now working on the basis that it needs to retrain its tech people every nine to 12 months. That raises the question of how the system responds to the fact that the world that we now live in has far more pace in it with regard to developments, particularly in that tech space.

I hope that that has answered your question about engagement and how our views are heard.

Michelle Thomson: It is a super answer, because my next question was going to be on your insights into how we deal with some of the major themes, such as AI and getting to net zero. There is also the question about the exponential growth that will be triggered by issues around AI and net zero and the linkages therein that are quite complex.

Given that you have introduced that topic, I will invite Paul Campbell and Paul Sheerin to reflect on that—I will give Jack Norquoy a chance to come back in, as well. First of all, however, I ask our witnesses to respond to the first question, about engagement.

Paul Campbell (Scottish Apprenticeship Advisory Board): I chair the SAAB employer engagement group, and I would say that, from an apprenticeship perspective, engagement is incredibly strong. We have 80 senior businesspeople involved in that structure. James Withers acknowledged that in the review. Further, the Organisation for Economic Co-operation and

Development said that, from an apprenticeship perspective, the progress that has been made with regard to integrating business, industry and employers with apprentice demand and the structures that are required has been remarkable.

09:45

The view from the business perspective would be similar to what Sandy Begbie said. There is high demand for vocational education, training and apprenticeships. The group that I chair looks at that annually and revisits the issue of servicing the demand from industry for apprenticeships. We find that, in all facets, the demand far outstrips the supply and the availability of apprenticeships coming through the system. The ability to engage is very strong from that perspective.

To take your point on engaging on policy specifically, SAAB would say that what is lacking in Scotland at the moment is a coherent and integrated cross-party policy on apprenticeships, what we have to do to fund vocational education and training and how that aligns with priority needs and sectoral needs and what we need to develop for the economy and the workforce. There is a bit of a mismatch between demand and what the system is producing. There are systemic shortages that I am sure that everyone here can talk about.

Agility is something that has come through in numerous reports. The world of work is changing rapidly with regard to AI, automation, the internet of things and so on, and our ability to respond has to be rapid as well. I would say that the only way that we can do that is by having strong integration and partnership between business, Government and the skills bodies in order to get an accurate picture of demand and then put the muscle behind delivering that. That mismatch is the bit that business wrestles with at the moment.

The Government invests a lot of money in education and skills. We know that there is strong alignment between the provision in the apprenticeship family and what it is designed to do, with between 92 per cent and 95 per cent of apprentices who complete an apprenticeship staying in occupations that relate to the apprenticeship that they have done. However, that is not always the case in some other parts of the system. We have the highest rate of tertiary education in Europe—it is a fantastic rate, with about 50.4 per cent of people in Scotland being educated to a tertiary level. However, there can be a mismatch between what people are qualified in and what business needs, and there are still shortages. The Chartered Institute of Personnel and Development, which is my professional body, did some work in 2022 that showed that 34 per cent of graduates who were surveyed said that

they are not using the qualifications that they graduated in as part of what they do in their occupations.

As I said, from an apprenticeship point of view, engagement is very strong and there is the ability to influence things. SAAB has made great strides in that, as was acknowledged by James Withers in his report. There is a bit of nervousness among the SAAB employers that the proposed changes could risk unpicking some of that.

Paul Sheerin (Scottish Engineering): To start with, what is the route for industry to ensure that its voice is represented? Among our membership, the largest companies have dedicated people who do that, but the vast majority of our membership—like the vast majority of industry in general—is made up of small and medium-sized enterprises. They simply do not have the time for that, so they look to bodies such as Scottish Engineering to represent their views—you will know about the many ways in which we do that through industry leadership groups that we sit on, events such as today's committee meeting, consultations and so on.

Paul Campbell talked about SAAB. Interestingly, SMEs had a direct route in terms of engagement through membership of SAAB, but I believe that that will come to an end today. That is another part of the reform of the current landscape for skills that is unclear to industry. The winding down of that body is a particularly sore point, given how effective it has been in the skills landscape, particularly with regard to work-based learning.

On what the industry thinks about that, because most of the views are channelled through us, we get to stand up and give businesses' input on that and also watch and see what comes back. I think that, today, businesses would say that their views might be heard but they are not being listened to and they are certainly not being acted on. In all the feedback that we have received and the consultation that we have taken part in since the start of the skills review, before the publication of the Withers report, I cannot point to any one action that has reflected the input from industry. That is a great cause of frustration. We are in a place now where it feels like there is no evidence that the interim activity in this area has built confidence that we are on the right track for this situation.

Michelle Thomson: To pick up on that, for the record, can you give us an example today—it is always useful to furnish an example—that we can reflect in our deliberations?

Paul Sheerin: Scottish Engineering represents these views principally through our quarterly reports. Every quarter, we do a survey of our membership and we always have a floating question so that we can ask about something in

particular. Last year, we undertook a piece of work that we thought was essential to explain the need for a change in direction from a skills point of view. We undertook a survey of the skills gap in engineering and manufacturing in Scotland. The result of that was chastening, at best. If we look at the requirement in predominantly work-based learning—modern apprenticeship-type output roles—we can see that we need 58 per cent more across the 31 key roles by the end of 2027 than what we have today just to replace the expected retirees as well as to address the expected growth in demand from various aspects of business growth.

The thing to remember is that that almost 60 per cent is just for incumbent industry. It includes none of the opportunity for Scotland in offshore wind, hydrogen, grid infrastructure renewal or decarbonising heat. None of the things that talk to our ambitions to reach net zero is in that 60 per cent. Worse than that, if you look at the intent to train for that demand in the long tail of SMEs and industry in general, you can see that in more than half the roles the intent to train was less than 50 per cent of the number that our members needed. We have a huge gap, and we believe that the evidence is sufficient to change tack on where we are going in skills reform. However, there has been no change since.

Michelle Thomson: Thank you very much.

Jack Norquoy, I said that I would give you a chance to come back in, because we moved on to talking about AI. Obviously, net zero is your bag, but do you want to add any final reflections?

Jack Norquoy: I will be brief. Your question highlighted the growth of net zero, and that is indeed what we can see. As an industry, we very much have our eyes set on 2030 and, crucially, beyond, because a lot of the pipeline in Scotland will come after 2030. However, there is an immediate pressure there. To touch on what has been said, you can see the pressure on both sides. On one side, an ageing population and workforce has been highlighted. There will be demand to replace some of those who will be leaving the workforce. We have transferability issues between sectors as well, which industry is trying to respond to through the design of portals that will advertise skills passporting for some of those roles, for example.

On the other side is the need to attract young people into the roles. That is crucial. However, we know from analysis that around 87 per cent of 16 to 24-year-olds do not know what skills they would need to access opportunities in net zero.

There are barriers across the full spectrum of the workforce that we have to tackle—and we have to tackle them quite quickly.

Michelle Thomson: I think that Paul Sheerin wants to make a final comment before I hand back to the convener.

Paul Sheerin: I forgot to pick up on something in relation to the net zero question, which was a good one. The requirement for foresight in areas such as AI and other digital technologies is important, but we are a bit cautious. We think that green skills and sustainable skills are just good skills—they include digital skills and meta skills, such as good communication, so that people move and achieve faster. There also needs to be an understanding that the climate emergency is real and that someone—us—needs to do something about it. However, the worry is that to operate a good, automated robotic welder, you need to be a good welder to start with. That takes up probably 80 or 90 per cent of what we do now in training people to be a welder. The same applies to training an electronic technician or an electrical fitter.

In response to Sandy Begbie's point, I note that every 10 or 12 months, we will be changing at pace, but we have to start from that baseboard of 80 or 90 per cent, and that is the bit where we are failing now. We are not filling the pipeline with the work-based learning skills that will look after us in terms of the economic opportunity for Scotland.

The Convener: Thanks very much, Michelle. I will bring in Kevin Stewart with a brief supplementary.

Kevin Stewart (Aberdeen Central) (SNP): It is a very brief supplementary, convener, that picks up on the point that Jack Norquoy made about informing young folk at an early stage about the skills that they require. I would go further than that: it is about enthusing young people to look at careers that they may not have thought about previously.

This week, I spoke to an organisation that suggested that Government and politicians need to do more to get those messages across to young folk. I think that politicians and Government are the last folk who should try to entice young folk into particular career paths at an early age.

We asked our witnesses about this last week. Do you think that the folk whom you represent are in schools early enough? I think that we leave it too late. We wait until secondary school, when folks have already made up their minds and often pick subjects that dinna include the ones that would be required to get into engineering, for example. Do you think that there should be more access to primary schools? How would you enthuse young folk about seeking to enter the professions that you represent today? I mentioned Jack Norquoy, so I will go to him first.

Jack Norquoy: I agree with you. To put into context the reason why we need to do it, there is the immediate pressure of the workforce that we will need for the projects in the years ahead, particularly up to 2030. That workforce is already employed. However, the workforce that we will need for developments beyond 2030 and into the 2040s are in primary school and secondary school now, and I agree that there is a need to be enthusiastic about the opportunities to attract them into the industry. Our members do that. They engage actively with communities through the promotion of projects, for example. Ocean Winds has done STEM programmes in the north-east of Scotland, where it has some of its operations and maintenance bases.

However, what will be helpful in grasping the exciting opportunities that lie ahead is clear visibility of what occupations we will need. The skills cover a wide spectrum, but those that are most in demand for our sector at this time are construction, high-voltage engineering, welding and project management. However, there is far more to a project than the construction; roles in operations, maintenance and legal services come into it too. How can we get people to pivot into our sector from other sectors?

On that note, we recognise—and I appreciate that this will be something that the committee will have to deliberate on—that some of these skills pools are in demand across sectors of the economy. Automation, aviation and house building are all looking for those skills as well. Again, it comes back to the point that we need to get more people into the system.

Paul Sheerin: I am not sure that I agree that we need more people in the system. Last year, we surveyed the ratio of demand—that is, the number of applications to number of places. Across the board, the ratio was roughly 50 applications for every apprenticeship place that was available. There is no problem with the volume; the problem is with the balance within that. We would like a better gender balance and better measures of diversity.

10:00

I see industry working hard to address that. Yes, we should get into schools earlier with programmes such as Primary Engineer, and those have to be primary schools because it is too late by secondary school stage. Such programmes do a great job in addressing that. On top of doing that, we are making mild gains—although not the gains that we want to make—to address those measures of diversity.

Let us pick welders as an example—we always pick welders. Across the UK, there are huge

projects with huge numbers of foreign workers. There will be no gender diversity at all in that group. That is a missed opportunity for Scotland and the UK in terms of those good, well-paid—sometimes very well-paid—jobs. However, to address that, we need to do something fundamental about the choices that we make about where we spend the funds that we have available for skills to put more priority into work-based learning to fill that pipeline.

Kevin Stewart: I am going to play devil's advocate here. You can have as much money as you want and throw it at various things, but that does not necessarily lead to change. However, what can lead to a change in making folk think differently is when they see people like themselves aspire to particular careers.

Let us look at women in engineering—women welders. From my perspective, the best way to inspire young women to go into that is to hear from a young woman who is doing it. Do we have enough ambassadors out there promoting these careers and trying to persuade others that it is the right path for them?

Paul Sheerin: I believe that we do. I mentioned the Primary Engineer programme, which brings ambassadors into primary schools to do just that. I also think that the tide is turning with parents and grandparents, who up until recently would say that the best path to success is a university education. That is a changing picture financially.

We have something to overcome with schools with the perception of what is a positive destination. We have an example of a strong group training association that does apprenticeships. It wrote to all the schools in the area, asking them to come to its open day and bring pupils with them. On the day, none came. One school said it was going to come on the day but at the last minute those pupils were compelled to stay in school and carry on studying for their exams. We have a challenge in that respect.

You are absolutely right that there are no magic money trees. However, right now we are not funding the demand for apprenticeships. To make gains in terms of better diversity in relation to gender or any other measure, a good starting point would be to fund the demand, and some of those in the 50 to 1 ratio would get the well-paid career path that they want. We are not doing that just now. It comes down to tough choices. We cannot magic up money from somewhere else, and we need to choose more wisely how we spend the money that we have.

Paul Campbell: That is a great point.

I echo Jack Norquoy's comments that it is super important to get in early to work with young people and influence their perspective of careers. Quite

often, we do not know what jobs will be there for young people in primary school, but we know that we need to develop meta skills—the skills that can help them blossom, whatever they choose to do, as Paul Sheerin said earlier.

Some fantastic work was done on the back of the Wood commission. Sandy Begbie can probably speak to this better than I can, but I was involved in DYW groups for a number of years. The Wood commission recommended that there should be close integration between schools and business partnerships to inform and educate young people about the opportunities and the choices and chances that they might have.

I was involved in that not so much from a SAAB perspective as from an organisational perspective with Scottish Water, which I work for. When we had that partnership, I found that, with secondary schools in particular, what worked was getting in and spending time with young people, working with the headmaster to understand the school's unique challenges and how to support it as a business. It is more than just popping in at a point in time, doing a presentation and talking about careers and jobs, because young people often cannot respond or relate to that. We got our employees—often apprentices and graduates, who are relatively young themselves, certainly by comparison with me—to go into schools in second year, to work on educating people, and young women in particular, about the opportunities that are available in science and engineering. That can change people's perspectives and their view of the subject choices that they might make.

We did some research on that ourselves, based on some of the work that we were doing in St Andrew's secondary school in Glasgow. We had a young female scientist go in to work with the pupils over time in a sustained way, and we found that 40 per cent of young women said that they had a different view of the career opportunities that they might have and were going to choose science subjects that they had not considered before. The comments included things such as, "We now know that women can do a man's job." It sounds terrible, but that is genuine feedback that people gave at the time. I know how it sounds, but that was the perspective of young women who had come through that initiative. We need to get in early and do that work.

I agree with Kevin Stewart. We lost some of that engagement during Covid, when it was interrupted. The fact that a lot of workplaces still do not have people going back into offices can make some of this a bit more challenging from the point of view of experience for young people as well. It is about going into schools, but is also about schools working with business.

Foundation apprenticeships in particular come slightly later in a young person's school experience. If we invested in them, that would create an opportunity for young people to enter the world of work and to look at good career options and career choices. Unfortunately, there is an issue with availability and opportunities for foundation apprenticeships. Typically, about 5,000 foundation apprenticeships were supported, but that has reduced to 4,500. Therefore, fewer opportunities are coming through, which is a bit concerning.

Sandy Begbie: I agree with a lot of what has been said. I will go back to my earlier point, which is that understanding demand—going out five years at least across key sectors—can feed into proper careers advice. I worked on the young person's guarantee, which James Withers refers to in his report. Being kind, the word "patchy" is probably the best way to describe the situation. There is no connection between what the economy will need in the future and well-paid, skilled jobs. Apprenticeships play a big part in that.

I have written down that there is a consistent theme here. In my role with DYW, I could look at every region across DYW and find that we have great relationships with schools. However, I would also find that there are schools in the same region that do not engage at all. There is a huge variation in consistency.

Kevin Stewart: It depends on the people in the schools as well, as we came across last week.

Sandy Begbie: Headteachers have a huge impact. In financial services, we have an almost 1,000-strong young person's network of 17 to 30-year-olds. Over the past 12 months, they have been going into schools and running sessions. In response to your point, Mr Stewart, there is no point in having people who have been in the industry for 20 or 30 years going in to speak to 13, 14 or 15-year-olds. It will be much better for them to hear from a 17 or 18-year-old who is maybe a year in and has come through the apprenticeship route. People start to change their perception of apprenticeships when they realise that they can go to a Morgan Stanley or an EY straight from school, work for four or five years, still get their qualification and have five years of work under their belt. Getting those people into schools is important. I am not saying that it is an either/or, as a university education is important too, but we have lost a bit of a sense of balance. I mentioned parents, and they are a key factor, too.

Something else that we have not touched on but that I think is important given the Government's agenda is that well-paid employment will, over the long run, have a significant impact on the poverty levels that we experience in this country. There

are too many young people who do not think that they have a path.

We have heard about demand. Over three years, we think that financial services will need to replace between 40,000 to 50,000 roles. I have no data on this, but if you went around all the sectors and added that up, I think that we could be almost at full employment if we challenged ourselves. It is the system that is not connecting all these components together, and businesses find that particularly frustrating.

Kevin Stewart: Very briefly, convener, because I asked this question last week—

The Convener: We know what that means. [Laughter.]

Kevin Stewart: I know.

We have heard that when the right people are involved, there is a big linkage between schools and industry that works well for all, but for young folk in particular. Sandy Begbie said that there are some places where people are not interested. Is it time for us to mandate schools to ensure that industry can get in to speak to pupils?

Sandy Begbie: In countries that do this well, there is clarity on the economic strategy in the long-run: what the key sectors and key skills are that the country will need over the next five or 10 years. You would like to think that the majority of people would respond positively to such a framework and be able to transfer that information to young people so that they can make informed judgments. You will always have some outliers, but you would like to think that, if you had that clarity, a lot of them would fall into line. If some do not, it is up to Government to make sure that they do. However, that lack of clarity does not help. That direction is hugely important, and it is not what we have at the moment.

Paul Campbell: At a very practical level, from an experiential point of view, I think that having co-ordinators in school who are dedicated to developing the young workforce tends to work well. When they are not in place, it works less well. The more Government can do from a policy perspective to influence that, the better. On Sandy Begbie's point about demand, we have looked at the best-performing systems across Europe and OECD countries, so we know that about 70 per cent of young people in Switzerland go through vocational education and training routes—that is a vast amount more than go through those routes in Scotland. That is to do with the connectivity between business, demand, the economy—what it requires—and the system and how it works.

Jack Norquoy: I do not think that mandating is necessary, particularly when we have the systemic challenges that we are discussing today. However,

it is incumbent on industry to be that good neighbour, building the grass-roots connections. That requires a bit of capacity building at the local level.

I echo Sandy Begbie's point about the economic strategy helping to drive this forward as well. A key message from our industry is that we want to secure these employment opportunities, but to get that employment, we need the deployment of projects. At the moment, we are concerned about the risk to the pipeline in Scotland.

Paul Sheerin: If people in industry were to be directly asked the question, they would say yes. Even the busiest of underwater SMEs will try to say yes. However, we need to make it easy for them. That is where DYW steps in. These programmes work best when they are long-sighted. I have heard of people saying that they are being re-funded, but asking whether there will still be a place a DYW co-ordinator in the school. We need get out of that cycle because it brings uncertainty and it pulls the programme back. You have to make it easy. Industry will say yes as long as there is a co-ordinator there to make it easy for them.

Lorna Slater (Lothian) (Green): I will ask a few different questions, if the convener will indulge me. I will start on the point about careers advice, which we have just been covering, and move on to the flexibility of the system. I will then close on apprenticeships, because I know that some of my colleagues have questions about those.

We have touched on some of the solutions to the joining-up problem that Sandy Begbie highlighted, whereby we have this enormous potential and need for skills opportunities in Scotland but both young people and mid-career transitioners are not finding them or are not aware of them. In my younger days, when I was a young STEM ambassador—I am an electrical and mechanical engineer—I went into schools to talk to kids about engineering. I would show them pictures of the work that we were doing, and it was very far removed from their experience, especially in more deprived areas. The kids had aspirations to be dog walkers; they could not imagine themselves operating machinery, let alone designing it. There is a gap midway between jobs requiring a master's degree in engineering and being a dog walker, which we do not seem to be filling.

I have frequently heard criticism about careers advice. Sandy Begbie said that it is patchy, and Paul Campbell said that the DYW co-ordinators are not there. Is that the missing piece of the puzzle? How important is that work?

10:15

Sandy Begbie: On DYW—I said this to James Withers—you should take the school co-ordinator and the SDS careers adviser and put them together in one role. Every secondary school should have one person whose role is to connect with industry and bring its advice to young people. Obviously, in smaller schools, that might be done already. The principle is that there would be one person in the school whose job it would be to do that. Where someone has that job, the outcomes are quite significant. I went back to my old secondary school in Musselburgh just a few weeks ago, and it has a great DYW co-ordinator who is bringing in employers all the time to talk to young people. Apprenticeships are talked about as standard. It is about making sure that the system in schools is working.

We need to provide those co-ordinators or careers advisers with the right information, and there are three things that we try to do in our industry as a trade body. First, we explain our industry to young people in language that makes sense to them. We go out and ask them what they think about our industry, which is not always pleasant, so we need to respond to that. Secondly, we talk about the skills that we will need in the future, as they tend to have a perception of what the industry is and the skills that they might need. They certainly do not associate our industry with data and AI, for example—we are quite a low priority for those skills, but there is a need for them. Thirdly, we talk about pathways. Even if you get a young person interested in a particular area of skills, they can be deeply confused about where they can go, what they have to do, what college courses are available, and so on. It makes a lot of sense to have someone in schools to help them to understand industry skills and pathways, as a framework.

Lorna Slater: Does anyone else want to come in on that?

Paul Sheerin: Something has to be done to change the mindset more generally in schools. We recently held an event for Scottish national apprenticeship week at which we had last year's graduate apprentice of the year, a runner-up in the modern apprentice category and another modern apprentice. All three of them spoke eloquently and were very engaging. However, when a member of the audience asked, "How much encouragement did you get from your school to take up an apprenticeship role?", the answer was, "We were discouraged. We were told, 'You're smart enough to go to university and that's where you should be going.'" One of them went to university and did two years of a degree, which they found miserable, before coming out and taking up an engineering apprenticeship.

What is the answer? I do not know about you, but my heart sinks every time I see another league table that talks about so many young people going to university. If I had a magic wand, I would add a multiplier for everyone who takes up an apprenticeship, who is therefore entering the workplace, contributing tax and national insurance and spending money in the economy. I think that the multiplier should be 2:1—we could keep the league table but multiply that figure by two.

Lorna Slater: I will not ask everyone to come in on every question if they do not have anything to add.

Paul Campbell: I will just add that there is a shortage of electrical and mechanical engineers, Lorna.

Lorna Slater: I hear that Jack Norquoy is looking for projects managers, so I will pop my CV through.

We have been hearing from employers about their frustration with the inflexibility in Scotland's skills system, particularly in colleges, because college courses are offered only at certain times of the year and colleges cannot keep up with technology. Lothian Buses, for example, uses private training providers because the colleges do not have hydrogen buses for the apprentices to practise on. How can we make our college and university sectors flexible enough to provide the workforce that we desperately need?

Paul Campbell: At the risk of repeating what I have said, it is about being clear about the demands—what industry and the economy need—and helping our institutions to shape themselves in such a way that they can meet those demands. That is a missing link just now.

Going back to careers advice, there is a bit of a chicken-and-egg scenario. You almost cannot promote apprenticeships as much as you would like to because there is not a sufficient number of them for young people to go into. If you speak to people in SAAB, you will hear that some employers will typically get about 150 young people applying for one apprenticeship position. There is a massive demand for apprenticeships with Scottish Power, Scottish and Southern Energy and other big organisations. It is all about supply and demand. Colleges have to get their infrastructure set up in such a way that they can deliver, and there must be good alignment between higher and further education to ensure that they are meeting the demands.

Paul Sheerin: There is always room for improvement, but, if you were to ask people in industry today whether they are happy with the general provision for apprenticeship training, they would say yes. It is not the burning building. There are companies that choose to get more of their

training from group training associations. I think that they have done poorly out of the way that the funding model works now, but that tends to be an employer choice. Broadly, they are happy with the training provision that they get.

There is an opportunity, because we have chunks of time for upskilling or reskilling in colleges. If you had representatives of a college sitting in front of you today, I am sure that they would say that they would love to provide that training, but colleges are literally scraping two ha'pennies together to get by just now. If they could find models that were flexible enough to allow them to do that training in the downtime between terms, I am sure that they would say that that would be possible, but it is not possible in the funding landscape that we have just now.

Lorna Slater: I am interested in the theme of workplace learning. I am continually surprised and slightly horrified by how far the UK is behind North America on things such as co-oping in engineering programmes. I do not know how familiar you are with such things. When I studied engineering at my university—and this was common in universities all over North America—my degree took five years, but it took me seven years to graduate because, for two and half of those years, I worked in industry, paid by industry, and not at the minimum wage but at junior engineering rates. When I graduated, not only had that had some impact on my student loans, but I had two and half years of experience, and I was offered two jobs in my first week in the UK.

The model in North America is that universities partner with industry, which knows that the model exists and gets engineering students for a chunk of time—four months, eight months or a year—so that those students are able to complete an entire project. It is quite common for engineering companies to say, “Brilliant. We need a new thing, so we’ll get some co-op students in the summer to deliver that project for us.” It is a long-term partnership, and it means that we do not have the juggling act of graduate apprentices being here for three days a week and there for three days a week, which makes it difficult to fund lectures and difficult for students to plan their lives and their transport to work—all those ordinary logistics.

In terms of flexibility for institutions, is the North American model being looked at? Should it be, or is it not right for the UK? How do we make the workplace learning better here?

Paul Campbell: It is interesting that you mention that, because I was going to refer to graduate apprenticeships as being part of the solution, as they provide learning and experience through work. They involve close integration between the institutions and the employers to provide what they need. The graduate is learning

offsite, in university, but also onsite through doing projects in the workplace. From a business perspective, and certainly from our perspective, graduate apprenticeships have been an extremely positive way to provide that, although there are probably things that you could do to improve the model structurally in terms of how they are designed and the time spent in work.

Lorna Slater: Who funds those? Who pays the student’s wages?

Paul Campbell: The employer pays the wages.

Lorna Slater: Okay—so it is the same.

Paul Campbell: Going back to Paul Sheerin’s point, at the moment, only about 1,378 graduate apprenticeships are funded, although SAAB would argue—and it has done research on this—that industry could probably take about 4,500 to 5,000. When those graduate apprentices are going through their apprenticeships with the university, they are working and they are paying tax and national insurance. The chances are that they will not be incurring any student debt. Quite often, a graduate apprentice will be on around £25,000 from day 1, so they are well-paid jobs. They are well in advance of a normal graduate, in our experience, because they have been integrated into what they have learned, and their speed in relation to productivity and contribution is faster.

Last night, in advance of the committee’s meeting, I was thinking about this from the student loan perspective, because money obviously goes into that scheme as well. From what I could see, the average student debt for a young person coming through in Scotland is typically about £14,000. That is less than the average in the UK, which is a good thing. However, if we had 5,000 graduate apprentices who were not incurring any student debt, that would be equivalent to about £70 million of efficiency in the system. It is a much more efficient way of doing it.

When SAAB looks at that and when we talk about it, that is often interpreted as us saying that we need more money. We are very aware of the fiscal challenges that exist, but we believe that there are other parts of the system that are not closely integrated with the needs of business, where substitution could take place and there could be a much better alignment. Sandwich degrees, as they may have been called, involving a year in industry, still happen to some extent, but they are not the norm. I think that graduate apprenticeships are the way to provide that.

Paul Sheerin: I echo that. I think that it is a UK-wide problem. We used to provide a lot more sandwich degrees, which is a reflection of the fact that our skills system used to be centred around a much stronger mix of large companies with large training academies in schools. SMEs now make

up more than 90 per cent of industry—that is a change. We have to accept that we are where we are.

We hear from the companies that have done graduate apprenticeships that they are, absolutely, the answer. The barrier to entry is that companies look at the scheme and think that it requires £130,000 to £150,000 of investment before they start getting anything back. Then they do one and they realise that, because it is work-based learning in which actual projects within the workplace are used as evidence of learning, they are getting useful work much earlier and, at the end of it, they are getting the person that they need. We also have someone who is literally already in employment, and that continues, so there is none of that leakage whereby we lose engineering graduates to other sectors—sometimes just because they struggle to get employment in engineering because they have not picked up experience while they have been an undergraduate.

We need to do more. We are at the stage where graduate apprenticeships have flatlined because we do not have the economies of scale within the universities. As you build the programme, things get slicker and become more the norm. That would be our route.

Lorna Slater: Thank you very much. I will hand back to the convener and let other members pick up on the subject of apprenticeships.

The Convener: Feel free to come back in. I will bring in Murdo Fraser.

Murdo Fraser (Mid Scotland and Fife) (Con): I will pick up on Lorna Slater's point about graduate apprenticeships, which is a very interesting model that we have talked a lot about this in the committee. It seems that the opportunities for graduate apprenticeships and all the advantages that they brings are not being matched by the supply. Where is the barrier? Is it in the institutions? Anecdotally, I have heard that some universities are not very keen on graduate apprenticeships, as their preferred model is one in which only full-time students enrol; there are funding issues as well. Paul Campbell is nodding. Do you have any thoughts on that?

Paul Campbell: There are a number of challenges. Institutions might feel that, financially, graduate apprenticeships do not offer the same benefits for them as the traditional route does, where there is maybe one lecturer to the many and quite a high ratio of lecturer and student contact time.

Ultimately, it comes back to the demand question. I said that we know through research that about 34 per cent of people graduating from university say that they are not using their degree,

so there is misalignment. There is an amazing appetite among employers to offer more graduate apprenticeships; the demand is there.

I go back to the question about mandating things. There is a question from a Scottish Funding Council perspective of how much ability it has to mandate that institutions offer more graduate apprenticeships and align them with the needs of the sector, business and the economy. Something has to happen to mandate to meet the labour and economic demands and the demand from sectors that need graduate apprenticeships.

I think that there are 14 subject areas for graduate apprenticeships. They are the areas that we have been speaking about today, including software development, cybersecurity, engineering, accountancy and business management. They are very well aligned with business needs, but there just are not enough of them.

Murdo Fraser: Does anybody else have a thought on what the barriers are?

Paul Sheerin: I would simply agree with what Paul Campbell said.

10:30

Murdo Fraser: I will ask a slightly different question about funding for apprenticeship places, which is an issue that we have heard a lot about in evidence. I think that it was the SCORE Group that raised the apprenticeship levy at last week's committee meeting. Many Scottish businesses are frustrated about paying the levy without it being transparent where the money goes. We were told that, particularly for businesses that operate across the UK, there is more transparency south of the border on apprenticeship levy money coming back and that the amount of money that they get per apprentice is much higher down south than it is in Scotland. I would be interested to get any perspectives that you have on that. Paul Sheerin is nodding, so I will start with you.

Paul Sheerin: I hear the same thing about the lack of transparency. Businesses ask us what the amount is. We try to add that up. When we have said that about a third of the apprenticeship levy take from Scotland that comes back is spent on apprenticeships, we have been told that it is not that amount, although we do not get an answer as to what it is. Knowing the amount would be a good start.

Care is needed in making too big a comparison with what is going on in England. Yes, they get more—the training providers would say that they get almost three times as much—but there has been a 40 per cent fall in the number of apprenticeships in England. When we think about solutions, we need to be careful that we do not

follow paths that do more harm than good to the patient.

Jack Norquoy: I echo that. We have heard the same message from our members: the lack of transparency is frustrating. There is also a lack of flexibility for employers within the scheme. To put that into context, when developing the new growth and skills levy, we must listen carefully to the insights of industry, as well as ensure that there is better consistency of support.

Paul Campbell: At the risk of repeating the same thing, I note that employers would invariably like there to be more transparency with the levy and how it is utilised.

The last time that I saw anything on the levy was 2019. At that point, £239 million was being returned as part of the levy from the UK to Scotland. It was used in different ways for a range of things, such as for employability funds, for supporting DYW and for apprenticeships. However, the overwhelming feedback that we consistently hear from business is that it would be nice to understand what that is and to have transparency about how it is utilised and spent.

Murdo Fraser: Thanks—that is very helpful.

On funding more broadly, you have all highlighted experiences of apprenticeships being advertised and the number of applicants far outweighing the number of places. What is the barrier to offering more apprenticeship places from an industry point of view? I put that question to Paul Sheerin. Is it primarily to do with funding, a lack of capacity among employers or a lack of opportunities further down the track so that employers are not taking on people to undertake apprenticeships unless they see a future career path for them?

Paul Sheerin: A survey that we did last year showed that one in five employers who went to their college or their group training association asking to undertake an apprenticeship were told there was no more funding. That is the starting point.

Beyond that, you have to take cognisance of the split in company sizes, which has changed in the past two or three decades. Larger companies tend to be in programmes in which there are frameworks and they take a long-term approach, so they can plan today for something that is coming in five, six or seven years' time. SMEs will invest today in something for which they have a line of sight to the purchase order that will pay for that investment. They are living on contracts of three months, six months or even a year. An apprenticeship is at least a four-year investment—it is more likely that it will be five years and it is five and a half years in some cases. They just do not have the ability to work to the long term and

operate at the levels that we need them to in order to fill that need.

Paul Campbell: Another point on the funding element is to emphasise that employers put in the vast majority of the contribution. Broadly speaking, for every pound that goes into funding, employers probably put in up to £10. Funding and capacity are issues. From the perspective of training providers and colleges, if they do not have the funding, they will not deliver the places. It is perhaps slightly different for employers who run their own academies and operate as training providers. They would be tempted to take more apprentices. However, capacity and funding block the system to an extent.

Last year, we had 25,500 starts for modern apprenticeships. Before Covid, we were well on our way to 30,000. Numbers are going down, unfortunately.

From our interactions with SAAB, we understand that there is easily demand for more. Last year, training providers had ambitions to take about 35,000—that is the number that they would like to take on. Quite often, it is not a question of what the demand is and how to service that; it is a question of setting out the demand and fitting those needs in the best way possible into the available funding, which is very different.

Murdo Fraser: I have one last question. I am sorry that Jack Norquoy did not get to answer the previous one but maybe he can come in on this as well. The Scottish Government is considering moving apprenticeship funding from Skills Development Scotland to the Scottish Funding Council. Would that help or hinder how apprenticeships are supported? I see that Paul Sheerin wants to come in.

Paul Sheerin: I do not think that that is the right solution, nor does industry. Why is that? We accept that we must always look for efficiencies, so the idea of combining organisations makes sense. However, if you want to be directly connected to the opportunity for the economy, you need to be industry facing. Skills Development Scotland is the body that does that, and it does so really well. It makes no sense to go the other way and take the larger organisation and cram it into the smaller organisation and, by doing so, dismantle the industry-facing part.

Industry has told us that everything that it sees in the skills reform process is “fiddling while Rome burns”. We are in a situation of crisis in skills and there is nothing that we see within skills reform that will help with that.

Earlier, I used an analogy about patients. This is like looking at somebody in front of you with life-threatening injuries and answering their situation

by building a hospital but then building the wrong type of hospital.

Jack Norquoy: I entirely agree. As we have gone through some of the issues today, the point that has been made is that the reform that in front of us is not as responsive to the systemic issues as we need it to be.

The themes that we have discussed in the exchange about getting to a sustainable funding model are important. Multiyear certainty will be important as part of that. It would be helpful to recognise the contribution that industry is making—Paul Sheerin spoke about being industry facing. We need to get to a place in which we are far more responsive. We are concerned about the pressure that we are going to hit very soon.

Paul Campbell: On structural reform and the move towards the SFC, the financial memorandum suggests that that change will mean that about £9.1 million-worth of efficiencies related to apprenticeships will be made over four years. That makes employers nervous because of what they have experienced so far from an apprenticeship perspective: current funding is not meeting demand and reducing that further might lead to additional issues. The proposal is inherently risky.

Paul Sheerin made the point that experience shows that SDS is pretty good at what it does. It has very good articulation on demand. The employer engagement group, which I chair, regularly looks at numbers, statistics, demand for apprenticeships, where investment is going and, from an agility point of view, where we have to re-divert and use places that have not been used. We seem to be moving the other way, potentially reinforcing parts of the system where alignment is not as strong. It is inherently risky.

Evidence from the past few years tells us that the number of foundation apprenticeships in colleges has reduced and that the number of graduate apprenticeships has stayed the same. The numbers are not increasing to meet demand. Moving funding in the proposed direction would be quite risky.

Sandy Begbie: Convener, I apologise. I was expecting a call from my general practitioner, so I had to step out. She might call me back before the end of the meeting. *[Interruption.]* That is her calling now. Can I take it? I am waiting on an urgent appointment.

The Convener: Yes—go ahead.

Murdo Fraser: That is me, convener.

Daniel Johnson (Edinburgh Southern) (Lab): Following on from what was just said, I would just add that we are not looking at the skills system with a blank sheet of paper, because there is an

active proposal from the Government. Jack Norquoy said earlier that we need the system to be responsive, and it seems to me that we need industry and employers to be engaged up front. However, we are removing SAAB, which was one point at which we had industry engagement, and we also had the SDS board, which had industry membership on it.

Does the panel understand where the voice of industry sits in the Government's proposals in the bill? What should be the parliamentarians' response to the bill, based on that issue of the industry voice? Paul Sheerin, I will come to you first.

Paul Sheerin: I have been quite clear in my view: I do not think we are on the right path at all, and I think that the result will be damage to Scotland's economic benefit.

Picking up the points that you have just raised, I have already mentioned that today is SAAB's last day. I am a member of the SAAB employer engagement group, and I have no idea what is coming next, what will happen in the interim, what will fill in for it or what will replace it. Our apprenticeship system in Scotland is a live system that needs constant maintenance, care and input to ensure that it is on the right track.

I can say at one level that, yes, my membership fundamentally disagrees with the route that we have gone and with the outcome—or the target outcome. However, we need look only at the process to see the lack of transparency and clarity about this, and the timescales involved. I have read the financial memorandum, but I want to make it clear that this is a big task. Anybody who has been through an acquisition or a merger knows that they are tough, and my worry from the start has been that while we have a skills crisis, all of our energy will be going into merging those two organisations, overcoming all of the difficulties, and going through the culture change that will have to happen.

I am worried, too, that we will lose people along the way. After all, during Covid, we saw people saying, "I have choices," and then deciding to step out of industry or retire. The timing could not be worse for Scotland. For us, this loss of knowledge, skills, understanding and passion for the work-based learning that will bring the economic opportunity that Scotland wants is happening in the wrong place at the wrong time.

Daniel Johnson: The renewables sector is probably facing the biggest change and needs the biggest increase in skills. Does Scottish Renewables have any clarity on where the industry voice will exist in the proposed new system?

10:45

Jack Norquoy: We do not have clarity, no. Although we are a Scottish trade body, we are rooted in the strategic energy planning that is taking place across the UK at this time. When we look at what is quite a busy, cluttered landscape, we are looking for clarity on the direction that we should be pulling in.

Industry would be very willing to get round the table to discuss what our good outcomes would be, what we are striving towards, and how we can understand the landscape that we are operating in, not necessarily losing valuable time on reform that we are not particularly engaged with but looking at the broader energy planning that is taking place, too, and where that fits into that process.

Daniel Johnson: Paul Campbell, I am going to come to you last, because I think that you will need to declare an interest in answering this question.

Sandy, can I pitch the same question to you? Given the importance of financial services, do you have clarity on where the inputs will be for industry? Do you think that there is sufficient interface with industry in the proposed structures?

Sandy Begbie: No—I would agree with everything that the panel has said. I think that the proposals relate to structure, and I do not think that that really deals with the crisis that, as Paul Sheerin has said, we are facing. Every industry has been calling out for skills for years now; the call was consistent even before Covid and, post Covid, it has been even greater.

It is not obvious how the employer voice will be raised in the new structure. James Withers recommended having a national employer board; we have had SAAB, but there is a need for a louder voice. What I have written down—and it goes back to my point about supply and demand—is that demand needs to be employer led, with support from Government on the supply side. In other words, the way in which the system responds needs to be Government led, but it must involve the employers' voice. At the moment, I do not feel as though we have that anywhere near right. Moving the funding will neither transform the system, nor address the challenges that you have heard about this morning.

Daniel Johnson: Thank you. I would just like to pitch a slightly different question. Paul Campbell, you are here representing SAAB, which has essentially been scrapped. Has it been articulated to you what SAAB was not doing, or why it was not working, and therefore why it has been scrapped?

Paul Campbell: Not explicitly. The Withers report suggested that it represented a fragmentation in the system. Actually, we would point to the Wood commission and its earlier report, which said that more focus had to be put on apprenticeships. SAAB was a response to that in seeking to bring employers together and to give real focus and energy, which it has done.

We have been working constructively with Government on the transition, and what it might look like. We understand that an employer reference network is being set up; indeed, its first meetings were, I think, issued in the past week or so. However, it is unclear how the network will function—in other words, whether it will have a secretariat, how it will be managed, and how it will lead and influence workstreams, if you like. SAAB is very focused on deliverables and delivering outcomes—that is part of what the group does—and at the moment, what this network will do is less clear.

Another provision in the bill is having the apprenticeship committee as a subgroup of the SFC board. I do not know who mentioned this earlier—it was either Sandy Begbie, or maybe Paul Sheerin—but it is unclear how much industry representation there is on the SFC. That feels like a bit of a gap, and there is a bit of concern that the committee might feel like a subset or something that sits off to the side instead of its being integrated, as I think the review intended. It is just not clear how it will all function.

In SAAB, you have 80 relatively senior and very senior employers across Scotland who are actively involved in the system, who are very passionate about apprenticeships and who—to be honest—are operating with a lot of goodwill at the moment to try to keep the wheels on the bus. After all, SAAB is not just a place where employers come together to talk—it is a standards and frameworks group. We approve the standards that are required for apprenticeships and design the frameworks.

Employers are also front and centre in the apprenticeship approvals group—or AAG—approving the apprenticeships that go into production and which are delivered in the system. There is also the apprentice engagement group, in which apprentices themselves have a voice in the system as part of SAAB and are able to make themselves heard. Indeed, I believe that they were recently at the Parliament for Scottish apprenticeship week. Therefore, as I have said, SAAB is more than just employers coming together to talk; it covers the frameworks, the apprenticeship approvals—all of those things.

The conversations that we have had with the Government have been about saying that we do not have complete certainty about how all of this will function in the new structure. SAAB will

continue, and we will continue to do what we do—until, I suppose, we know that everything is going to function well and apprenticeships will continue to flourish in Scotland.

Daniel Johnson: Now that we are at the end of our evidence taking, I have, instead of questions, one or two propositions that I would like to put to the panel, just to reflect my thoughts. I will ask just one of you to volunteer a response because, otherwise, I will not have enough time to get through them.

My first proposition—and reflection—is that we treat apprenticeships and skills as a bit of a monolith, when they are not, and I think that there is one particular element on which that view is taken. The fact is that apprentices do not end up with just one qualification; an apprenticeship is actually a method of learning. Does the panel agree with the proposition that we need greater clarity on the qualifications that people actually end up with, instead of just treating the apprenticeship as the thing in itself? Is the Scottish vocational qualification that people end up with at degree level? What about the qualifications in between? Do we need to be a little bit more refined in our understanding of what qualifications apprenticeships deliver?

Paul Campbell, everyone has stepped back and you seem to be left standing.

Paul Campbell: I see Paul Sheerin nodding, too, but my own view is that apprenticeship frameworks are clear about the outcomes, the national occupational standards and the qualifications within them, whether we are talking about an SVQ or some vocationally related qualification, or other ancillary and additional qualifications—say, at higher education level—that might form part of the apprenticeship. The frameworks are clear about what is in them.

From a Scotland perspective, being clear about the qualifications in apprenticeships is a real strength. I do not know whether Paul Sheerin was going to agree, though.

Paul Sheerin: I was. It is just nowhere near the Pareto when it comes to the lists of things that need to be done about skills—it is not a big enough issue. I am sure that there will be issues that will need fine tweaks, perhaps, but we are nowhere near that here. What you are talking about is down at 100 feet off the ground, while we are up at about 20,000, 30,000 or 40,000 feet.

Daniel Johnson: My second proposition probably brings us a bit more into this space. Having reflected on the evidence that we have taken, I wonder whether we need to almost flip some of the priorities on their head. Instead of, say, asking for more consideration to be given to the matter, we need to challenge every aspect of

the education system to demonstrate what it is delivering on skills. It is not good enough for universities to turn around and say, “Your skills requirements are not our business.” We need to be challenging primary, secondary and all tertiary education and asking, “How are you contributing to skills outcomes?”

Sandy Begbie: The outcome point is important. I have always maintained that money is not the issue; we are investing billions from the Government and the private sector in this space. If this were a stand-alone business, we would be talking about something of substantial size, and I just do not think that the outcomes that we are getting from that level of investment are good enough.

You talk about turning things on their head. We need to get much more focused on how we change the outcomes, because this is an emergency, and I would suggest that spending the next year or two on changing how the system works or moving some of the people around is not going to drive different outcomes. I might be wrong, but I have a background in transformation, and that is not how you go about doing it. You aim to articulate the outcomes and the changes that you want to deliver and then you think about how to change the system quickly in order to deliver them.

Daniel Johnson: One of the things that I have said directly to the minister and to James Withers is that we are putting structure ahead of function and outcome. Is that a fair assessment?

Sandy Begbie: Yes.

Paul Sheerin: Putting structure ahead of function is a good way of looking at this. You can look at anything in life and see where it can be improved—and you should do so. On the other hand, you have to be careful that you do not end up trying to boil the ocean.

In other words, we have to go for a less-is-more approach. We need to do fewer things, but do them well, as they say, but we need to do them really well if they are to have the impact that we need them to have in order to avert a crisis. In a crisis, you have to pick the three or four things that you need to do well and go for them.

Daniel Johnson: I am going to come back and ask you what you think those things are, because I feel that you want to get them off your chest.

First, though, I will put my last proposition to you. We have heard quite a lot about the balance between the big employers and the SMEs. The big employers are overwhelmed with applicants, while SMEs struggle, sometimes, to engage with the system. Do we need more of a sectoral approach? I know, Paul Sheerin, that there have been some

moves in that direction in advanced manufacturing, and likewise in construction, where we have long-standing collaborative bodies. Do we need more sectoral approaches to bring balance and help firms of different sizes engage with the system more effectively?

Paul Sheerin: The SMEs are part of that 50:1 ratio, so there is no issue in that respect.

There is always a need for sectoral approaches, but this is a systemic issue. If we look at construction, we can see that, right now, Hinkley Point C is just a black hole sucking resource and skills into it and, of course, paying people very well. In the near future, Barrow will be the same, and it is closer to the border with Scotland. Indeed, we are seeing this happening in the north of Scotland with the activities at the port of Nigg and the Cromarty Firth. Anecdotally, you will meet people who say that it used to be easy to get a hotel room in Inverness, but now it is less so, because there is so much activity going on.

I think that we need to be careful, because when we talk about these skills, whether they be house building skills, manufacturing skills, electrical skills, electronic technician skills, welding or fabrication skills, they are systemic. Therefore, it is a bigger pipeline that we need to fill, and we need to ensure that that bigger pipeline is full, because everybody is fighting for the same sparse skills.

Daniel Johnson: Just finally, Paul, what are your top three or four things, to hit your Pareto point?

Paul Sheerin: They are nothing new. First, we are on the wrong path. While we are spending money, time, effort and resource on smashing Skills Development Scotland into the Scottish Funding Council, any progress on skills will stop. I believe that this is happening the wrong way round, and there is even a question whether the timing is right. While it is happening, we will be taking our eye off the ball of the bigger picture of our worsening skills crisis. We need to make tougher decisions about where we spend the available money and divert it to work-based learning and apprenticeships.

Daniel Johnson: Just for clarity, are you arguing that we should be diverting money from other post-school education destinations—that is, university and colleges—towards the skills system?

Paul Sheerin: Yes.

Daniel Johnson: Thank you. I will leave it there, convener.

The Convener: That was very clear. Thank you indeed for that. The last questions come from Jamie Halcro Johnston.

Jamie Halcro Johnston (Highlands and Islands) (Con): I thank the witnesses for coming in—the session has been extremely interesting. I will look at a couple of areas and then finish with a follow-up question on what Daniel Johnson asked about.

First, I come back to Paul Campbell on the SAAB question. The Cromarty Firth development was touched on just now. Delivering skills, apprenticeships and training in areas such as my region of the Highlands and Islands is very different from doing so in other parts of Scotland. The Withers report included proposals for regional skills councils. Would that be enough to ensure that there is regional input, or do you—or any of the other witnesses—have concerns that we will lose some of that regional input and expertise?

Paul Campbell: To be honest, I do not know. We need both, do we not? We need regional consultation, engagement and involvement in order to understand local needs, but we also need a national approach that focuses on making the best possible use of the available budget, and that is currently a bit of an unknown. I am sorry that I am not able to answer that.

Jamie Halcro Johnston: Okay—I come to everyone else.

There are concerns that come up time and time again. During apprenticeship week, I met with Serimax, and it raised housing and transport as issues of real concern that presented difficulties in various areas. That aspect concerns me. It is all right for those in the central belt to take decisions and say, “This is what we want to deliver in this area”, but we know that there will be some overheating around the Cromarty Firth, for example, given that there will be—it is hoped—so much work going there. I suppose, Paul Campbell, that you would say that you are not confident that the potential new approach, with the loss of SAAB, will be able to deliver that input.

11:00

Paul Campbell: Yes—losing SAAB will potentially have a negative impact. I go back to Paul Sheerin’s point about Skills Development Scotland. SDS is pretty good at demand forecasting, labour market analysis and looking at sector skills issues, and it is strong on collaboration and employer engagement, so it has a lot of the capabilities that are needed to get in and do that work. Those issues need more focus nationally and regionally, but it all comes back to the quality of the labour market insight and information and the demand analysis, and the integration of employers within that, both regionally and nationally. It also requires a good intermediary or intermediaries—as Daniel Johnson

alluded to—to be able to do that work and build the right relationships.

Jamie Halcro Johnston: Does anybody else want to come in on that?

Sandy Begbie: For me, it is not an either/or. I hear a lot of conversations about whether there is a national approach at the expense of a regional or local approach, or vice versa, but I do not see it in that way. It is not impossible to work up a model that takes account of individual local needs, local economies and the skills that are needed there, and goes up to look at whole sectors. With financial services, for example, the bulk of employment is in the central belt. I might have a conversation with someone in Edinburgh who says, “We need a skills strategy for Edinburgh’s financial services” and I say, “No, we don’t—we need a skills strategy for financial services, and we have one. What we do not need is an Edinburgh one.”

It is about coming up with a model that can accommodate both, which is not impossible. Businesses do it all the time, providing local autonomy and also thinking about what it would make more sense to look at on a macro level.

Paul Sheerin: To come back to the point about a regional versus national approach, it is absolutely right that that needs to be in balance. Regional economic considerations need to be taken into account, but programmes have to be national. I sit on some UK-wide skills bodies and we have had feedback that the 44 per cent fall in apprenticeships in England has been partly due to regionalisation of skills policy, so that is something to watch out for.

Jack Norquoy: I agree. We can take a place-based approach that recognises the core sectors that are pulling us towards national strategic objectives, but which plays to regional strengths in doing that.

Sandy Begbie: Sorry, convener—I have to depart now. I have been given a GP appointment, and it is not always easy to get one. Thank you.

The Convener: That is fine.

We go back to Jamie Halcro Johnston.

Jamie Halcro Johnston: I will make a statement and ask the witnesses to agree with it—*[Laughter.]*—or disagree with it. Sorry—I am not trying to push you either way.

It follows up on previous questions, in particular from Murdo Fraser. Previous witnesses have said that the system operates in the following way. There is not enough funding for apprenticeships, so there are not enough places, and people apply for apprenticeships and do not get them. They then go to college—they might even go on to

university—and they end up roughly where they would have been if they had simply been able to do an apprenticeship, as would have been the case in the past. That is potentially costing more money, and it also means that we do not get much-needed people into the workplace.

Would you agree or disagree with that, and do you have any additional insights?

Paul Sheerin: I will go first. There is one bit that I do not agree with. If people go to college and then to university, they will have a different skill set from the one that we predominantly need. Fundamentally, we need work-based and hands-on learning skill sets, which in the past we would have called trades. That is our biggest gap. We need welders, electricians, electrical fitters, mechanical fitters and electronic test technicians, and those involve different skill sets; universities—rightly—are not set up to train for that capability and capacity. What you describe is a loss to industry, and it leaves us with gaps.

There is a reason why, when we started to consult on the skills gap survey last year, the feedback was that it should be all about work-based learning and modern apprenticeships. That is why we ended up choosing 24 out of the 31 roles on which to focus. University and those skill sets are two different things, and the need is greatest in those 24 areas. I hope that that helps to answer your question.

Jamie Halcro Johnston: Yes, it does. Those aspects were focused more on what can be delivered, but I agree with what you say.

Jack Norquoy: On behalf of the renewable energy industry, I absolutely agree on the importance of those foundational ways of getting into the workforce, and we can back that up. I go back to the first points on agility and being more responsive with regard to the strategic interventions that could be made on the reskilling that will have to take place for our future workforce.

Paul Campbell: I agree, in part—I certainly hear of that happening. If a young person who has left school does not get an apprenticeship and decides to go to college and then university, it could be quite an extended period of time before they enter the workplace. They will go to college and then into year 3 of a degree, and they may want to go on to honours. They will probably want a gap year, and then they might come back and do a masters, so they are going into the workplace six years later. That costs money. If there was an apprenticeship or graduate apprenticeship position available, they would be working from day 1. They would be paying tax and national insurance, and they would not be incurring debt. The system would be funding that in a different way, and

employers would be getting more of what they need in the areas in which they need it.

Jamie Halcro Johnston: I come to my last question—again, you can agree or disagree. The committee’s inquiry will help, we hope, with the direction in the future. However, do you have confidence that, if things continue to go the way that they seem to be going, as we have heard concerns about, we will be able to meet Scotland’s skills needs?

Paul Sheerin: On the current path that we are on? No.

Jack Norquoy: There are successes that we should recognise, but the challenges that we face are enormous, and agility and innovation are required to tackle them. There are concerns across the key enablers of project deployment with regard to the barriers that we face in various areas in getting a project off the ground, but there is real concern about the barrier that we are going to hit with people.

Paul Campbell: There is a lot of good intent around reform and what it is trying to do. From a SAAB perspective, however, I am not convinced that it will give us what we need. Some difficult decisions have to be made around how we use the £3.4 billion most effectively to get what business, the economy, young people and employees need. That is the really tricky bit, and I am not sure that what is currently being proposed will do that.

As I mentioned earlier, the SFC can only recommend how institutions use their funding—that is not mandated in any way, so it cannot be very deliberate in linking funding to the outcomes framework and ensuring that it is attached to sector needs and areas in which there are skills shortages. The risk is that if we do not have that function, we simply reinforce some of the things that are already happening in the system.

The Convener: That brings us to the end of the evidence session. I thank our witnesses for joining us and for their insights, which are incredibly helpful to the committee.

I suspend the meeting briefly before we move on to the next item.

11:09

Meeting suspended.

11:13

On resuming—

Subordinate Legislation

Cross-Border Insolvency (Enterprise Group) Regulations 2025

The Convener: Our next item of business is consideration of a type 1 statutory instrument notification from the Scottish Government. On 14 March, the Minister for Public Finance and Digital Economy wrote to the committee to give notice of the Scottish Government’s proposal to consent to these United Kingdom regulations. The UK Government intends to lay the SI in mid-summer or autumn.

I see that there are no comments. Are members content with the Scottish Government’s decision to consent to the UK regulations?

Members indicated agreement.

The Convener: I now suspend the meeting, and we move into private session.

11:14

Meeting continued in private until 11:34.

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