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III
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Joint Skills Committee: Annual Report 2016-17

Purpose

- The purpose of this paper is to present the boards of SFC and SDS with the Joint Skills Committee annual report for 2016-17. The Committee has endorsed the draft annual report at its last meeting on 21 April 2017. At the meeting the results of the Committee's self-evaluation were tabled, a summary of the results has been included in this paper.

Recommendations

- Note the summary of the advice given to both boards.
- Discuss the priorities that the Committee has set for 2017 and advise on priorities for which both boards are seeking advice from the Committee.
- This paper will be published following endorsement by both boards.

Further information

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Joint Skills Committee: Annual Report 2016-17

Background

- 1) It is a requirement of the current Joint Skills Committee standing orders that an annual report of committee business, including an annual self-evaluation, is produced for consideration by both SFC and SDS boards. For the Joint Skills Committee, this takes place at every second meeting in the calendar year. This annual report is based on the 4 Skills Committee meetings that have taken place since the 4th of February 2016 (which was the end point of the 2015-16 annual report) so covers the meetings of 20th of April 2016 to 2nd of February 2017 inclusive.
- 2) The remit of the Joint Skills Committee is currently the subject of consideration in the Enterprise and Skills review (ESR). The year 2016-17 has, therefore, been one of reflection on the role and remit of the Committee whilst acknowledging the opportunities the ESR may offer the strategic direction of the committee.
- 3) This annual report is made up of 3 parts:
 - i) Review of Committee business covering April 2016 to February 2017 inclusive;
 - ii) Committee self-evaluation and review of effectiveness;
 - iii) Future agenda items for the Joint Skills Committee in 2017-18.

As well as 3 annexes:

- i) The advice tracker, summarising advice, as per the trackers presented to the April 2016 to February 2017 meetings;
- ii) The Joint Skills Committee forward plan;
- iii) Current membership.

Part 1: Review of Committee business covering April 2016 to February 2017 inclusive

4) *Review of Joint Skills Committee Remit*

- The Joint Skills Committee Chair, who took up the position in November 2015, led a discussion on the current remit to ensure that input is provided at the most appropriate stage of the policy cycle, and in a way that adds value to the policy work of SFC and SDS.
- An initial discussion with the Committee highlighted the need for clarity on its role alongside other skills policy advisory groups to ensure complementarity and simplicity (for example, in identifying and monitoring skills gaps and underutilisation of skills).
- It was also felt the Committee's role should be strategic rather than operational (e.g. as a sounding board on early policy developments), in a way that best meets the aims of SFC and SDS. The committee was also keen to better understand the impact of its advice to SFC and SDS Boards.
- These points helped determine some initial revisions to the remit of the Committee, including recognition of what has worked to date plus possible items for discussion at future meetings. Suggested items included impact of the closure of UKCES, discussion on long-term skills issues (e.g. Fair Work Convention and Labour Market Strategy), inviting the new Minister to ask for a strategic steer and priorities post-election, as well as developing skills in work to improve productivity and innovation.
- Since the discussion on the remit, the Scottish Government has commenced its review of the enterprise and skills support provided by Scotland's economic development and skills agencies. The finalising of the Committee's remit will inevitably be further shaped by the outcome of this review.
- At members' suggestion, the work and impact of the Joint Skills Committee was submitted to the review as an example of the collaborative working between SFC, SDS and other stakeholders in the skills landscape, using the 2015-16 committee annual report as evidence. Members were also invited individually to contribute to the review. In addition, further examples of groups were highlighted as working within the skills landscape: DYW groups (national and regional), the Scottish Apprenticeship Advisory Board; and industry skills groups. The remit of the Joint Skills Committee is, therefore, necessarily in development, with work streams considering individual elements of the Government's review priorities still underway. This means the Committee's forward plan is currently on hold. However, the committee's advice from previous discussions will be taken into account in shaping and finalising the remit.

5) *Review and Refresh of Skills Investment Plans (SIPs)*

- During 2016-17, the Committee reviewed and commented on each of the refreshed SIPs for Financial Services, Food and Drink and Tourism. Advice from the Committee noted the importance of ensuring the focus is moving to cross-cutting skills issues across multiple SIPs as well as the importance of Industry Leadership Group involvement, linking in with the business growth agenda and the need to understand why certain sectors are less attractive and what steps can be taken to address this.
- The Health and Social Care SIP, presented to the Committee as findings from initial scoping work, was met with agreement that emphasis should be on a joined-up approach to skills development. Also noted was the potential to work with colleges on pathways into the Health and Social Care sectors and Early Years Care and Childcare recommended as the developmental priority.

6) *Outcome Agreements and Skills*

- Input on skills priorities for outcome agreement guidance included a focus on Digital Skills as a cross-cutting skill across all sectors, as well as the importance of skills such as problem solving. Emphasis was placed on the need to measure effective delivery of outcome agreements.
- As in previous years, a summary of skills content in draft outcome agreements was presented to the Committee following initial submissions from colleges/universities (noting that, at the time, institutions awaited indicative funding allocations).
- As a result of this advice, outcome agreement guidance for 2017-18 included an ask of universities to adjust and adapt curriculum in response to evidence of current/future skills needs of employers, particularly in priority sectors (e.g. ICT/digital and low carbon). Universities were also asked to identify areas where high proportions of graduates do not progress to positive destinations, and outline interventions to enhance employability. Colleges were asked to ensure provision meets employer needs through use of Skills Investment Plans, Regional Skills Assessments and other Local Market Intelligence and to outline how students are being equipped with the skills needed to progress into sustainable employment. The quality of draft outcome agreements in relation to skills is variable. Feedback has now been provided to the colleges/universities and final drafts are expected by the end of March for sign off in April.

7) *Developing the Young Workforce*

- The Committee was provided with an overview of the progress with the DYW Regional Groups. Advice from the Committee noted the need to

measure impact in the entire region plus the importance of ensuring Regional Skills Assessments and Regional Outcome Agreements informed the work and direction of regional groups.

- This advice contributed to the development of 2017-18 outcome agreement guidance, including an ask of colleges to support the development of DYW groups to enhance current arrangements, and that DYW groups supported the expansion of workplace experience, work placements, and work related learning (guidance on work placement standards for colleges was launched in September 2016.)

8) *Apprenticeship Governance*

- A strategic discussion on Apprenticeship Governance highlighted a need for clarity in the evidence base, particularly with reporting now being taken forward by BIS following the closure of UKCES. Potential changes in employer appetite, with the introduction of the Apprenticeship Levy, and the importance of a UK-wide approach to apprenticeships, were also noted.
- Members were updated on the newly-created Flexible Workforce Development Fund, as part of a discussion on the Apprenticeship Levy. Advice from the committee emphasised the importance of ensuring that this involves as wide a range of employer voices as possible, as well as the importance of prioritising employers' needs (e.g. digital).

9) *EU Membership Referendum Outcome*

- Following the outcome of the EU referendum, members considered potential impacts on the university/college sector, most notably on research income, heavily-EU-populated post-doctoral researchers, Developing Scotland's Young Workforce and other youth employment initiatives, European Regional Development Funding, Erasmus, and capital funding. Also, the importance of scenario planning, including the opportunities that might arise from leaving the EU (e.g. engaging with international partners).
- The advice has been discussed with Universities Scotland, whose Learning and Teaching Committee is also considering the matter. The full impact of Brexit is still not clear, and further discussions with the Committee will be held when appropriate, ensuring a link to Universities Scotland's work. This may also form a crucial part of the 2018-19 outcome agreement guidance.

10) *Scottish Economic Strategy, Jobs and Skills in Scotland and Labour Market Strategy for Scotland*

- Members were provided with an overview of *Jobs and Skills in Scotland: The Evidence*, the first in a series from SDS on the jobs, skills and labour

market performance in Scotland, focusing on current skills challenges, demography and potential disruptors. In addition, Scottish Government presented an overview of the *Labour Market Strategy for Scotland* outlining the vision of the strategy, the Strategic Labour Market Framework, and work on Fair Work and jobs.

- Advice from the Committee included looking at ways to maintain evidence from the Employer Skills Survey, the need to recalibrate skills to improve productivity, and skills approaches that are complementary rather than competitive. The *Jobs and Skills in Scotland* presentation featured at SFC's Board meeting in March where members agreed a need for greater interaction with schools to raise understanding of the importance of digital skills and that reskilling and conversion courses (e.g. Masters) are crucial in times of economic downturn in certain sectors (e.g. oil and gas) to help retain skills within Scotland.

11) *College Innovation*

- Following the creation of the College Innovation Working Group, and the Reid review of Innovation Centres, members provided input on the draft college innovation action plan. Specific advice was provided around opportunities for colleges to support industry in upskilling the current workforce, training staff to be more innovative, sharing of best practice and where long-term investment could be made to help address the recommendations of the Reid review. This advice helped further shape the action plan which was later presented to and endorsed by SFC's Research Knowledge Exchange Committee. The College Innovation Working Group is looking to collate evidence/case studies.

12) *Regional Skills Investment Plans*

- Advice provided on the Regional Skills Investment Plans approach, partly initiated following city region/regional growth deals, asked that no geographical areas is missed so that regional approaches are visible. Regional Skills Investment Plans are being incorporated into the Enterprise and Skills Review, Regional Partnership work stream.

13) *Review of the 15-24 Learner Journey*

- The Scottish Government sought the advice of the Committee in the remit for the review of the learner journey. Advice from the Committee included ensuring all levels of study are taken into account (e.g. up to SCQF level 11, ensuring college study is not just tagged as FE and the full range of apprenticeships is considered).

- The Government has now established formal programme management arrangements for taking forward this element of its Enterprise & Skills review, though - on timing - it has made clear that the complexity involved in this work and the likely need for phased implementation, means that while it will commence in academic year 2017-18, it is likely to extend over the lifetime of this Parliament, until 2021. The Government has identified the following work streams on which it plans to focus:
 - Learning Choice, Careers & Application
 - Access & Application
 - Provision & Transitions
 - Funding, Structures & Legislation

Part 2: Committee self-evaluation and review of effectiveness

The below is a summary of how the executive have taken forward the points raised in the 2015-16 survey

<i>You said...</i>	<i>We did...</i>
Agendas should have fewer items and more opportunities for more discussion	Restricted the number of agenda items where possible and ensured there was a clear ask of the committee for each tabled agenda item.
Level of influence members have over content of agenda (lower scoring)	Item in September 2016 agenda included a forward plan with members suggesting items for discussion
Papers should be limited to a maximum of 10 sides (plus appendices if necessary), with a clear ask of the Skills Committee to support open discussion	The majority of papers presented remained within the 10 sides rule – still work in progress for all papers.
Strategic workshops valued as a way of making improved recommendations to both boards	A 'Digital Disruption,' strategic workshop to take place at the April 2017 meeting
The large size of the Committee is challenging, particularly in ensuring all members have the chance to contribute	To be reviewed as part of the remit
A need to review the purpose of observers, the possibility of sub-groups, the importance of maintaining private sector membership and striking the right balance between employer and public	To be reviewed as part of the remit. The role of the Joint Skills Committee is also to be considered alongside other groups e.g. Scottish Apprenticeship Advisory Board and Industry Leadership Groups

sector/education	
The need to be clear on SFC and SDS priorities and how the Skills Committee influences the policy of each organisation	To be clarified as part of the remit (as per the outcome of the Enterprise and Skills review)

Feedback on the 2015-16 survey also included suggestions for future items...

Consequences for skills policy if the UK leave the EU	Discussed at the September 2016 meeting. Future items on this must connect to Universities Scotland's Learning Teaching Committee
How the UK-wide snapshot of skills would look in the absence of the UKCES and potential changes to the Higher Education Funding Council in England and RCUK (recognising that this would be of interest beyond the JSC).	To be revisited when position becomes clearer
Future of national occupational standards for Scotland	To be revisited when position becomes clearer
Implications for apprenticeships/wider vocational qualifications of the introduction of the apprenticeship levy by UK government.	Discussions on 'Apprenticeship Governance,' at June 2016 meeting and 'Apprenticeship Levy,' at February 2017 meeting
How the skills, economic development and business improvement offer are being joined up	This is being considered as part of the Enterprise and Skills review
Outcome agreements (in light of recent and future funding changes)	Discussions on 'Outcome Agreement Guidance,' at April 2016 meeting and 'Draft Outcome Agreements,' at February 2017 meeting
Progress of DYW recommendations (including foundation apprenticeship roll-out)	This continues to feature on agendas with an item on 'DYW Regional Groups,' presented by Scottish Government at the June 2016 meeting
Progress on RSAs, SIPs and innovation centres	'Review and refresh of SIPs,' at April 2016 meeting, 'Health and Social Care SIP,' at June 2016 meeting, and 'RSIPs,' at February 2017 meeting, 'College Innovation,' at February 2017 meeting
Impact of cuts to Modern Apprenticeship	Discussions on 'Apprenticeship

and Employability Fund programmes	Governance,' at June 2016 meeting and 'Apprenticeship Levy,' at February 2017 meeting
A rolling item on the changing skills gap size (e.g. geographic and sector breakdown).	Discussion on 'Jobs and Skills,' and 'Scotland's Labour Market Strategy,' at September 2016 meeting

14) *Summary of feedback from survey of members*

- To ensure efficiency and effectiveness of the Committee, members were sent an online survey and asked to express their views on committee business, quality of discussions and the overall running of the committee itself.
- From the few responses received there was a recurring theme in the comments section that agendas should have fewer items and more opportunities to allow the Committee to have a quality deep dive discussion. In addition, respondents noted the large size of the Committee as being challenging, particularly in ensuring all members have the chance to contribute and to allow sufficient time for a full discussion.
- Comments from Committee members also expressed the need to ensure that all agenda items are issues that the Committee have the opportunity to influence and steer policy before it is agreed by SDS or SFC Boards.
- High scoring items included: discussion of issues central to the Committee's remit or wider skills environment; papers give a sufficient understanding of key strategies; and the efficiency and effectiveness of the SDS/SFC executives in serving the Committee. Other comments noted that; the papers are excellent and strike the right balance between length and detail; good input is received from Scottish Government and other stakeholders; and there is effective chairing of the meeting.
- Lower scoring items included the size of the committee and the appropriateness of meeting structure to facilitate effective advice to the SFC and SDS Boards, although this was still marked, on average, as adequate. Other comments noted that: for the committee to add more value it needs to influence the strategy of SDS more; for the Chair to continue to remind members to make shorter, focussed contributions; that there is lack of participation of some members through non-attendance; that industry needs a stronger voice; and that agendas need to focus more at a strategic level, including a stronger focus and visibility of policy changes elsewhere, particularly in England.

Part 3: Future Agenda items for the Joint Skills Committee in 2017-18

- The Government's Enterprise and Skills Review (in particular, its work on governance and on skills alignment) inevitably creates some uncertainty over the activity of the Committee in the year ahead. That said, we understand work on the review to be well-advanced, with the Government's ambitions to make clear its preferred course during April. Against that background, we suggest that the items identified for future discussion at the September 2016 meeting are prioritised for the forward plan. Namely:
 - Implications from Brexit- as position becomes clearer;
 - Finalising the Committee remit;
 - Productivity;
 - STEM- primary school to university; and
 - DYW Change Themes.
- We do note however that the list will likely need to be revisited in the light of the position ultimately adopted, post-Review, by the Scottish Government.

Annex A: Joint Skills Committee Advice Tracker, Summary of Advice as Presented at 20 April 2016 to 2 February 2017 inclusive

Priority Area	You advised....	As a result...
<p>Employability (inc. Developing Young Workforce)</p>	<ul style="list-style-type: none"> • On <u>Developing Young Workforce Regional Groups Update</u>, the importance of ensuring RSAs and Outcome Agreements inform work of regional groups, the difficulties with alignment of areas, the need to measure impact in the whole region and consider sustainability of groups • On <u>Scottish Government Employability Consultation</u> the need to ensure future programmes don't lose what currently works, future programmes focus should be on supporting people once in work/keeping them in work, importance of clarity around purpose of programmes and the need to fully consider consequences of any change 	<ul style="list-style-type: none"> • 17-18 outcome agreement guidance asked for support of DYW groups and that DYW groups support expansion of workplace experience. Refreshed RSAs launched on 19 December, data now to be added in April • Agreed that this is not something that is relevant to Committee remit
<p>Regionalisation and Outcome Agreements</p>	<ul style="list-style-type: none"> • On <u>Gender Action Plan</u>, ensure the work is closely aligned with DYW groups, links and approaches are created with those involved in the learner journey and the importance of involving parents and teachers • On <u>Outcome Agreement Guidance 2017-20</u> the need to look at potential uses of Apprenticeship Levy funding, the significance of Digital Skills as a cross-cutting core skill and focussing on developing 'soft,' skills. Also how can change be measured? 	<ul style="list-style-type: none"> • Final GAP was launched August 2016. SDS equality mainstreaming approach/action plan to continue to be the route through which equality matters are addressed • Advice fed into paper on outcome agreement remit presented to June SFC Board meeting, informing the 17-18 outcome agreement guidance

	<ul style="list-style-type: none"> • On <u>EU Membership Referendum Outcome</u> the impact on skills supply and EU projects. Also the need for identification of opportunities and scenario planning 	<ul style="list-style-type: none"> • Draft Scottish Budget 17-18 outlined commitments to ensure EU students don't pay for access to Higher Education and that commitments to projects funded by European Structural funding are to be honoured. Brexit as a possible future item for Committee meetings
Skills investment Plans and Sector Interventions	<ul style="list-style-type: none"> • On <u>Advanced Manufacturing Action Plan and ESP draft STEM strategy</u> what scope there is to increase emphasis on growing business investments in the manufacturing sector, the need to ensure all good work is captured within the regions and to develop links between manufacturing/creative design • On <u>Review and Refresh of Financial Services, Food and Drink and Tourism SIPs</u> the importance of considering cross-cutting skills issues, position of skills within the wider workforce and business growth agenda and prioritising interventions with greatest impact • On <u>Health and Social Care Sector SIP Approach</u> the importance of joined-up approaches to skills development and continued work with colleges of pathways. Also, the potential risk to apprenticeships with a move for graduate entry routes into early years education 	<ul style="list-style-type: none"> • SDS in the process of developing approaches to identifying STEM demand. Action groups set up to take the plan forward. • SDS demand statement for STEM underway and multiple sectors engaged in digital programme of work. The 3 SIPs have now been refreshed and published • Work on early years and childcare commissioned with advice from Committee built in

<p>Building Evidence Base (including Regional Skills Assessments and Patterns of Provision)</p>	<ul style="list-style-type: none"> • On <u>Improving the Evidence Base</u> the need for transparency, to consider implications around UKCES closure and to establish a balance between data and strategic aims in outcome agreements • On <u>Scottish Economic Strategy</u> the need to not just focus on low skills as the only key issue, awareness of what's happening to those in areas who already have skills, consider fair work agenda and ensure there is work with other groups dealing with similar issues • On <u>Jobs and Skills in Scotland/Labour Market Strategy</u> that the reports are considered as part of future Board development days, how evidence can be maintained (e.g. employer skills survey) in absence of UKCES, how to achieve greater economic growth to close the gap, the need to focus on lifelong learning and for a joined up approach/coherent skills system 	<ul style="list-style-type: none"> • Advice fed into 17-18 outcome agreement guidance and to be considered as part of committee remit • Refer to actions and outcomes on Labour Market Strategy (below) • Jobs and Skills presented to SFC Board at March meeting. Employer skills survey/LMI for All now with Department for Education continuing robust and relevant data.
<p>Youth Employment and Youth Underemployment</p>	<ul style="list-style-type: none"> • On <u>Update on National Apprenticeship Reforms Across the UK</u> the need to consider the impact of the apprenticeship levy in Scotland and concern about potential diluting of the apprenticeship brand • On <u>Strategic Discussion: Apprenticeship Governance</u> the need for coherence in evidence following UKCES closure, the importance of the learner voice, the need to be aware of potential changes to appetite and to encourage a common UK approach to apprenticeships to allow mobility throughout the UK 	<ul style="list-style-type: none"> • Refer to actions and outcomes on Strategic Discussion: Apprenticeship Governance • Levy consultation prompted various responses e.g. increasing numbers of Graduate Level Apprenticeships, Levy payers shaping delivery of apprenticeships, MA age limits and contracting for delivery of MAs. Scottish Apprenticeship

		Advisory Board to input into development of Flexible Workforce Development Fund
Governance	<ul style="list-style-type: none"> • On <u>Chair’s Business and Matters Arising</u> interest in understanding how the advice informs the work of both SFC and SDS boards • On <u>Chair’s Business and Matters Arising</u> ongoing concern on the devolving National Occupational Standards/UK-wide apprenticeship standards • On <u>Review of Remit and Strategic Role of Joint Skills Committee</u> the need to be more proactive in looking to the future, provide input to policy issues at most appropriate point, consider ways to influence other skills groups and avoid becoming too operationally focussed. Also, on <u>Skills Committee: Draft Refreshed Remit</u> use of the work and impact of the Committee in the enterprise and skills review to exemplify collaboration and interest from members in contributing to the review. Also the need to regularly review the remit (including appropriate wording), how the advice can serve Scottish Government and identification of impacts/outcomes the Committee can expect over the next few years • On <u>Annual Report 2015-16</u> for both SFC and SDS Boards to note the Committee-approved annual report 	<ul style="list-style-type: none"> • Initial discussions at April 2016 meeting. Ongoing due to the Enterprise and Skills review • Refer to actions and outcomes on Strategic Discussion: Apprenticeship Governance • Completed through responses to Enterprise and Skills Review (call for Evidence circulated to members) with phase 1 of the review now published. Workstreams for phase 2 agreed. Remit is to be agreed following outcome of the review. Possible invitation to cabinet secretary/minister to attend future meeting following review. • Noted at SDS Board meeting (19/5/16) and SFC Board meeting (10/6/16)

Annex B: The Joint Skills Committee forward plan

We suggest the development of a definitive forward plan best awaits the conclusion of the Enterprise and Skills Review.

Annex C: Current membership

Amanda Brown	Strategic Insight Director	Kantar World Panel
Carroll Buxton	Regional Development Director (observer)	Highlands and Islands Enterprise
Dr Allan Colquhoun	University Liaison and Emerging Technologies Manager	Leonardo Airborne & Space Systems Division
Doreen Davidson	Senior Director	Charles River
Gordon Grant	Former Director Ineos	
Gavin Gray	Head of Promoting Fair Work (observer)	Scottish Government
Linda Hanna	Managing Director, Strategy and Sectors (observer)	Scottish Enterprise
Vaughan Hart	Managing Director	Scottish Building Federation
Rob Henthorn	Vice-President	NUS Scotland
Paul Little	SFC Board member	
Donald MacRae*	Independent - Former Chief Economist at Lloyds Banking Group Scotland (observer)	
Professor Craig Mahoney	Principal and Vice-Chancellor University West of Scotland	Representing Universities Scotland: Convenor of Learning and Teaching Committee
Barry McCulloch	Senior Policy Advisor	Scotland's Federation of Small Businesses

Stuart McKenna	Chief Executive	Scottish Training Federation
Lorraine McMillan	Chair and SFC Board member	
John McMorris*	Director of Business Development (observer)	SQA
Professor Anton Muscatelli	SFC Board member	
Patricia Rainey	Former Cluster Director, Marriott Hotel	
Grahame Smith	SDS Board member	
Caroline Stuart	SFC and SDS Board member	
Dr Ken Thomson	Principal and Chief Executive Forth Valley College	Representing Colleges Scotland
Graeme Waddell	SDS Board member	

**Donald MacRae and John McMorris have been appointed as observers for the period of the Enterprise and Skills review*

Members who served on the Committee from April 2016 whose terms have now ended

Dr Janet Brown	Chief Executive, SQA	Committee member until September 2016
Sylvia Halkerston	Former Human Resources Director at Macphie of Glenbervie Ltd	Committee member until June 2016
Professor Ewart Keep	Director of SKOPE	Committee member until September 2016
Paul McKelvie OBE	SDS Board member	Committee member until June 2016