



Scottish Chambers of Commerce: Response “Putting Learners at the Centre” December 2011

Introduction

The scope of the reforms proposed in the Scottish Government’s pre-legislative consultation paper ‘Putting Learners at the Centre’ must not be under-estimated. These changes to the post-16 education system will have a long term impact on the current and future workforce and on the research and innovation that are both crucial elements in driving Scotland’s economy. We therefore welcome the Scottish Government’s statement in its introduction to this paper that *“This Government has made clear its primary purpose is to achieve sustainable economic growth. We believe that should be the underlying theme of our reforms for post-16 education, since a high performing education and skills system is an essential component of building the workforce, and conducting the research activity we need to maintain Scotland’s competitiveness.”*

Scottish business is a key stakeholder in the post 16 education system. As the driving force behind Scotland’s economic growth, business has a necessary interest in ensuring that the system is fit for purpose, delivering skills that people need to contribute to Scotland’s growth, and research innovations that put Scotland – as ever – at the forefront of emerging and developing technologies, and enable Scotland’s economy – better than ever – to monetise the value of academic innovation.

Scottish Chambers of Commerce and the Post 16 Education sector

Scottish Chambers of Commerce commend the Scottish Government's vision of *"a post-16 education sector which plays a central role in improving people's life chances, delivering the best outcomes for learners; which supports and develops a world-class research capability; and which maximises its contribution to sustainable economic growth for Scotland."* This vision can not be realised without business leadership and participation in the sector.

The Scottish Chambers of Commerce already play a role in several parts of Scotland's post-16 education sector. We have worked at a national level with various agencies to contribute a business view to strategy development and support implementation of initiatives – our work with Skills Development Scotland to drive uptake of Flexible Training Opportunities and to help the Scottish Government achieve their targets is recent example of this. Many Chamber members are also fully involved as board members of universities and colleges across the sector. Other member businesses are involved in the delivery of Modern Apprenticeships. Still others offer work placements to college and university students, a contribution which is gaining new impetus thanks to the Scottish Funding Council pilot programme 'Education into Enterprise', which has the Scottish Chambers of Commerce as lead business partner.

This depth and breadth of experience across the network is the basis of our recommendations in response to 'Putting Learners at the Centre'. Scottish Chambers' knowledge and experience of the current post 16 education environment has led to the development of several key recommendations in response to the Scottish Government proposals, which are highlighted in this submission.

We have focussed our responses on the areas where business has a particular role in strategy and/or delivery or where the experience of our Chambers or our members gives us an important perspective to contribute to developing a solution.

Summary of recommendations

1. A full and detailed strategic and operational mapping exercise is required to identify all programmes, projects and funding that are part of the employability agenda. In our opinion there could be substantial financial savings made by rationalisation of these programmes to create a more focussed and quality intervention enabling more individuals to gain job opportunities direct with business. The landscape is fragmented and we believe that there is scope for greater efficiency enabling funding to have greater impact. SCC Limited would be willing to lead this review and recommend a series of changes thereafter.
2. A new Scottish Employment Incentive Programme should be established. This should provide up to £5000 for each job created, direct to the employer. This will provide our young people with real job opportunities and our businesses – including our many SMEs – with the incentive and support to create them. The programme should be unrestricted, open to businesses of all sizes and sectors. Scottish Chambers of Commerce recommend this programme as the cornerstone of a

revitalised partnership between Government and the private sector in Scotland, with each side contributing what they do best.

3. The Scottish Chambers of Commerce recommend that to achieve a truly joined up, economically effective sector, an analysis should be undertaken of the cost/benefit balance of a merger of the Scottish Funding Council with Skills Development Scotland.
4. The Scottish Chambers of Commerce recommend that the work placement landscape in Scotland is simplified significantly for employers. SCC sees duplication of resources in work experience and work placement management, and therefore the potential for cost savings if the programmes were streamlined. It requires an impartial body, with business interest at its core, to manage coordinating activity. Scotland's SMEs should be represented effectively at programme inception, and supported throughout in an efficient, business focussed design. Building on our experience as lead business partner in the Education into Enterprise programme, SCC would be prepared to take the lead in the development of a proposal to rationalise work placement and work experience activity across the education sector.
5. Scottish Chambers of Commerce recommend that the public sector agencies that comprise the skills sector in Scotland should come together to establish a common process of ongoing, partnership based business engagement to ensure that the sector is aware of and effectively responding to employer and economic needs. This process should replace the existing fragmented processes – including but not limited to committees, Sector Skills Councils and Industry Advisory Groups - that the Government and its agencies use. This process must effectively include the SMEs that make up such a large majority of Scotland's business community and the sector should make use of the representative organisations that those SMEs already know and trust to do this, such as Chambers of Commerce. SCC is willing to take on a leadership role within this streamlined process to ensure more effective engagement takes place, using its unique geographically based membership structure to dovetail with the Scottish government's proposed reorganisation of Further Education in Scotland to a regional basis.
6. Scottish Chambers of Commerce recommend that the existing strong and long-standing links between SCC and the SQA are built upon to ensure the effective dissemination of relevant information about Curriculum for Excellence - including any developments going forward – to employers, particularly SMEs.
7. Do we collect the right data to effectively inform decision making? On the basis that every business is driven by data, we need to ensure we have the right market intelligence to enable employers, potential students and funders to make effective decisions about post 16 courses. For example, we need to know which courses are most effective in giving students the skills they need to get a job on graduation. Employers must be involved in deciding what data is captured, to best meet their needs. In turn, employers should be involved with mapping future skills demand in Scotland to ensure that curricula are adapted to meet changing employer need. This mapping needs to include assessment of the skills demands of planned infrastructure

projects to ensure as far as possible that the resulting jobs are accessible to Scotland's young people.

SCC Consultation Response

EFFICIENT, FLEXIBLE LEARNER JOURNEYS

Scottish Government Proposals

- *Ensure all 16-19 year olds have a place in post-16 education and training, making that commitment for the first time.*
- *Maintain our focus on full implementation of Curriculum for Excellence, including the implementation of the new National Qualifications Framework.*
- *Ensure 16+ Learning Choices is fully and consistently implemented for all young people in Scotland, irrespective of where they learn.*
- *Complete the roll-out of Activity Agreements in order to improve access, retention and progression in learning for our more vulnerable 16/17 year olds.*
- *Modernise careers services in line with the Government's Career Information Advice and Guidance strategy.*
- *Develop our apprenticeship programme to deliver a wider range of progression and articulation opportunities, including higher level technical and graduate apprenticeships.*
- *Minimise bureaucracy for employers, particularly Small and Medium-sized Enterprises (SMEs), and providers participating in our training programmes.*
- *Review the current funding models for training, including how we can use funding to improve performance.*
- *Consider legislation to create a statutory framework guaranteeing articulation from college to university – where there is a clear curricular fit.*
- *Consider whether the higher national (HN) qualifications need to be refreshed to improve how they prepare learners for university, while maintaining their value to employers.*
- *Further develop the Scottish Baccalaureate and other senior school qualifications and their use to gain advanced entry into higher education.*
- *Accelerate progress in the promotion and use of the SCQF within post-16 education and beyond, including articulation with advance standing across different parts of the system.*
- *Review the uptake of the SQA's vocational qualifications, taking a close look at the cost and priority of low demand qualifications.*

Consultation Questions

- *How can we ensure delivery of an appropriate place in post-16 learning for all 16-19 year olds? What are the priority actions?*
- *In considering the proposed package of measures for improving the learner journey, where should the focus be to improve pathways for all learners? What actions are required to make progression more coherent for learners?*
- *How effective is the SCQF in promoting flexible learner journeys? Are there any barriers and, if so, how could they be overcome? How could the SCQF be used more effectively to deliver our aims?*
- *What more can the Government and its partners do to encourage more articulation between colleges and universities?*
- *What scope is there to make the transition from school to university more effective for learners, while reducing unnecessary duplication?*

Scottish Chambers of Commerce response and recommendations

Opportunities For All

Scottish Chambers agree wholeheartedly with the Scottish Government about the imperative to address and prevent youth unemployment in Scotland in light of our still fragile economic situation. However, this Government's commitment to prioritise resources towards 16 to 19 year olds risk skewing them away from the stated commitment to sustainable economic growth. This commitment needs to be at the forefront of resource allocation, and the needs and economic potential of older unemployed people and indeed, those already in work, must not be overlooked.

Scottish Chambers of Commerce would urge the Scottish Government to consider carefully the method by which it seeks to address the issue of youth unemployment. The skills sector must be supported to allocate resources where they will have greatest economic impact, irrespective of the age of the learner. As described later in this response, employability resource allocation should be redesigned and redirected to more effectively support young people into employment by giving employers the incentives to take them on. Young people who would be better off getting a job and learning in work should be given the opportunity to do so, rather than pursuing a less effective and more expensive course at college.

Careers Guidance

Young people should have up to date, practical career advice at each transition stage they reach, whether from one type of education into another, or from education into employment. This advice needs to be informed by accurate labour market information (LMI) to ensure that young people are made fully aware of the implications of their choices on their future career prospects.

In addition, the embedding of clear, explicit Graduate Attributes which are relevant to the world of work should be taken forward by all Further and Higher Education Institutions to enable students and learners on non-vocational and non-professional programmes to make

the most of their experience when they move into employment. These students need to be aware of the skills and qualities expected by employers and be able to explicitly articulate their proficiency in these areas.

Students must be imbued with and be aware of their employability skills such as negotiation, time management, decision-making, presentation and sales, regardless of their academic discipline. As well as embedding these skills within courses of study, Further and Higher Education Institutions should ensure that there is provision to enable students to fill in any gaps in their employability skillset, and advice to ensure these opportunities are taken up. Moving forward, school leavers will be coming into higher and further education with a greater awareness and knowledge in these areas, thanks to the Curriculum for Excellence reform to school teaching.

Articulation

The SCQF is a useful basis for ensuring that articulation from one type of learning to another is available to all, ensuring that people can pursue a learning journey appropriate to their needs and career opportunities.

However, the framework is not yet easily understood by employers. More effective engagement of employers with the skills sector, as addressed later in this response, is required to support more widespread use of the framework. However, the proliferation of different qualifications must lead to the onus remaining on the job applicant to articulate the skills, knowledge and other attributes relevant to the employer's needs that they have gained from undertaking a particular course of study.

The framework, and its application by skills and training providers, must have the scope to take into account individuals' existing skills and knowledge to ensure that they take an appropriate course at an appropriate level, meaning the resources required to deliver learning for that individual are used most effectively. To enable people to make the most of opportunities beyond Scotland, and for Scottish employers to attract non-Scottish talent, the SCQF's development should also enable alignment to other qualifications frameworks, including the European Qualifications Framework.

WIDENING ACCESS TO POST-16 LEARNING

Scottish Government Proposals

- *Ensure full and consistent implementation of 16+ Learning Choices for our most vulnerable young people.*
- *Continue to support local authorities and partners to improve transitions planning, including specifically, implementation of the Additional Support for Learning legislation.*
- *Develop a community learning and development strategy that takes account of its contribution to wider national priorities, working with local authorities, the Third Sector and other partners.*

- *Maintain efforts to reach back well before the point of entry to start preparing the student and raising our collective ambitions for all our young people early in their school career.*
- *Ensure that raising aspirations is central to SDS's delivery of Career IAG, particular through its services for those needing additional support.*
- *Support Universities Scotland-led efforts to broaden universities approach to selection.*
- *Ask the SFC to develop a Widening Access Outcome Agreement in partnership with lead universities and to introduce financial penalties conditional on achievement.*
- *Consider placing a statutory duty on institutions to seek out those with the greatest potential who would be identified with reference to their grades and their situation.*

Consultation Questions

- *What do we need to do to ensure the Government's commitment, through Opportunities for All, to post-16 education and training for all 16-19 year olds is delivered to more vulnerable young people? What are the priority actions?*
- *What more could the Government and its delivery partners do to improve retention and progression, building on Opportunities for All?*
- *How can we maximise the contribution of Community Learning & Development to widening access? What examples of good practice can we build on?*
- *What do we need to do to help more people from the most deprived backgrounds get a place at university? How can we frame this in legislation?*

Scottish Chambers of Commerce response and recommendations

Scottish Chambers of Commerce share the Government's vision of a post-16 education system that is accessible to all, irrespective of background. We agree that the system should improve the life chances of all Scots. We argue throughout this paper that the sector must be economically responsive; this is because the best way to improve people's life chances is to maximise their employment potential. Student support and institutional funding should focus on achieving this, giving all, especially our young people, the skills and opportunities they need to follow successful, economically productive careers. Our proposals for employment incentives, employer engagement and efficient targeting of resources, all outlined elsewhere in this paper, would ensure that the system is acting in the best interests of all Scots, is not only accessible to an elite few, and is working for the economic benefit of the entire nation.

ALIGNING NON-ADVANCED LEARNING & SKILLS WITH JOBS & GROWTH

Scottish Government Proposals

- *Improve the alignment of Government investment in learning and skills with jobs and growth, consistent with the needs of employers and the wider economy*
- *Ask the SFC to allocate its resources to meet the needs of regions; identify national provision and resource it to meet national needs; put new expectations on colleges to plan their courses to prepare students for careers in industries where there will be a good chance of them getting a job; focus funding on nationally recognised qualifications and units. Develop a range of employer engagement models – including the introduction of voluntary training levies and greater engagement with trade bodies*
- *Expand opportunities for practical work experience in other parts of the post-16 education system.*

Consultation Questions

- *What are the advantages and disadvantages of prioritising investment in learning and skills which support jobs in key and high participation sectors?*
- *How do we best target our resources in support of jobs, growth and life chances? For example, should we focus on level of qualification, age groups or labour market status?*
- *Do we have the right systems and structures in place for articulating employer needs (locally, regionally and nationally) and those of the wider economy?*
- *Which of the existing structures are effective and could be applied more widely; which are ineffective and can be improved?*
- *How can we maximise the contribution of community learning & development to improving people's job prospects? What examples of good practice can we build on?*

Scottish Chambers of Commerce response and recommendations

For Scottish Chambers of Commerce, this section is the crux of the reform consultation. Bringing the skills sector into close line with economic and employer need is crucial to ensuring that the public funding absorbed by the sector is wise use of taxpayer contributions, and that the sector contributes to the Scottish Government's stated priority of sustainable economic growth.

Work experience

Current and future business need must drive course design, and below, we describe how that might happen. Work placements – both regionally and internationally – should become an essential element of the educational experience for all students in post 16 education who are not already in work. Students must be exposed to and gain a proper understanding of current working practices to improve their employability and productivity. For non-vocational and non-professional students, this must go hand in hand with embedding employability in their courses including through the identification of graduate attributes as described above.

The Scottish Chambers of Commerce is lead business partner for the Scottish Funding Council's pilot work placement programme 'Education into Enterprise'. Education into Enterprise (EiE) provides employers with student resource for short-term projects, and is proven at delivering tangible benefits for the businesses involved.

Through its direct, operational involvement with this innovative programme, the Scottish Chambers of Commerce has witnessed first-hand the practical issues encountered by employers when it comes to supporting and advancing work placements.

- The plethora of work placement initiatives within the marketplace is staggering. Individual academic institutions, trade bodies and government bodies all offer a multitude of work placement schemes throughout the country.
- Placements vary from education driven to return-to-work driven, salaried to unsalaried, short term to long term, results driven to experience driven.
- Academic institutions, Government bodies and employers often have very different drivers when it comes to supporting work placements. Hand in hand with this, SME relationships with institutions tend to be sporadic. Larger businesses have a greater hand in the skills agenda and cultivating relationships with academic institutions. For SMEs, with minimal HR and Training resource, long term relationships tend to be impossible if they communicate as individual entities.

The Scottish Chambers of Commerce recommend that the work placement landscape in Scotland is simplified significantly for employers. SCC sees duplication of resources in work experience and work placement management, and therefore the potential for cost savings if the programmes were streamlined. It requires an impartial body, with business interest at its core, to manage coordinating activity. Scotland's SMEs should be represented effectively at programme inception, and supported throughout in an efficient, business focussed design. Building on our experience as lead business partner in the Education into Enterprise programme, SCC would be prepared to take the lead in the development of a proposal to rationalise work placement and work experience activity across the education sector.

The efficiency savings envisaged, benefitting both those delivering the placement programmes and the businesses accepting the placements, would help to ensure the long term sustainability for successful programmes, providing Scotland's future work force with an effective employability foundation.

Prioritisation of investment in support of jobs, growth and life chances

Effective prioritisation of resources means focussing on areas which supply the skills and knowledge that Scotland's high growth sectors need, and where there is employer demand. Up to date labour market information and effective employer engagement (see below) are crucial to the allocation of resources.

Equipping someone to get a job or improve their prospects in their career is the most effective way of improving their life chances. Funding must therefore be focussed on getting people into work. The Scottish Government's own Workforce Plus and linked initiatives are based on the well-established premise that being in work makes people happier and healthier, as well as more productive economic contributors.

Articulation of employer needs

The current opportunities for business engagement in the skills sector are complex, fragmented and frequently lack transparency. This leads to a significant majority of Scotland's employers being excluded from engagement with the sector; if the sector does ever meet their needs, it is more by luck than good judgment.

The various agencies involved in policy, funding and delivery within the sector all have their different employer engagement structures, some of which work more effectively than others. Some employers may be engaged with one agency but have no knowledge of how to engage with another, or even know whether they should. The many different agencies with their different processes and committees clutter the landscape for businesses and prevent effective articulation businesses' voices within the skills sector.

SMEs

These barriers to engagement particularly affect SMEs, which do not have the workforce expertise, time or resources to navigate such a complex landscape and devote time to consultations and committees. These businesses join organisations such as Chambers of commerce for that very reason – to conduct these functions on those businesses' behalf. While Scottish Chambers of Commerce welcome the Scottish Government's commitment to employer engagement, we believe that current processes need shaking up in order to reflect Scotland's business community. Employer engagement processes must:

1. Recognise that over 90 percent of Scotland's businesses are SMEs and that they employ nearly half of the private sector workforce. It is therefore crucial that the needs of these businesses are articulated and acted upon at every level in the skills sector, to ensure that the sector is training the workforce Scotland needs.
2. Recognise that these SMEs do not have the resources to engage continually with the Scottish Government and its agencies in order to provide the input described above, necessary to ensure that the skills sector is responding to the needs of Scotland's economy. This lack of resource is why businesses come together to form organisations to do that representative job for them.

Current structures

Much of Scotland's economic development architecture is geared towards addressing particularly Scottish or local needs. Scotland also has its own education system. It is anomalous, then, that Sector Skills Councils – the bodies designed to link the education system with economic needs – are UK bodies whose representation and activity in Scotland is sporadic. This has led to the Scottish Government and Scottish skills and education agencies establishing their own employer engagement structures:

- The Scottish Government has its Industry Advisory Groups
- Skills Development Scotland and the Scottish Funding Council have a Joint Skills Committee – which only includes a few individual employers, rather than organisations that can articulate a comprehensive business voice,

- There are separate employer engagement structures at the Scottish Qualifications Authority,
- City and Guilds,
- individual Further and Higher Education institutions
- and Community Planning Partnerships.
- Various ad hoc groups at each of these levels are established from time to time to tackle particular issues.

The vast majority of Scotland's businesses – SMEs – are excluded from these processes, as described above.

Scottish Chambers of Commerce recommend that the public sector agencies that comprise the skills sector in Scotland should come together to establish a common process of ongoing, partnership based business engagement to ensure that the sector is aware of and effectively responding to employer and economic needs. This process should replace the existing fragmented processes – including but not limited to committees, Sector Skills Councils and Industry Advisory Groups - that the Government and its agencies use. This process must effectively include the SMEs that make up such a large majority of Scotland's business community and the sector should make use of the representative organisations that those SMEs already know and trust to do this, such as Chambers of Commerce. SCC is willing to take on a leadership role within this streamlined process to ensure more effective engagement takes place, using its unique geographically based membership structure to dovetail with the Scottish government's proposed reorganisation of Further Education in Scotland to a regional basis.

This will make the most effective use of public sector resources allocated to employer engagement by eliminating duplication and the need for initial relationship building within the constituent parts of the Scottish business community.

Chambers of Commerce are unique as business organisations with their geographic bases. In Scotland the federated structure culminates in the Scottish Chambers of Commerce articulating the members' views on a national stage, but the strength lies in the network of local, community based chambers. Scottish Government proposals to move to regional structures of governance and organisation of the post-16 education sector position Chambers of Commerce, with their own geographically based structures, as the logical intermediary between the sector and businesses across Scotland.

More effective employer engagement will also give employers greater confidence to invest skills development, as they will know that they are investing in programmes that are designed to meet their needs.

Effective existing structures: Curriculum for Excellence

The learning structures embedded in the Curriculum for Excellence provide pupils with skills core to their employability. As school leavers begin to emerge who have experience the

curriculum for excellence, Scottish Chambers of Commerce are optimistic that these skills required by employers will become increasingly apparent among Scotland's young people.

To entrench these skills and attitudes among young people and enable them to carry through the further and higher education in which they participate, employer engagement is also important to the delivery of Curriculum for Excellence. Not all of our school leavers go on into further and higher education, and these young people must also have the opportunity to gain the skills that will enable them to pursue productive careers.

Scottish Chambers of Commerce recommend that the existing strong and long-standing links between SCC and the SQA are built upon to ensure the effective dissemination of relevant information about Curriculum for Excellence - including any developments going forward – to employers, particularly SMEs.

Effective engagement at this level is as necessary as the Government recognises it is with the post 16 education sector, and will serve to optimise the benefits of the Curriculum for Excellence reforms.

MAINTAINING SCOTLAND AS A GLOBAL LEADER IN UNIVERSITY RESEARCH

Scottish Government proposals

- *Ask the SFC to develop proposals to increase the concentration of our funding on research excellence and align our research to national priorities.*
- *Work with the SFC, Scottish Enterprise, and Highlands & Islands Enterprise to ensure university research is better exploited for the benefit of business, and the economy.*
- *Work with the sector and with the UK Government to ensure continuity of access to Research Council funding.*
- *Continue to engage with our stakeholders on the development of Horizon 2020 and encourage our research pools to engage further in Europe, increasing collaboration and maximising the opportunities to win research grants and contracts.*
- *Provide a new stream of competitive funding for postdoctoral exchanges with key partner countries in Europe, North America, China and India.*
- *Ask SFC and Industry Advisory Groups to identify opportunities for industry and universities to increase PhD students working on industrially-led projects.*
- *Work with the SFC and enterprise bodies as appropriate to review support for knowledge exchange and innovation to ensure it is effective, well aligned and genuinely joined up.*
- *Ask the SFC to develop, with universities, proposals for a single Knowledge Exchange Office.*

Consultation Questions

- *How best can we maximise the impact of our excellent research?*
- *How can we help Scottish universities and businesses collaborate more effectively in bidding for European funding?*
- *How can the quality and coherence of PhD training be improved?*
- *What would be the main activities of a single knowledge exchange office? What activities are best left to individual universities?*

Scottish Chambers of Commerce response and recommendations

Research pooling

Research pooling is a Scottish success story. Breaking down the institutional and/or disciplinary barriers in Higher Education, research pooling opens that sector up to far greater and better business collaboration; business appreciates a coherent interface with those in Higher Education working on research with commercial potential, rather than face the impediment of what can seem from the outside to be the Byzantine complexity of the HE sector.

Business link-ups with universities are not a new phenomenon in themselves. But research pooling greatly expands the potential for those links in Scotland, enabling far more of our businesses and our researchers to benefit from seeing projects through together and maximising the economic impact of the research undertaken. Interface, piloted at Edinburgh University but a programme now running Scotland-wide, has a particular role to play in creating opportunities for SMEs to collaborate with HE – previously something the preserve of larger businesses with greater resources for development. As over 90% of Scotland's businesses are SMEs, employing nearly half of the private sector workforce, it is crucial that this section of the business community has access to the research and innovation found in our HE institutions if we are to maximise the impact of our world class Higher Education sector on the Scottish economy.

Scotland's academic sector punches well above its weight in traditional measures such as research citations. With the continuing struggles of the Scottish economy, this great strength must be harnessed to support the recovery. Research pooling facilitates the effective economic contribution of the Higher Education sector in Scotland.

Knowledge exchange

It follows that to facilitate knowledge exchange, maximising the impact of our universities' research activities, a single knowledge exchange office would simplify the process of business engagement with the system. Simplification would allow for greater participation in knowledge exchange and commercialisation activity in Scotland, something of particular advantage to our SMEs. The success of the Interface programme has already driven its roll-out from Edinburgh across Scotland, but what makes Interface a success must be embedded in our Higher Education structure, rather than existing only as an added-on programme.

A single knowledge exchange office should operate to make the process of knowledge exchange and collaboration as easy as possible for businesses and universities. Once

connections and links are established, this office can step back and let the project go forward as a joint venture between the HE and business partners involved. The central knowledge exchange office should play a midwife role to these projects, exploring all the options available with all potential partners, helping to create opportunities and taking them to the stage of project birth. Universities and businesses must be equal partners in shaping the knowledge exchange priorities.

FAIR AND AFFORDABLE STUDENT SUPPORT ARRANGEMENTS

Scottish Government proposals

- *Review a range of factors related to non-advanced student support with a view to developing a more coherent, fairer and sustainable system.*
- *Establish a working group to develop proposals for the simplification of the higher education student support system and the options for the provision of a minimum income guarantee of at least £7,000 for the lowest income students.*
- *As part of this we will also consider the support available for postgraduate students through the Postgraduate Student Allowances Scheme (PSAS).*
- *Develop new part-time policy proposals considering how we can clarify the balance between the student and/or institutional support.*

Consultation questions

- *Given the financial constraints, should we prioritise an entitlement-based approach or the level of payment each student receives? What other options are there?*
- *How can FE bursaries and EMA be targeted fairly and more effectively?*
- *Should delivery of financial support – irrespective of where people learn – be centralised? What are the pros and cons of this approach?*
- *Should student support arrangements align with our ambitions for jobs and growth? If so, what might this look like in practice?*

Scottish Chambers of Commerce response and recommendations

Aligning student support with prioritisation of jobs and growth

Scottish Chambers of Commerce would argue that, within a framework enabling equal access, learners should be encouraged through access to support arrangements to undertake courses that will best enhance both their own job prospects and the Scottish economy. Effective employer engagement as described above is therefore required to ensure that student support arrangements are structured effectively to achieve this. Outwith these areas, a greater emphasis on self-funding would be appropriate to ensure that the limited public resources available are being put to best use.

FE bursaries and the EMA must be used to ensure that each young person, no matter what their economic background, has the opportunity to pursue learning or training to enable them to have a productive career.

EFFECTIVE & SUSTAINABLE DELIVERY

Scottish Government proposals

- *Ask the SFC to move towards regionalisation of colleges, whilst protecting access-level provision locally.*
- *Ask the SFC to work with the college sector to determine the best regional structure, testing proposals against a range of criteria, including coherence of provision and value for money.*
- *Support the SFC and the colleges already involved in planning mergers to implement these quickly.*
- *Move to the new structure of colleges over the next three years.*
- *Ask the SFC to begin the process of funding colleges regionally from academic year 2012-13.*
- *Ask the SFC to work more closely with universities to consider how overlaps are best removed through greater collaboration or, where the case exists, merger.*
- *Continue to encourage universities to differentiate themselves, with institutions focusing on different markets, building on their strengths and achieving excellence in their areas of focus.*
- *Ask the SFC and the universities to give particular attention to capacity for language learning and to related issues.*
- *Legislate to require the SFC periodically to review the number and pattern of fundable bodies.*
- *Continue to work with partners to integrate skills and employment services so as to improve access and progression for those further from the labour market.*
- *Consider greater use of new technologies to enhance learner choice, support larger learner numbers (including those in work) and extend geographical reach.*
- *Ensure SFC has the capacity to lead and support change, whilst simplifying its processes and streamlining bureaucracy.*

Consultation Questions

- *What are the pros and cons of our proposals for the regionalisation of colleges? Are there other criteria we should consider in determining the optimal regional structure?*

- *What more could the Government and its delivery partners do to improve collaboration between post-16 learning, including CLD and employment support services?*
- *What are the pros and cons of the new leadership and support role envisaged for the SFC? What lessons can we learn from successful change management elsewhere?*

Scottish Chambers of Commerce response and recommendations

Regionalisation

The restructuring process in Scotland's further education sector must be conducted with care. Scottish Chambers of Commerce believe that, if implemented effectively, a move to a regionalised structure of college funding and skills and training delivery has the potential to ensure that the public funds absorbed by the skills sector have a greater economic impact. Regionalisation could encourage institutions to work together to ensure complimentary provision, encouraging collaboration where beneficial to the achievement of the regional outcome agreement.

Employers do have concerns that regionalisation does not entail centralisation within a region which would make it more difficult for them to play their role in supporting learning provision. For example, a builder based in Girvan wants their Modern Apprentice to be able to access the college based elements of their programme locally, rather than having to spend time and money on travel to Ayr. Local college provision also has a crucial role in ensuring vibrant communities; Scottish Chambers of Commerce do not want to see colleges' scope to perform this community role eroded. For example, Angus College ensures that people living and working throughout the region have access to further education provision. Any centralisation would have a big impact on the ability of people in that area to participate.

Regionalisation must therefore be implemented in full partnership with employers to ensure that the resulting structures best meet their needs. Attention to this will enable the colleges to successfully fulfil their obligations to meet the economic needs of their region. The SFC, in making their funding decisions, should ensure that employer needs are identified and that the resulting settlement enables those needs to be met. The Scottish Chambers of Commerce are prepared to play an active role in the process, to ensure the new structures include effective engagement across Scotland's business community.

The role of SFC

The radical restructuring of the skills sector proposed by the Scottish Government is a welcome recognition of the deficiencies and wastefulness within the current system. Elsewhere in our response, SCC have recommended improving and streamlining employer engagement mechanisms to increase participation, responsiveness and effectiveness. Below, we outline a radical proposal for polling and redirecting employability funding to create jobs, and in this section above, we discuss how the Government 's proposals for regionalisation of college provision can be taken forward to maximise the positive economic impact of the sector.

Scottish Chambers of Commerce recommend, however, that the Scottish Government goes further in reforming the post 16 education sector, looking also to streamline its own strategic

agencies so that, as with the rest of the sector, they maximise the effectiveness of public funds and, crucially, focus on achieving the ambitions – which we share with the Scottish Government – for jobs and growth. **The Scottish Chambers of Commerce recommend that to achieve a truly joined up, economically effective sector, an analysis should be undertaken of the cost/benefit balance of a merger of the Scottish Funding Council with Skills Development Scotland.** A single body would enable a coherent approach to funding, strategic prioritisation and employer engagement. Learners as well as employers would encounter a fully joined-up post 16 education system, facilitating the Government's stated aim of more and easier articulation between the system's constituent parts. We urge the Scottish Government to add this measure to its legislative proposals as a key element to the realisation of its positive vision for the post-16 education sector.

SIMPLIFYING FUNDING AND INCREASING INCOME GENERATION

Scottish Government proposals

- *Introduce a cap of £9,000 through primary legislation for 2013/14, subject to allowing universities to set their own fees for RUK students.*
- *Reinvest any savings arising from revisions to student number targets in areas where Scotland might otherwise lose its competitive edge.*
- *Examine options for an EU Management Fee, within the boundaries of European law.*
- *Continue to work with universities, the SFC and employer organisations to maximise the scope to generate income from philanthropic giving and contributions from business*
- *Work with Universities Scotland to identify individual and collaborative action to enhance efficiency.*
- *Ask the SFC to adapt its teaching funding methods so it can respond to our proposals for reform of the shape and structure of the sector.*
- *Ask the SFC to fund colleges based on the needs of a region, taking into account the demography and economy of the region in question.*
- *Ask the SFC to consider where there is scope to introduce funding models for regional universities, similar to those proposed for colleges.*
- *Work with SDS, the SFC and local authorities to consider the case for pooling budgets for pre-employment training programmes into a new approach to employability funding.*
- *Maximise the leverage exerted by Government funding through co-investment in nonadvanced learning and skills with employers – and potentially individuals.*

Consultation questions

- *What are the pros and cons of the proposed needs-based regional commissioning model for colleges?*
- *Is there a market for co-investment with employers? If so, how do we select the employers with whom we might co-invest in order to maximise the leverage of Government funding? On what basis should Government funding be made available?*
- *In what circumstances would it be appropriate and fair to expect people to pay for their learning?*
- *What are the advantages and disadvantages of pooling funding for pre-employment support? What lessons can we learn from examples of pooled funding elsewhere?*

Scottish Chambers of Commerce response and recommendations

Student Support

Scottish Chambers of Commerce main concern regarding student support is that it does not disincentives students from pursuing activities that will increase their future employability. For example, where courses offer the opportunity to take a 'year out' from academic study and spend the time in industry while still gaining credits for the course, student fee structures and the support that students receive to help them meet fee requirements, should be structured in such a way as to encourage such programmes.

Employability Support

The issues explored in this section of the Scottish Government's paper require radical action. No-one disputes that still-increasing youth unemployment is an urgent issue. Scottish Chambers of Commerce welcome the Scottish Government's appointment of a dedicated Minister for Youth Unemployment and her expression of enthusiasm to engage with business in tackling the issues.

The UK Government has similarly prioritised tackling Youth Unemployment, with funding to support employers to take on young people.

The funding directed by both governments at solving this issue is welcome. However, the current myriad ways of allocating this funding to simply do not join up well enough with each other or with businesses creating jobs. Local Authorities, Skills Development Scotland, JobCentre Plus and other agencies all deliver employability programmes with Government funding. Employability funding is fragmented and therefore inefficient. It requires reform to maximise the impact that it has and get as many Scots as possible into jobs.

A full and detailed strategic and operational mapping exercise is required to identify all programmes, projects and funding that are part of the employability agenda. In our opinion there could be substantial financial savings made by rationalisation of these programmes to create a more focussed and quality intervention enabling more individuals to gain job opportunities direct with business. The landscape is fragmented and we believe that there is scope for greater efficiency enabling funding to have greater impact. SCC Limited would be willing to lead this review and recommend a series of changes thereafter.

Businesses need real recruitment incentives, without the strict eligibility criteria that create barriers to bringing employers on board with the current SDS-operated employer recruitment incentive programme. Similarly, Scotland's young people need the opportunity to show what they can do in employment.

This is not about finding additional money, but about taking what we have and using it to maximum effect. The UK Government's new Youth Contract funding is a welcome addition to the pot, but if it is simply used to establish a series of other programmes, complete with discrete management and administration structures, then its potential impact will not be achieved. This is about our different agencies and administrations coming out of their silos and recognising that the business community can play a more effective role here than any of them.

A new Scottish Employment Incentive Programme should be established. This should provide up to £5000 for each job created, direct to the employer. This will provide our young people with real job opportunities and our businesses – including our many SMEs – with the incentive and support to create them. The programme should be unrestricted, open to businesses of all sizes and sectors. Scottish Chambers of Commerce recommend this programme as the cornerstone of a revitalised partnership between Government and the private sector in Scotland, with each side contributing what they do best.

The Scottish Chambers of Commerce also welcome this Government's commitment to support and expand the Modern Apprenticeship programme. We also welcome their drive, set out in this paper, to rationalise and achieve efficiencies within the skills sector and believe that our recommendations are important to achieving this.

PERFORMANCE, GOVERNANCE AND ACCOUNTABILITY

Scottish Government Proposals

- *Pending the outcome of the higher education governance review, consider the functions of the Privy Council in relation to the governance of Scottish universities.*
- *Develop a more robust and coherent approach to the performance management of our institutions and training providers.*
- *Work with universities to ensure public information meets Scotland's needs and supports them to maintain their competitive position within the UK.*
- *Consider the case for expanding the quality assurance and improvement role of Education Scotland in relation to the wide range of post-16 learning and skills*

Consultation questions

- *Given the proposed changes to post-16 provision (non-advanced learning and skills) and delivery set out in this document, what are the key considerations for governance?*
- *What measures should form the basis of our performance management framework for colleges and training providers in order to improve outcomes for all learners?*

- *How do we ensure a strong focus on improving outcomes for those furthest from the labour market? What are stakeholders' experiences of this?*
- *What are the advantages and disadvantages of an enhanced role for Education Scotland in supporting continuous improvement in the college and skills sectors?*

Scottish Chambers of Commerce response and recommendations

Performance management

Proper measurement is important to ensure that strategies are being implemented effectively and successfully and that best use is being made by agencies and institutions of the public funding they receive. Employers also require data on programme effectiveness to enable them to make effective recruitment decisions that will enable their businesses to develop and increase their economic contribution. Scottish Chambers of Commerce recommend that this data is captured from all publicly funded programmes and made available – and accessible - to employers. Employers must be involved in deciding what data is captured, to best meet their needs.

CONCLUSION

This response proposes a radical but necessary set of recommendations to ensure that Scotland's post 16 education system is fully contributing to Scotland's economic development and growth.

Scottish Chambers of Commerce would be delighted to provide further information on any aspect of this response.

Scottish Chambers of Commerce

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