

Review of post-16 education and vocational training in Scotland

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RESPONSE TO CALL FOR EVIDENCE

Please provide your responses to the questions in the boxes below. Where appropriate, these should be supported with evidence, including examples from your own experience or reference to best-practice or international experience.

Responses should be submitted no later than Friday 17 December to:
VETReview@scotland.gsi.gov.uk or to:

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Respondent Permissions

I am responding as: (please delete as appropriate) **(GROUP)**

Do you agree with your response being made public (on the Post 16 Review Website) (please delete as appropriate) **(YES)**

Where confidentiality is not requested, your response will be made available to the public on the following basis (Please select one option):

Yes, make my response, name and address available

Yes, make my response available, but not my name and address

Yes, make my response and name available but not my address

X

Introduction

The Federation of Small Businesses (FSB) is Scotland's largest direct member business organisation, representing almost 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

Integral to small business growth is a labour market comprised of individuals with the skills, qualifications and experience necessary to make a valuable contribution. Most small business employers accept that it is unrealistic to expect to recruit staff directly from the education system with all the skills necessary to undertake the specific role, and indeed, many FSB members take an active role in delivering workplace training¹. However, broadly speaking, the skills and qualifications businesses require for their staff are those which they would expect the education system to offer and instil in its participants. Our members value highly the applied and practical nature of vocational training as an effective alternative to more theoretical study which has been a key characteristic of the school curriculum in the past. While change is underway through Curriculum for Excellence, the effects of the changes may take some time to become evident in the workplace. Our members have a real interest in seeing a vocational training system that consistently delivers the required skills and qualifications to a quality that reflects their high value to the economy. We therefore welcome the opportunity to submit comments to this review.

At this point, we would highlight that our response should be read, bearing in mind that the FSB is not an organisation with an in-depth expertise in post-16 education. We do, however, have some observations to make on the basis of our members' experience with the labour market and their interaction with the education system.

1 What should be the purpose of post-16 education and vocational training over the next decade, and how should we measure success?

¹ Lifting the Barriers to Growth: FSB Membership survey 2008: 48 per cent of FSB members who employed staff said that their staff training needs were met by 'on the job' training, while almost 63 per cent said that staff 'learning by doing' was important in their business.

The vocational training system should be designed to get people ready for the workplace. To do this the system needs to offer development of both specific and transferable skills with practical applications in tandem with tangible experience.

Successive surveys of employers have shown core and soft skills to be lacking in the labour market. The latest Futureskills Scotland survey² showed that approximately 40 per cent of employers with under 50 employees thought that school leavers were either poorly or very poorly prepared for work. The same survey showed that in micro businesses, 13 per cent of workers were affected by skills gaps, while in small businesses, the figure was an astonishing 40 per cent, and that the most significant issue for micro and small businesses in recruiting and managing their staff development was the lack of core and soft skills. Further, FSB research³ confirms Futureskills Scotland's findings, with members also reporting frequently encountered skills gaps, both in their workforce and in applicants for jobs.

While specific skills shortages exist in various sectors, the common theme across all sectors appears to be a lack of core/soft skills. Further embedding of these skills is clearly required in the vocational training system. To measure success, evaluation of specific programmes designed to achieve this may be required. Other measures might include continuation of surveys such as the Futureskills Scotland Employer survey and monitoring of employment statistics for people exiting the vocational training system.

2 How could the systems that advise on, and provide post-16 education and vocational training be made more coherent, so that young people, the unemployed and those comprising the existing workforce can better understand the choices they face and their consequences?

It is not for the FSB to comment on this question. Recent work on enterprise education may begin to improve people's understanding of their place in the labour market and what they can contribute.

3 What in the post 16 education and vocational training system needs to change, to enable Scotland to achieve much more, with better outcomes for more people with reduced public investment?

² Futureskills Scotland, Scottish Employer Survey 2008

³ Lifting the Barriers to Growth: FSB Membership survey 2008

Scotland has much to be proud of in its education system. Only recently, it was said that, “Scotland is well ‘ahead of the curve’ in developing short credit bearing composite awards which can be tailored to the needs of individuals and employers⁴.”

The FSB has been supportive of the following:

- The creation by Skills Development Scotland’s of 5,000 flexible training opportunities, a format particularly suited to support small businesses with limited training budgets to obtain training opportunities for their staff which are tailored to business need.
- The number of ‘bite-sized’ accredited units available through SQA has vast potential to tailor qualifications and courses directly to existing and future staff development.
- The Modern Apprenticeship programme has many potential benefits to both business and individual participants, such as meeting skills shortages and improving staff retention. Continued commitment to invest in the scheme is welcome.
- The review of Labour Market Intelligence use in Scotland currently underway has the potential to improve the way business demand is identified.

However, there is scope to go further. Greater flexibility, to allow learners to enter and leave the system at intervals, which meet their needs and those of their employers, would enhance the system’s effectiveness for participants, ensuring that the skills they learn are directly applicable to the tasks they are set in the workplace. In addition, it would encourage more employer engagement with the system, as it becomes more complementary to workplace requirements. Greater emphasis on the practical application of core and soft skills, such as literacy and numeracy, problem solving, team working and communication, is an essential part of the package required.

While the FSB supports the continuation of Modern Apprenticeship programme, our research⁵ found that only 17 per cent of our members had participated. Reasons for this included a lack of information, the monetary and time cost of hosting an apprentice and also insufficient levels of public sector funding and involvement to support the business in the process. The introduction of *MA Online* has helped to alleviate some of the excessive administration and bureaucracy for employers in both the registration and certification of MAs, but there is still further to go. The way the programme is marketed can be confusing, with information targeted at individuals being directed at businesses and employers. It is difficult for someone new to the scheme to identify what the criteria are and who would be eligible to participate, something that is frequently off-putting to small businesses with little free time to explore options at length. Increasing numbers of small businesses employing apprentices could have a significant positive impact on reducing Scotland’s unemployment. For this reason we fully support further refinement of the programme’s administration and marketing.

With limited public funding available, achieving further transformation of the system over next 10 years will no doubt be challenging. The FSB believes that resources and innovation need to be targeted at those for whom they would be most useful. Many businesses would gladly contribute to vocational training but lack the expertise or understanding to identify how the system can work with them. A recent FSB survey⁶ found that there is no prominent route to obtaining information

⁴ Progression from Vocational and Applied Learning to Higher Education across the UK – UKCES, June 2010, pg 47

⁵ Modern Apprenticeships: The Small Business Perspective, (FSB commissioned report, 2009)

⁶ FSB Survey Panel (Scotland) – November 2010

regarding staff training: 20 percent would conduct a general internet search to gain information first; 17 percent would go to their local college; 16 percent would discuss it with business colleagues; 12 percent would go to Business Gateway and just 3 percent and 2 percent respectively would go to Skills Development Scotland or Job Centre Plus.

Making radical changes to a system can be costly and result in a different, but not necessarily more effective landscape. Given the achievements, expertise and good practice already present in the Scottish vocational training system, education providers should work with those organisations advising businesses (e.g. Job Centre Plus, Business Gateway, local authority economic development departments) to market supported employment and training opportunities directly to businesses considering staff expansion or development and to broker solutions which work for the situation and individuals in question. Colleges already have some success with this approach. This may appear more costly and labour intensive in the short term but it has the potential to match vocational training with sustainable jobs and tangible career development for individuals.

4 Beyond the entitlements set out in Curriculum for Excellence what education and training support should every young person (16-25) receive free of charge? What free of charge support should be available to those over 25? How should public funding be prioritised going forward and how might greater employer and individual investment be attracted into the system to finance provision beyond such support?

The FSB suggests the approach outlined above would encourage greater employment participation.

5 How do employers and individuals most effectively interact and work with those who provide post 16 education and vocational training to influence the provision on offer and to ensure that the provision on offer meets their specific needs?

This question appears to highlight a gap in our knowledge about the most effective interactions. As outlined above, the FSB recommends further investment to make the system more flexible so that provision complements workplace demands.

6 What benefits could accrue if we had a fully integrated employment / unemployment and skills system in Scotland, rather than the current arrangements delivered by DWP, Scottish Government and local government?

As our responses above indicate, the FSB fully supports moves to streamline the skills system in Scotland. We have no particular view on how this might happen but whatever the structure arrived at, the information about education and training for the workplace should be available to employers, whether they are considering recruitment, staff development, business growth or re-focusing. Organisations involved in providing advice and support to businesses in these areas should all be sending consistent messages about what is available and how it might benefit the business.

7 What is the role for public agencies in supporting private and third sector employers in developing their workforce, and if so what role/s?

Public agencies have at their disposal a wealth of expertise that a small business is not likely to have. A small business will rarely have a dedicated human resources and training department as large businesses do, for example. The person responsible for staff training is likely to be someone whose expertise lies in running the business rather than in identifying the best form of training and development for staff. They are likely to be wearing several hats and have a wide range of competing priorities vying for attention, of which staff training and recruitment is only one. This is another reason why employer engagement with the system is less than it might be. The best support public sector agencies can provide is to:

- offer businesses seeking help tailored advice on how best to develop their staff or fill their vacancies;
- help them identify courses and qualifications which match the competencies they require and will get them the staff they need; and
- where appropriate to provide funding support to help with the up-front cost of training.

8 How can the post 16 education and vocational training system become more responsive to the fast-changing nature of many job roles in the economy, and to the emerging and growing sectors in which Scotland aspires to succeed in the next decade, including the drive to a low-carbon economy?

Recent history in Scotland has provided us with reasons why focusing too heavily on what appear to be emerging labour markets is dangerous. Examples include electronics in the 1980-90s and the financial services sector in the 1990-00s. Therefore, while the FSB supports strategic investment in training, based on Scotland's economic aspirations, we would not wish to see this happen at the exclusion of provision to generate the broader range of skills required across all sectors.

As we highlighted earlier, good quality Labour Market Intelligence (LMI) can provide vital additional information to help direct the system obtain the expertise to respond to emerging skills gaps and shortages in key sectors.

9 How well does the current post 16 education and vocational training system meet the requirements of businesses, communities and individuals in rural and island areas of Scotland and how could they be improved to serve these areas/ groups more effectively?

The FSB has no specific comments to make on this question. The issues faced by those in rural and remote communities in accessing vocational training have their solutions in areas beyond the education system itself. Improvement in transport links and other infrastructure such as broadband availability and local community facilities will contribute to improvements.

10 How well do the current systems meet the requirements of those more disadvantaged in the labour market (i.e. disabled people, carers, ethnic minority groups, offenders) and how could they be improved to better meet individual's needs?

The FSB has no specific comments to make on this question.

11 How well do the current systems meet the requirements for small businesses and how could they be improved to serve SMEs more effectively?

Given that our response is made on behalf of our members who run small businesses, we would direct the review to our comments in other sections of this response. As a point for noting, with only approximately 1 per cent of businesses in Scotland described as medium sized businesses, we do not consider the term SME particularly descriptive. The FSB uses the term 'micro or small businesses', which make up approximately 98 per cent of all businesses in Scotland.

12 Based on the responses provided in questions 1-11, if there were just 5 big changes that you could make to the current post 16 education

and vocational training system in Scotland so that we can achieve more success for the economy, employers and individuals in the next decade, what would they be?

Scotland's vocational training system has delivered many unsung triumphs. It hosts a vast amount of educational and pedagogical expertise and has thus far been relatively well funded. The fact that skills gaps, particularly in core and soft skills are still prevalent is not a reflection on the existing expertise. We believe it is a question of focus. Reconfiguring the system is not the answer. It is a question of what the vocational training system exists to achieve, and that, we believe is to get people ready for work. It cannot achieve this without close interaction with small businesses which account for around 1 million jobs⁷ in Scotland. As noted above, business frequently fails to step up and interact with the system. For the FSB, the main areas where the system can make a real difference in the way it supports the economy, employers and individuals are:

- Target vocational training funding and opportunities specifically at businesses who are seeking advice in relation to recruitment, becoming an employer, or staff development. This will require partnership working with organisations providing advice to business.
- Target the information provided to business about training schemes, funding and the opportunities for the development of flexible training packages at the business customer rather than using existing information for individuals and market this more effectively to businesses which may be unaware of the benefits they could accrue.
- Use the current review of labour market intelligence in Scotland to determine a stream of strategic funding and resource investment for emerging economic demand.

⁷ Scottish Corporate Sector Statistics 2010