



Graeme Day MSP
Minister for Higher and Further Education; and Minister for Veterans
Scottish Government
St Andrew's House
Edinburgh

By email: MinisterHFEV@gov.scot & pscsr.consultation@gov.scot

20th September 2024

Dear Minister,

We write to you in response to your call for views on **Post-school education and skills reform legislation**.

As the frontline business support organisation, we understand the needs of Scotland's businesses and the policy levers required to ensure growth in the economy. From a people perspective, that includes, workforce development, upskilling and reskilling and an internationally competitive and productive workforce, aligned with economic and market needs.

To deliver this, we need to continue investing in an agile approach which enables delivery partners and agencies to respond to industry demand, in a co-ordinated and partnership approach with business.

We believe that Scotland needs an ambitious new approach to support business and the workforce which can boost productivity and tackle inequality. Like the Scottish Government, we would like to see a more joined-up and integrated approach to taking forward skills delivery and post-school education. Scotland – and the rest of the UK – is facing a shortage of skills, reduced access to the labour market and a challenge ahead to upskill and reskill the existing workforce.

Reform and remaining agile to the needs of society and the economy will be critical as we grasp the economic opportunities that lie ahead. We cannot ignore the need for reform and the need for deeper partnership working between business and government to ensure a fully skilled competitive workforce.

SCC supports the ambitions of this consultation to ensure Scotland's public investment in the post-school education and skills system is fit for purpose to meet the challenges and opportunities of the future.

Research undertaken by Scottish Chambers of Commerce and other leading agencies show that we are dealing with major challenges in our economy and society, including:

- *an economy which lags behind the global competition when it comes to productivity*
- *an education system which tips the balance in favour of qualifications over tangible skills that employers value and require*
- *a shrinking working age population and demographic challenges*

- *the rapid rate of change in the skills demands of employers as a result of COVID, global instability, the climate emergency and technology disruption*
- *severe constraints on government spending*

The issues if we do not rise to this challenge are clear. A report published by the Open University earlier this year found that the skills gap remains stubbornly high, with over half (56%) of Scottish organisations still reporting skills shortages.

Scottish Chambers of Commerce’s Quarterly Economic Indicator saw 55% of firms report increased skills challenges, up 10% from the previous quarter. Skill shortages place businesses under great pressure, unable to fill demand and orders, as well as stifle innovation and growth.

Therefore, with the above in mind, reforming the skills system in partnership with business, to ensure it is fit for purpose to meet the challenges and opportunities of the future, is essential.

In providing insight and information to the consultation, we refer to aspects of our letter issued to the Minister’s office on 16th June 2023, where we stated:

“The business community wants to prevent falling into the trap of re-organising structures for the sake of it and giving an illusion of progress. The fundamental consideration of how this will positively impact learners and businesses at the point of delivery should be the primary focus. In this regard, we must be explicit about the success criteria we need to deliver.”

From the outset, SCC notes its support of the broad aspirations of the Withers Review and the Scottish Government’s ‘Purpose and Principles’ exercise.

On the proposals outlined in this consultation, SCC does not have a specific view on the models proposed as we believe the options are too narrow in scope. In our view, regardless of which option is chosen, we believe the model must embed the following areas:

1. Empower the new model(s) to take decisions and respond to market needs;
2. Properly fund the approach(es) to carry out its duties and responsibilities;
3. Partnership working between business and industry including policy design, implementation and co-investment models.

Reforming Skills Development Scotland to enhance its capacity and capabilities to develop Scotland’s workforce, ensuring the right supply of labour, boosting apprenticeships and technical and vocational learning, with Scottish Government taking a directive approach on national skills planning would be a welcome step forward to addressing skills shortages and supporting the wider workforce.

Overall, we are of the view that reform is necessary but is not an end to itself. Reform must be underpinned and aligned with Scotland’s economic growth plan if we are to take advantage of the transformative economic opportunities in the marketplace.

We also note that consideration should be given to the success of Apprenticeship Delivery and the importance of growing apprenticeships to meet unfulfilled employer demand for starts. If there are any changes to the existing delivery model, it must maintain a laser focus on promoting apprenticeships.

There is a risk that financial, people and strategic resources are not equitably allocated to apprenticeships if delivery is added to a remit of another organisation. Therefore, how this risk will be mitigated in the potential event of structural changes will be important for business to understand as well as delivering value for money.

We should maintain the well-regarded approach that Skills Development Scotland has developed and implemented to promote apprenticeships in Scotland and its strong values in working with industry and the business community.

The opportunities that exist in the marketplace require a cohesive and integrated response if we are to see Scotland's post-school education and skills system become more agile and responsive to the needs of the economy and industry.

We hope that this feedback helps inform these important reforms for our education and skills system. I am available to discuss this further and provide further insight into views from the business community.

Yours Sincerely,



Dr Liz Cameron CBE

Chief Executive

Scottish Chambers of Commerce