



# Skills Investment Plan

For Edinburgh and South East Scotland

## Foreword



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This is a time of real opportunity and change for the Edinburgh and South East Scotland City Region. There is diverse employment and a growing business base with opportunities across a range of key sectors such as retail, tourism, financial services and health and social care. However in order to support continued economic growth and diversification it is vitally important to ensure that skills supply is able to keep pace with demand, and that there are improved opportunities to support our citizens into and through employment. This is precisely what this Regional Skills Investment Plan is designed to do.

There remain a number of skills areas which require further attention and these are addressed in this plan, and in the Integrated Regional Employability and Skills (IRES) programme, as part of the Edinburgh and South East Scotland City Region Deal. For example, there is an increasing demand for higher level technical and professional level skills in financial services, engineering and life sciences. There is an increased need for digital skills across all sectors and occupations to drive the economy forward and to support economic inclusion across disadvantaged communities. There are also persistent pockets of in-work poverty, under-employment and a recognised need to support individuals into more highly skilled jobs with improved pay. A closer integration of employability support across partners will play a critical role in addressing this.

Strong management and leadership skills across a range of sectors will be important in prioritising investment and supporting skills development to generate inclusive and sustained growth.

Although focusing on common challenges across the City Region, the Regional Skills Investment Plan also recognises certain distinct challenges across Local Authority areas as inhibitors on economic growth. There is, for example, slower population growth in the Scottish Borders and issues around limited transport connectivity to places of study and work across a range of rural areas. There is a need to support older residents to stay in the labour market for longer and to consider how their skills can continue to be best used to support effective workforce development and succession planning.

This plan seeks to address these challenges by building on existing labour market intelligence, through a process of primary research across a range of partner organisations in the private and public sector to agree the mission, strategic outcomes and areas for action to best support skills investment moving forward. Through a series of workshops and one to one interviews, there is now a collective vision which aligns with the IRES programme and the wider aspirations of partners involved in the City Region Deal.

Finally, flexibility and agility will be critical to the successful implementation of the plan, in light of significant changes in the external political and economic environment as a result of Brexit, further devolution of employability services, and changes emerging from the recent review of the Enterprise and Skills Agencies. In response to this we have developed a governance model which builds on the foundation of regional partnership working through the evolution of the City Region Deal, and this will enable the successful delivery of the Regional Skills Investment Plan over the next three years.



# 1 Introduction

Scotland's Economic Strategy (Scottish Government, 2015) sets out the Scottish Government's purpose "to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth" and it has two key goals:

- increasing competitiveness
- tackling inequality.

The Strategy provides a framework (see Figure 1.1) for the achievement of these goals, with actions targeted on four broad priority areas:

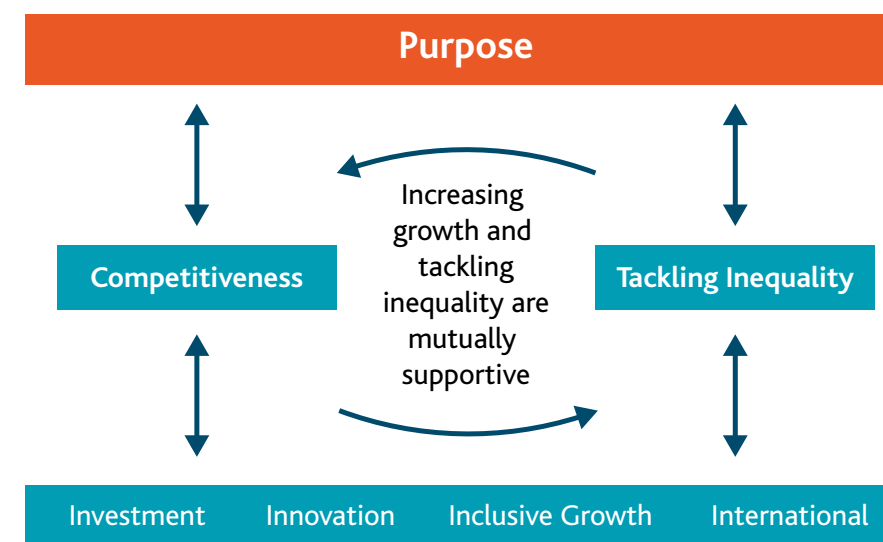
- **investing** in our people and our infrastructure in a sustainable way
- fostering a culture of **innovation** and research and development
- promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion
- promoting Scotland on the **international** stage to boost our trade and investment, influence and networks.

The Edinburgh and South East Scotland Regional Skills Investment Plan (RSIP) is designed to contribute to the delivery of Scotland's Economic Strategy, as well as other key national developments including:

- the devolution of employability services from April 2017
- the implementation of the 7 year Developing the Young Workforce approach
- the expansion of Modern Apprenticeships in Scotland to 30,000 starts in 2020, as well as developments of Foundation and Graduate Level Apprenticeships
- the increasing policy importance of the Inclusive Growth and Fair Work agendas
- the sectoral focus to economic development, which is reflected in the sector Skills Investment Plans
- the publishing of Scotland's first, long term Social Enterprise Strategy in December 2016.
- the publication of Phase 2 of the Enterprise and Skills Review in June 2017.

There is a need for ongoing analysis, and incorporation of key measures in the plan, to ensure strong alignment with the Scottish Government's Inclusive Growth agenda. The RSIP also has to respond to the skills opportunities and challenges that emerge at the regional and local levels. There is a need for ongoing analysis, and incorporation of key measures in the plan, to ensure strong alignment with the Scottish Government's Inclusive Growth agenda. In particular, the RSIP has sought to align with:

Figure 1.1 - Scotland's Economic Strategy framework



- Accelerating Growth – the Edinburgh and South East Scotland City Region Deal (detailed below), has been agreed with the UK and Scottish Governments
- the priorities of Community Planning Partnerships (CPPs) and their sub-groups.

Flexibility has been built into the RSIP to enable it to respond to changing economic circumstances and policy contexts. The City Region Deal will continue to evolve and at the local level each CPP area will produce a Local Outcome Improvement Plan (LOIP) by October 2017. It will be important for the RSIP to be reviewed in light of these plans.

### Accelerating Growth – the Edinburgh and South East Scotland City Region Deal

The six local authorities that make up the Edinburgh and South East Scotland city region – City of

Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian – have now secured a City Region Deal with the Scottish and UK Governments.

£1.1 billion of funding has been secured for culture, digital, housing, infrastructure, knowledge and innovation, and skills. The vision for the region that is set out in the City Region Deal is:

"In a fast-changing world we will create a region where investment, intellect and culture will fuse to create new ways of doing things. In the next 20 years the Edinburgh and South East Scotland City Region will become the most connected, creative, inclusive and entrepreneurial place in Europe. We will build a network of businesses, universities, technical and creative skills attracted by a great lifestyle and cultural offer."

# 1 Introduction continued

To deliver on this vision, key strands of the City Region Deal are:

- building on the region's strengths in areas of knowledge, culture and technology through increased innovation across the finance, science, culture, leisure, tourism, learning and technology sectors. Proposals include:
  - develop a regional network of incubator facilities
  - increase regional collaboration to expand overseas trade
  - invest to protect and enhance the world famous culture and leisure assets in the region, including the Edinburgh Festivals
  - develop advanced digital technology to support business and culture
- developing an integrated regional employability and skills (IRES) programme to increase opportunities for learning and development for everyone (see Figure 1.2)
- investing in infrastructure to support economic growth by:
  - developing a clear and integrated regional infrastructure strategy with all public sector partners
- establishing an infrastructure fund that would provide the means to accelerate growth and address the affordability barrier for local authority partners based on existing funding options.

The Edinburgh and South East Scotland Regional Skills Investment Plan (RSIP) is one of the eight projects outlined in the IRES programme and contributes to IRES Theme 1 – Labour Market Analysis. However, while the RSIP is one of the current IRES projects, partners agree that the RSIP has a wider strategic purpose. To explain:

- the RSIP has processes and projects within its 3 year Action Plan that are additional to the projects which are seeking funding in the current IRES programme
- certain activities in the RSIP can progress without City Region Deal agreement and funding – but does highlight the current IRES projects which are dependent on City Region Deal funding for delivery.

The RSIP has been commissioned by Skills Development Scotland (SDS) and the City Region Deal Skills and Innovation Workstream<sup>1</sup>, which includes the six local authorities, DWP, college sector and university sector. Its development process has involved:

- analysis of current and future employment and skills demands alongside the current and predicted labour supply, drawing on the in-depth analysis provided by SDS' Regional Skills Assessments (RSAs)
- review of key policies impacting on skills and employment in the region

- consultations with key skills partners across the region through individual interviews and (where appropriate) group sessions
- workshop sessions with the City Region Deal Skills and Innovation Workstream to discuss and agree the mission, strategic outcomes and actions of the RSIP.

This has led to an evidenced-based RSIP that:

- sets out the vision, ambitions and aspirations for the Edinburgh and South East Scotland region for the next 20 years in terms of skills and employment
- provides a detailed 3 year Action Plan, drawing on evidence and partner views.

The RSIP outlines the actions that will be taken at the regional level. However, the Edinburgh and South East Scotland region is large and diverse with the opportunities and challenges varying both between and within local authority areas. To reflect this complexity, some areas within the region are also planning to develop local skills plans. The Scottish Borders has an additional complexity in that it will form part of the region covered by the South of Scotland Agency recommended in the Scottish Government's Review of Enterprise and Skills Agencies.

## Structure of the Regional Skills Investment Plan

The RSIP is organised into the following sections:

- **Labour Market Demand in Edinburgh and South East Scotland** – analysing the current and future demand for labour in the region
- **Labour Market Supply in Edinburgh and South East Scotland** – analysing the current and future supply of labour in the region
- **Skills Priorities and Principles for Edinburgh and South East Scotland** – setting a framework for the RSIP's mission, strategic outcomes and areas for action
- **Mission, Strategic Outcomes and Areas of Action** – setting out the ambitions of the RSIP
- **Action Plan for 2017-2020** – detailing the specific actions that the RSIP will deliver on in the next three years
- **Governance** – setting out proposals for how the RSIP is most effectively governed.

<sup>1</sup> The City Region Deal Skills and Innovation workstream is chaired by East Lothian Council

Figure 1.2 - Integrated Regional Employability and Skills (IRES) Programme

### Integrated Regional Employability and Skills (IRES) Programme

The IRES programme is one component of the integrated approach taken by the City Region Deal Partnership to stimulate high value economic demand with corresponding supply measures to ensure the benefits of growth are felt by all. Its aim is to re-engineer and augment the region's currently separate employability and skills infrastructures into an integrated regional pipeline system that is co-produced with stakeholders and led by its underpinning partnership – namely the City Region Deal Skills & Innovation Workstream.

The IRES programme is a public, private, education and third sector collaboration that brings together existing expertise and resources to:

- **develop more rigorous use of labour market and performance analysis** to improve understanding of current and future opportunities, the pockets of needs and inequality, and the impact of existing interventions, which combined will allow better decisions to be made on future targeting, service integration and investment
- **building, strengthening and streamlining our relationships with employers, investors and citizens** (as innovators, employers and providers) to enhance our knowledge base, and fully unlock job growth and innovation potential for all sections of society
- **targeted skills development** that integrates with City Region Deal innovation hubs, infrastructure investments, and key sectors to help drive sustained inclusive growth. This includes Skills Gateways in housing/ construction and data driven innovation.
- **active matching of the talent pool to job, learning and upskilling opportunities** through better use of digital means and measures to increase the mobility of the workforce that maximises utilisation of regional talent to minimise skills gaps and shortages.

To deliver on these objectives, the IRES programme will:

- put in place the necessary flexibilities to enable existing resources and expertise to be brought together into a regional joined up offer that can be developed and improved
- invest City Region Deal funding across seven key themes and eight projects (see Appendix for list of IRES themes and projects)
- release savings that can be reinvested in the skills system to build momentum and realise additional gains for residents, business and partners.

To fund the IRES programme, the City Region Deal partners **have secured £25m over 8 years from the UK and Scottish Governments**. To secure this, there was a need to evidence the additionality that the IRES programme will have. This exercise has been undertaken by Ernst Young and the Outline Business Case estimates that the IRES programme would achieve:

- 14,700 additional people receiving training and skills improvement in the region<sup>2</sup>
- 5,300 additional people moving into employment



Connor Waldron, Foundation Apprentice, West Lothian Council

<sup>2</sup> As set out in the IRES programme, this breaks down as:

- Integrated Business Support and Intensive Client Support programme is anticipated to deliver 9,600 skills improvements and 2,280 moved into employment
- Developing our Young Workforce programme is anticipated to deliver 1,200 skills improvements and 1,200 into employment
- Business led Academies/Up-skilling Programme is anticipated to deliver 600 skills improvements and 500 into employment
- Workforce Mobility Programme is anticipated to deliver 1,400 skills improvements and 700 into employment
- the 14,700 training and skills improvement figure includes a 15% integration dividend on top of direct outcomes generated from City Region Deal funding.

# 2

## Labour Market Demand in Edinburgh and South East Scotland

### Implications for the Regional Skills Investment Plan

- The region has a diverse employment and business base with a wide range of sectoral specialisms. The region's skills needs are similarly diverse ranging from high level technical and professional skills in financial services, engineering and life sciences sectors, to good quality customer service skills in the region's retail, tourism and care sectors. It is important that the RSIP can help deliver skills provision that meets these diverse requirements.
- Some sectors and geographies are characterised by low wages – so contributing to in-work poverty. To minimise the long-term impact of this for individuals, it is important that individuals have the opportunities to develop and progress in work to enable movement into higher paid, higher skilled jobs.
- Cross-cutting all sectors and occupations is the increasing importance of data and digital skills. Not only will the digital sector create new jobs but digital technologies will also increasingly be embedded across all jobs. Edinburgh and South East Scotland could gain a comparative advantage by focusing resources on this area.
- Building digital skills is also important for increasing citizenship and economic inclusion across the region's more disadvantaged communities and residents.
- To drive the growth and diversification of the Edinburgh and South East Scotland economy – particularly in new and emerging sectors – there is a need for high quality management and leadership skills that build a positive culture around the importance of investing in and developing skills, as this will help the region capitalise on future innovations and raise productivity levels.

This section sets out current labour demand in the Edinburgh and South East Scotland region, alongside available projections on future labour demand. This draws on national statistics and surveys including data provided in SDS's Regional Skills Assessments (RSAs).

The region had 636,200 jobs in 2015, with its largest employing sectors being:

- Health & social work – 96,100 jobs
- Wholesale & retail – 82,200 jobs
- Education – 56,300 jobs.

Analysis of the region's sectoral make up shows that there are a number of sectors that are overrepresented in Edinburgh and Lothians compared to the Scottish average:

- Financial services – including fund management activities, life insurance and other monetary intermediation. These sub-sectors employ 34,600
- IT and digital services – including satellite telecommunications activities, other IT and computer service activities and computer programming activities. These sub-sectors employ 13,000
- college and university education – including post-secondary non-tertiary education and tertiary education. These sub-sectors employ 22,900

- Life sciences – other research and experimental development on natural sciences and engineering, employing 5,300
- Electronics – including manufacture of electronic components and manufacture of loaded electronic boards. These sub-sectors employ 2,800
- Museums – museum activities, employing 2,800
- Legal services – legal activities, employing 7,000.

There are local variations across the region with four or more of the region's six local authority areas overrepresented relative to the Scotland average in construction (32,800 jobs across the region) and public administration and defence (43,400 jobs), as well as wholesale and retail, education, and other services.

The research's consultations also highlighted the importance to the region of:

- Tourism – particularly in Edinburgh but with attractions and events across all parts of the region
- Engineering – most notably in Fife
- Textiles – most notably in the Scottish Borders

# 2

## Labour Market Demand in Edinburgh and South East Scotland continued

- Creative industries
- Food and drink – ranging from agriculture through to production and marketing
- third sector and social enterprise employers.

By occupation, the region's greatest numbers of jobs are in professional (150,200 jobs), associate professional and technical (82,400 jobs) and administrative and secretarial occupations (77,500 jobs) – and all of these occupations are overrepresented relative to the Scottish average. The region is also over-represented in managers, directors and senior official occupations, with stakeholders stating that the investment and development of high quality leadership and management skills should be a key priority for the region as these skills facilitate the adoption of innovative products, processes and practices and helps increase productivity.

Wage levels across the region vary. Edinburgh has workplace-based earnings that are almost 10% above the Scottish and UK averages. However, the region's five other local authority areas all have workplace-based earnings below the Scottish and UK averages. This shows that many of the region's workers are affected by low pay, and this is most pronounced in the Scottish Borders.

Business and enterprise levels (as measured by business stock, starts, deaths and survival rates along with self-employment rates) also vary across the region. Edinburgh and the Scottish Borders have the business density levels (based on business stock and business starts data) above the Scotland average, but the four other local authority areas have levels below the Scotland average.

The consultations were also keen to highlight the variations in the size of employers across the region. Edinburgh, for example, has a number of large private sector businesses, while other local authority areas are dominated by micro- and small-businesses.

### Future labour market demand

The Edinburgh and South East Scotland City Region Deal could lead to significant capital investment in physical developments across the region. These have been grouped under four key areas:

- innovation hubs in:
  - low carbon
  - data technologies (with applications in creative industries including Edinburgh's festivals, fintech, communications technology and the 'smart' public sector and enhanced data driven innovation education)
  - Life sciences (medicine / health care and veterinary medicine and agriculture)
  - Food and drink
  - Textiles.

- infrastructure investment – a pipeline of strategically significant transport and digital projects.
- regional housing programme – development of major strategic housing sites and the delivery of affordable housing across sites identified in strategic housing investment programmes and the wider public sector estate
- cultural tourism investment – investment propositions include improved sustainability for the City's cultural programme and significant improvement in key tourism sectors and enhanced workspace provision for the creative sector.

In addition to the prospective City Region Deal investments, there will be a number of other large-scale capital investments in the region worth £350m such as a data storage and analysis repository, five sectoral research development and innovation hubs, a Food and Drink Innovation campus and increased support for Data Driven Innovation.

Collectively the City Region Deal and other large-scale developments have the potential to create direct and indirect and end-use jobs as well as training opportunities. Transport infrastructure improvements will also improve access to employment, training and education (FE and HE) opportunities across the region.

Beyond the physical developments identified above, the Oxford Economics 2016-2024 projections reported in the RSAs forecast that the region will see a net increase of 18,500 jobs by 2024

- the main sectors of employment increase are forecast to be in professional, scientific and technical activities (+6,100 jobs), administrative and support activities (+5,700 jobs), wholesale and retail (+4,300 jobs) and health and social work (+3,900 jobs) – noting that some of these sectors have a high proportion of low-paid jobs
- the two main sectors forecast to see employment decreases are manufacturing (-4,300 jobs) and public administration (-3,100 jobs)
- by occupation, net growth in the region will be greatest in higher skilled occupations – i.e. professional (+6,100 jobs), caring, leisure and other service occupations (+3,100 jobs), and associate professional and technical (+2,700 jobs)
- the forecasts indicate that there will be no net decreases in any main occupational grouping, through increases will be smallest in administrative and secretarial roles and process, plant and machine operative occupations
- as well as the expansion demand, there are forecast to be 254,700 opportunities available through replacement demand across the region by 2024, meaning there will be opportunities across all occupation types. Replacement demand data is not available by sector.

## 2 Labour Market Demand in Edinburgh and South East Scotland continued

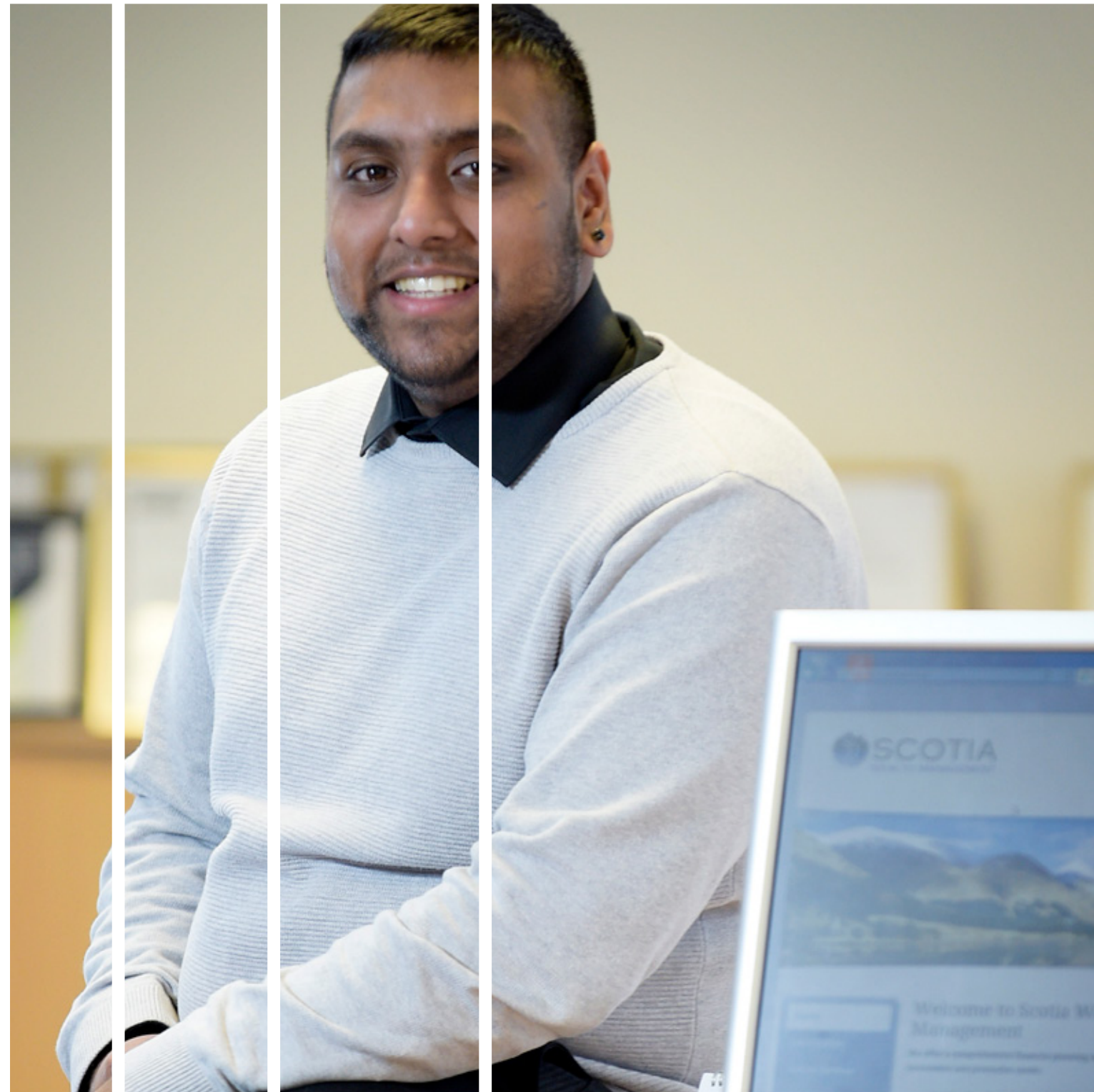
Other areas of employment growth identified by the consultees included:

- Early learning and childcare in response to the Scottish Government's commitment to almost doubling the hours of early learning and childcare to 1,140 hours per annum by 2020
- IT, data, digital and social media – with employment growth in the digital sector but, more widely, an increasing demand for digital skills (including Big Data and data driven innovation) across all industries and occupations. For Scotland, 2014-2024 projections indicate a 16% increase in IT related employment
- Engineering and renewables, particularly around the sustainable/ low carbon industries (e.g. renewables, sustainable construction methods, and waste management). For Scotland, 2014-2024 projections indicate a 7% increase in STEM employment.

More widely, the consultations also highlighted the changing nature of the labour market and how different skillsets will be needed by individuals. These include:

- agility and resilience to respond to not only different employment opportunities (noting that changing jobs will become an increasing phenomenon) but also different tasks and demands within jobs as organisations become flatter in structure and more responsive to change
- greater use and application of IT and digital skills across all sectors and occupations

- STEM skills to respond to the advancements made in the life sciences, digital and engineering sectors
- enterprise, entrepreneurial and marketing skills, particularly in the creative, textiles and digital sectors where self-employment and contract work are prominent
- management and leadership skills to help organisations of all types (private, public, third sector and social enterprises) to respond effectively to future economic opportunities and uncertainties, identify and adopt new product and process innovations, enhance their ability to utilise and develop the skills of their workforce so helping to raise the region's productivity levels
- excellent customer service skills will be required across almost all sectors – but particularly retail, tourism, health and social care, and early learning and childcare sectors.



Vijay Singh of East Lothian, Scotia Wealth Management



# 3

## Labour Market Supply in Edinburgh and South East Scotland

### Implications for the Regional Skills Investment Plan

- Edinburgh and SE Scotland is a large and diverse region with variations in skills, qualifications and economic activity levels. While the development of the IRES programme is positive, it is important that service and funding flexibilities remain so that tailored approaches can be taken to address issues and challenges.
- The region overall has a highly qualified workforce but it also has higher levels of underemployment. To counter this, there is a need to create and attract higher skilled jobs that better utilise the skillsets of the workforce (including the region's university graduates). There is also a need for high quality management, leadership and entrepreneurial skills.
- There is an under-representation of MAs in the region and continued work is needed to increase the investment in MAs (and/or Graduate Level Apprenticeships if more appropriate to some of the region's sectors) as they provide good quality employment and progression opportunities for young people.
- Brexit has the potential of reducing the region's migrant workforce. The region's skills providers and employers must therefore work together to develop more attractive careers for local residents in agriculture, food and drink, tourism, health and social care.
- The region has an ageing population and, there is a need to increase the economic contribution of the working age population, to enable older residents to stay in the labour market longer. This includes providing opportunities to retrain, and ensuring effective workforce development and succession planning is in place so that critical skills are retained in the region's workforce
- Poor transport connectivity and the limited travel horizons of some residents are limiting the effectiveness of the region's labour market, and this is also impeding people's access to skills provision. The RSIP's partners must therefore build linkages with transport partners to help ensure transport infrastructure and providers are responding to the transport needs of all the region's residents.

This section sets out current labour supply in the Edinburgh and South East Scotland region. This draws on national statistics including data provided in SDS's Regional Skills Assessments .

The region's population was 1.35 million in 2015, with 880,000 of working age (16 to 64 year-olds).

- the region's working age population has increased by 1.7% (or 15,000) over the last 5 years, which was above the Scottish rate of 0.7%
- within this, Edinburgh and Midlothian are experiencing working age population growth above the regional average, while Fife and the Scottish Borders have seen their working age population decline
- the region has a higher proportion of its population aged 16 to 24 and 25 to 49 than Scotland as a whole, while those aged 50 and above are underrepresented in the region. This is partly due to a higher number of young people moving into the region for Higher Education.

Analysing the employment status of the working age population, the region's:

- employment rate was 73% in 2015, which is in line with the Scottish and UK rates

- ILO unemployment rate was 6.0% in 2015, which is in line with the Scotland rate (5.9%) but above the UK rate (5.4%)
- DWP out-of-work benefits claimant rate was 9.4% in 2015, which was below the Scotland rate (10.8%) but above the UK rate (9.0%)
- 16 to 19 year-olds not in employment, education or training (NEET) rate was 6.1% in 2014, which was below the Scotland rate of 6.4%.

The region performs well against the Scottish average but the regional data does hide variations at the local authority area level (e.g. Fife and West Lothian have higher unemployment, out-of-work claimants and NEET rates than the region as a whole) and at the sub-local authority area level. The data also hides the labour market challenges faced by disadvantaged groups, such as disabled people and care experienced young people. In addition, those living in rural areas face further challenges in accessing employment, training and education (FE and HE) opportunities due to the availability and affordability of transport. Whilst there are areas within each local authority (except Edinburgh) where this is an issue, it is a particularly important concern in the Scottish Borders.

# 3

## Labour Market Supply in Edinburgh and South East Scotland continued

Using qualifications as a proxy for skills, the region's working age population is more highly skilled than the Scotland and the UK average.

- 47% of the region's working age population are qualified at SCQF Level 7 or above, compared to 43% across Scotland and 37% across the UK
- there are, however, variations within the region with 57% of Edinburgh's working age population qualified at SCQF Level 7 or above, compared to 37% in West Lothian and 40% in Midlothian.

### Current skills provision Colleges

The region's six colleges – Borders College, Edinburgh College, Fife College, Newbattle Abbey College, West Lothian College and Scotland's Rural College (SRUC) – are key developers of skills. Presenting aggregate data for these colleges (with the exception of SRUC as data cannot be broken down between its different campuses):

- in 2014/15, there were 64,250 college enrolments in the City Region's colleges
- 82% of enrolments were at further education (FE) level and 18% were at higher education (HE) level

- the most common subjects across the courses were family care/personal development/personal care and appearance (with 12,400 enrolments or 19% of all enrolments); health care/medicine/health and safety (9,900; 15%); and engineering (9,500; 13%). This pattern is in line with data for Scotland's colleges as a whole.

### Modern Apprenticeships

- in 2015/16, there were 5,496 Modern Apprenticeship (MA) starts in the region. This accounts for 21% of all Scottish MAs but, as the region accounts for 26% of the 16-24 year old population, this suggests MAs are underrepresented within the region
- the most common frameworks were hospitality, business and administration, retail, social services – children and young people, and construction. This is similar to the Scottish picture where the most common frameworks were business and administration, hospitality, social services – children and young people, retail, and social services and healthcare.
- there are currently 96 Foundation Apprenticeships across the region and these numbers will increase significantly alongside new Graduate Level Apprenticeships.

### In work training

Employers also make a significant contribution to developing the labour supply by their investments in the skills of their workforce.

The UKCES Employer Skills Survey collects data on the proportion of employers offering training to their employees in last 12 months, and found that in 2015:

- 73% of the region's employers funded or arranged training for their employees in the last 12 months (compared to 71% for Scotland as a whole)
- the types of training funded or arranged by the region's employers were job specific training (which includes an extremely diverse range of training in terms of skill levels covered) with 87% of the region's employers providing training compared to 86% across Scotland as a whole, health and safety/first aid training (72% vs. 74%), basic induction training (65% vs. 66%), training in new technology (50% vs. 49%), more extensive induction training for new staff (40% vs. 36%), management training (35% vs. 34%), supervisory training (36% vs. 34%), and personal development training (2% vs. 2%).

### Improving understanding of skills provision

The RSIP partners have agreed that an initial task should be to explore the alignment between college and MA provision and regional labour demand in more detail. This will be aided by the release of additional SFC data as part of the RSAs.

### Current mismatches in labour market

Where skills supply does not meet skills demand, it leads to vacancies that cannot be filled because of skills shortages, difficulties in retaining staff, existing staff not having the skills they require to do their jobs proficiently and underemployment. In 2015:

- 3.3% of the region's employers had skills shortage vacancies, compared to 5.7% across Scotland as a whole
- 9.9% of employers reported that they had jobs that they had difficulties in retaining staff, which is in line with the Scottish level of 10%
- 13.7% of employers reported skills gaps (i.e. that some of their staff did not have the skills they required to do their job proficiently), which is marginally above the Scottish rate of 13.5%
- 46.1% of employers reported that at least some of their staff were under-utilised (i.e. have both qualifications and skills that are more advanced than required for their current job role). This is above the Scottish rate of 41.6%.

### Future labour market supply

The region's population is projected to grow by 7.2% between 2014 and 2024, which is equivalent to an additional 97,000 residents.

# 3

## Labour Market Supply in Edinburgh and South East Scotland continued

- all six of the region's local authority areas are projected to see population growth, with the percentage increases greatest in Edinburgh and East Lothian
- by age:
  - the working age population is projected to increase by 1.8%
  - with 25 to 49 and 50 to 64 year-olds predicted to increase, but the number of 16 to 24 year-olds set to decrease by 7%
  - the greatest increase will be among the 65 and over population with a 22% increase projected across the region, which is double the Scottish percentage increase of 11%. The number of 0 to 15 year-olds is also predicted to experience a sizeable increase of 9.8%
  - combined, these trends mean that the relative size of the region's working age population will decrease from constituting 65.4% of the region's total population in 2014 to 62.5% in 2024. To counter the impact of the ageing of the population, there is a need to increase the employment rate and productivity levels of the working age population and increase the proportion of the over 65s remaining in the labour market (noting that the employment rate among the region's over 65s has increased from 6.4% in 2011 to 8.3% in 2016, and the State Pension age will increase to 66 years old in 2018 and then 67 years old in 2026).

Consultees involved in delivering skills highlighted a number of ways in which skills provision will change over the next 3 years:

- SDS has been set a target to increase MA starts across Scotland from 25,000 in 2015 to 30,000 in 2020. Within this, there will be a particular focus on increasing starts at Level 3 or above. SDS has begun to develop Graduate Level Apprenticeships to help increase the number of higher-level apprenticeship opportunities
- SDS will extend the delivery of Foundation Apprenticeships with delivery planned for all six local authority areas in the 2017/18 academic year, and continue to expand the availability of Graduate Level Apprenticeships in the region
- the region's colleges have undertaken Curriculum and Estates Reviews. The colleges have also prepared Regional Outcome Agreements setting out how they will align their provision to regional needs, while continuing to consult with employers on an ongoing basis to understand and respond to their specific skills needs
- the implementation of the recommendations of the Enterprise and Skills Review in relation to Skills Alignment and the Learner journey will strengthen the alignment of skills provision with the needs of the economy and learners and develop clearer routes for young people and to progress through clear learning and career pathways into employment.

- DYW regional groups are building linkages between schools, colleges and employers to ensure young people are being prepared more effectively for the world of work. This has the potential to lead to changes in the school curriculum
- "Developing the Young Workforce: Scotland's Youth Employment Strategy" sets out the need to develop the talents of all young people and, as a result, there will be increasing focus on equalities and diversity to help address gender imbalances in subject choice and employment, and improve outcomes for more disadvantaged groups (e.g. looked after children, disabled young people and people from minority ethnic communities).

The RSIP should also engage and work closely with the region's five universities (Edinburgh, Heriot Watt, Napier, Queen Margaret, and St Andrews) as all are well-respected institutions, whether at the international and/or national level, and are ambitious in their future strategies and the contributions they can make to the region's skills base and economy. In terms of their future plans, these can be summarised across the universities as:

- focusing on and investing in their core teaching areas of strength
- continuing to attract students from disadvantaged communities and supporting this through the continued support and development of Widening Access programmes and articulation routes from colleges

- attracting more international students, while also diversifying the markets that they draw students from
- working with businesses and key sectors to enhance the student experience and boost their employability (e.g. through work placements) and to identify opportunities for collaboration – particularly in R&D
- continuing to attract high quality teaching and research staff to their institutions
- as part of the City Region Deal, five Innovation 'hubs'/ Skills Gateways are proposed in the fields of low carbon, data driven innovation, life sciences, food and drink, and textiles. The City Region Deal Higher and Further Education Group is currently developing proposals for each Innovation hub, including mapping the skills and employment implications
- some of the universities have infrastructure and capital investment plans. These will create employment opportunities at both the construction and end use phases.

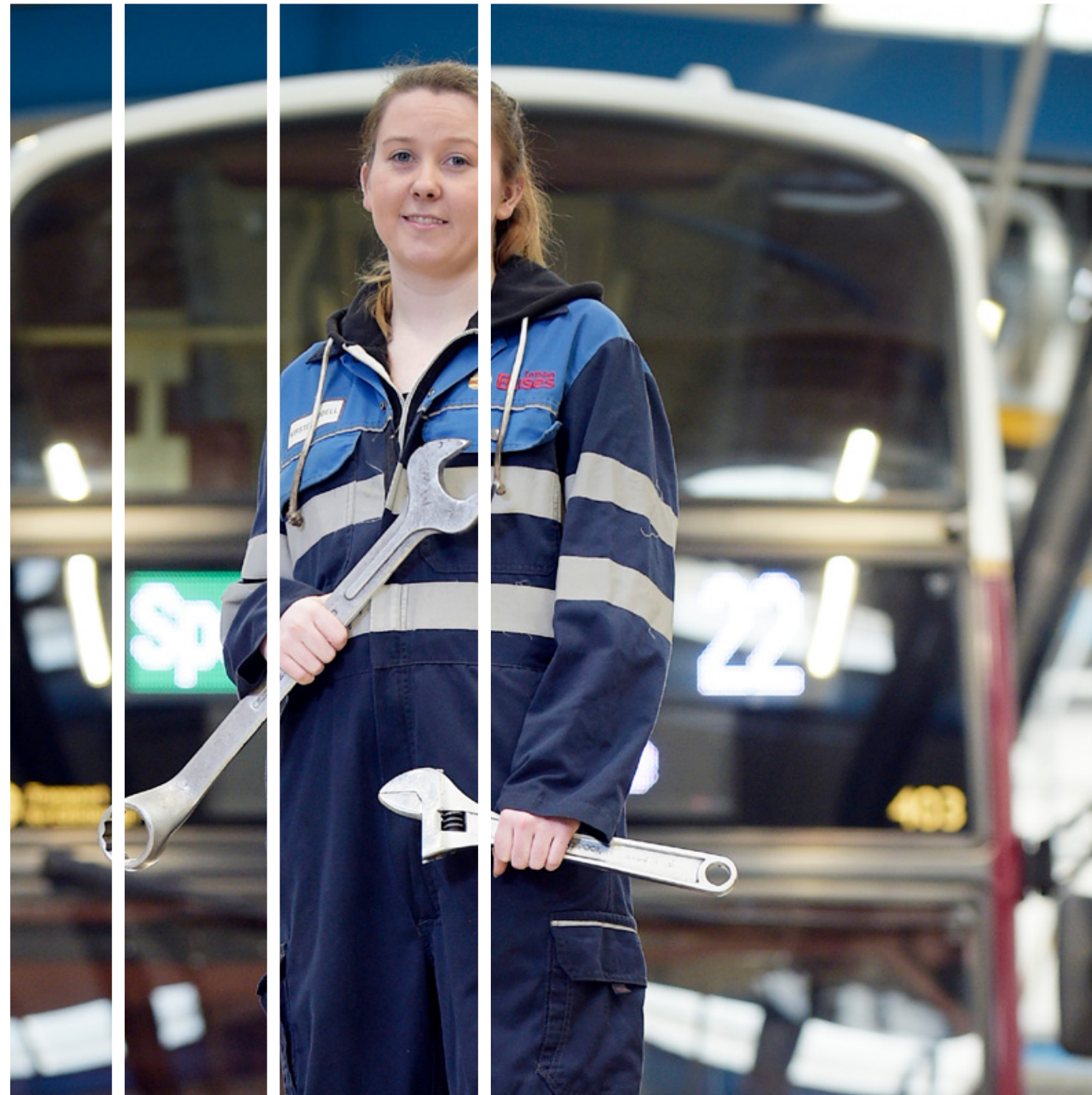
### Supply side issues – consultee views

Consultees were asked about what they considered to be the main skills issues facing the region. The key labour supply issues highlighted were:

# 3

## Labour Market Supply in Edinburgh and South East Scotland continued

- the region, and Scotland as a whole, is experiencing an ageing of the population with the working age population as a proportion of the total population decreasing as a result. From a supply side perspective, consideration should be given to how to:
  - support older residents to stay in the labour market longer, including providing opportunities to retrain
  - ensure there is effective workforce development and succession planning in place so that critical skills are retained in the region's workforce
- the region's large geographical size and poor transport connectivity are key constraints to labour supply across the region. The distances, time and costs of travelling across parts of the region can inhibit residents' ability to access jobs and skills provision. Consultees did not expect the City Region Deal's infrastructure proposals to significantly improve connectivity within the region, while some also feared that transport improvements may lead to increased commuting into Edinburgh to the detriment of other parts of the region
- related to the previous point, consultees felt that some residents and communities have localised travel to work and travel to study horizons. Overcoming this and building awareness of labour market opportunities across the region is therefore important
- some consultees (mainly employers) felt that young people often lack core employability skills – although Curriculum for Excellence and Developing the Young Workforce are seen to be making progress in addressing these issues
- consultees felt there was scope to increase the retention and skills utilisation of the region's university graduates to the benefit of the region's employers and economy. Increasing retention levels is also important given that the number of 16 to 24 year-olds in the region is projected to decrease
- Brexit may potentially reduce the size of the migrant workforce that a number of the region's sectors rely on – for example, agriculture, food and drink, tourism, health and social care, higher education and research. To mitigate this impact, there is a need to make these sectors and occupations more attractive to and rewarding for the local workforce
- in terms of skills provision across the region, consultees did not identify any significant gaps or weaknesses in provision. However, a number of consultees highlighted that there is less skills funding and provision for over 25s – this at a time when the population is progressively ageing.



Kirstin Riddell of Midlothian, Lothian Buses



# 4

## Skills Priorities and Principles for Edinburgh and South East Scotland

Having analysed the Edinburgh and SE Scotland labour market demand and supply sides, this section sets out the key skills priorities that the RSIP and partners should aim to address.

These priorities have emerged from the evidence base presented in the preceding sections and/or have been identified as priorities for action by consultees.

### Priorities

The key skill priorities have been identified as follows:

- ensure that skills provision reflects the diversity of the region's current and future skills needs, both in terms of subject areas and skills levels. This will require much closer alignment between the labour demand and supply. To facilitate this, there is a need to:
  - strengthen good labour market intelligence (LMI) on what skills the region's sectors and employers are looking for. This needs to be done on an ongoing basis so that the LMI is up-to-date and captures emerging skills needs

– commit to using the LMI to align provision with demand. This should draw on the RSA data and inform the development of Regional Outcome Agreements (ROAs) and LOIPs. This may require new ways of working across the region

– share LMI with residents (from school pupils to older workers) so that they understand the current and future labour market opportunities, the skills and qualifications that employers are looking for, and how and where they can develop those skills

- develop clear career pathways for the region's key sectors and occupations – including opportunities stemming from City Region Deal developments – to enable residents to progress towards, into and along good quality employment opportunities, as well as providing employers with the skills they need
- continue to invest in high quality employability provision that supports people into, and back into work. The provision should then connect them with the career pathways outlined above to help tackle in-work poverty and under-employment. RSIP partners should also consider how they can help support the creation of more and better jobs in the region to help tackle low pay

- develop high quality management, leadership and entrepreneurial skills that can drive forward the growth and diversification of the region's economy and jobs base and increase the competitiveness of its businesses. These skills need to be in place across all sectors (including the public, third and social enterprise sectors) and all sizes of employers
- increasing alignment of the skills offer across the region so that residents and employers can navigate a more coherent landscape. Examples of greater alignment might include common schools timetabling to facilitate school-college activities, a single regional 'youth guarantee' offer, a single regional employer offer and a simplified DYW Group structure across the region
- engage with and influence other key themes that impact on skills – e.g. innovation, transport, broadband and housing – so that partners involved in the planning and delivery of future developments recognise the potential impacts on skills demand and supply.

### Principles of skills planning and delivery at the regional level

The development of the RSIP has identified a number of principles that should inform future investment in skills:

- taking a flexible approach – the RSIP must be sufficiently flexible to be able to respond to changing circumstances. Whilst it is not possible to know what issues may arise in the future, there are a number of current issues that are likely to impact on partners' ability to achieve the mission and strategic outcomes. These include:
  - the aims, priorities and projects of the City Region Deal that have been agreed with the UK and Scottish Governments
  - the employment and skills implications of the referendum vote for the UK to leave the European Union. These include the UK Government's migration policy post-Brexit; the impact on the region's universities as they currently attract a large number of overseas students, staff, and funding; and the attractiveness of Edinburgh and South East Scotland as a place to do business
  - the outcomes of the Review of the Enterprise and Skills Agencies being undertaken by the Scottish Government – including the establishment of a 5 stage skills planning model to drive Skills Alignment; creation of a new agency to meet the enterprise and skills needs of the South of Scotland
  - and the recommendations of the Learner Journey review
- commitment to regional working – the movement towards a regional skills approach, as part of the wider commitment to joint-working across the region, will take time and commitment from partners to develop.

# 4 Skills Priorities and Principles for Edinburgh and South East Scotland continued

In the early stages the priorities should be to:

- build on the existing evidence base to better inform where skills investment at the regional level will generate greater returns than existing arrangements
- better understand the skills needs of the region and the extent to which current and planned provision effectively addresses these.

An enhanced evidence base will enable partners to be in a more informed position to decide where regional employment and skills investment will add the most value over the longer term and establish strong partnership working to agree collectively how skills investment is used in the region.

- taking a holistic approach – the skills and Innovation Workstream has identified a range of issues (including wages, transport and connectivity, rurality, and migration policy) that are inhibiting the transition to a low welfare, high value labour market. Tackling these will require taking a holistic approach that encompasses actions at the national, regional and local level

- alignment across the City Region Deal – action is needed across a number of other areas to support the delivery of the RSIP’s mission and strategic outcomes. These include:
  - improving transport connectivity across the region that supports work to broaden the travel to work and study horizons of residents
  - identifying the skills needs arising from all City Region Deal Workstreams and ensuring residents and businesses have the skills to benefit from the opportunities created
  - integrating the work of the Skills and Innovation Workstream with wider business engagement activities to ensure a more joined up and comprehensive offer for employers.
- commitment to measuring progress and impact – partners should agree a set of key indicators against which they will measure the progress against and impact of the RSIP actions. A process should also be in place to review the evidence and agree and implement any changes to the RSIP if insufficient progress is being made.



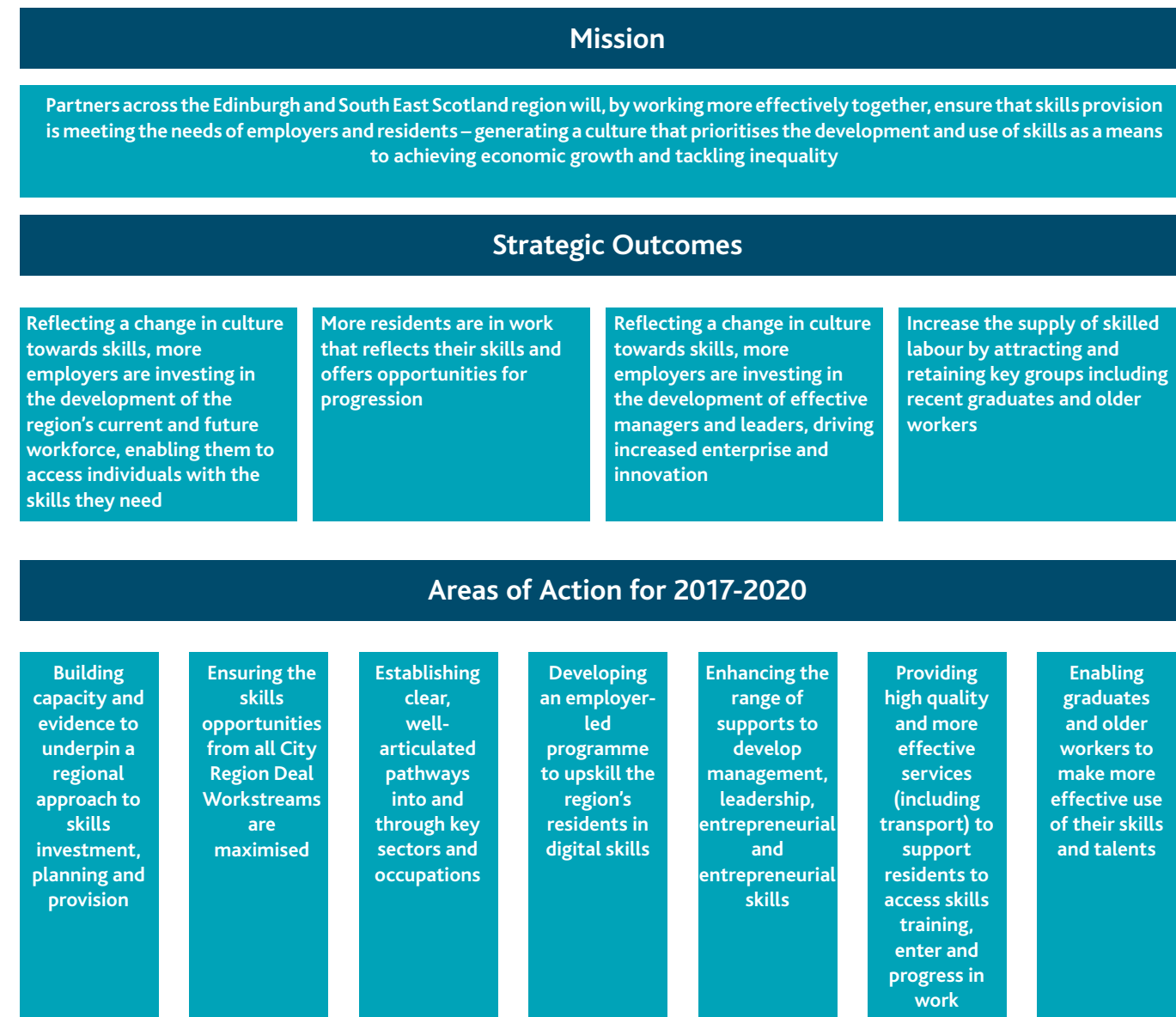
Digital Toybox event at Craigmillar Library, Edinburgh. The programme gives young people across Edinburgh the opportunity to develop computer science related digital skills. Photo credit: EDI

# 5 Mission, Strategic Outcomes, Areas of Action and Principles

The mission, strategic outcomes and the areas of action for 2017 to 2020 are set out in Figure 5.1

- The mission is the headline ambition for the RSIP
- The four strategic outcomes are designed to provide direction and ambition for partners across the key skills issues identified from the evidence base. Furthermore, the strategic outcomes are designed so that they can be monitored over time
- The seven areas of action are designed to contribute to the delivery of the strategic outcomes.

Figure 5.1 Mission, strategic outcomes and areas of action for 2017



# 6

## Action Plan for 2017-2020

This section sets out the rationale and impact of planned activities, followed by the key areas for action which will support the delivery of the four strategic outcomes.

These actions have been tested and validated with regional partners and the Edinburgh and South East Scotland City Region Deal Skills and Innovation working group. While these actions represent a coherent response to the challenges and opportunities identified in the plan, they should not be viewed as an exclusive set of actions. Over time we expect the action plan to develop and evolve in response to emerging opportunities and changing circumstances.



Cara Bullock, CGI, Edinburgh





## Rationale, Impacts and Enablers for Key Activities

Area of action 1 - Building Capacity and evidence to underpin a regional approach to skills investment, planning and provision		
Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>• Need to better evidence impact from public sector investment in employability and skills provision</li> <li>• Further detail needed on regional, local and sectoral skills needs</li> <li>• To enable effective skills responses to future developments (e.g. Brexit, inward investment)</li> </ul>	<ul style="list-style-type: none"> <li>• Better LMI and performance data will help prioritise allocation of resources to meet regional skills needs</li> <li>• Reduction in employer skills shortages and recruitment difficulties through better skills alignment</li> </ul>	<ul style="list-style-type: none"> <li>• Joint working across Skills and Innovation workstream partners, SFC, colleges and universities to co-produce the regional skills offer. Collation and sharing of current/future skills needs and effectiveness of current provision across regional partnerships</li> <li>• Partners work together to identify impact of non-skills inhibitors (e.g. transport, wages, rurality, migration) on effectiveness of regional labour market and seek to address with national government</li> </ul>

Area of action 2 - Ensuring the skills opportunities from all city region deal workstreams are maximised		
Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>• £1bn City Region Deal will have major employment and skills impact through Innovation Hubs (Low Carbon, Data Driven Innovation, Food &amp; Drink, Textiles, infrastructure, housing, cultural tourism)</li> <li>• Need to identify skills needs arising from all City Region Deal workstreams and ensure residents/businesses have skills to benefit from the opportunities</li> <li>• Recruitment difficulties in construction, data, digital, life sciences and textiles sectors</li> <li>• Brexit recruitment impact on other sectors (e.g. food and drink &amp; cultural tourism)</li> </ul>	<ul style="list-style-type: none"> <li>• The region's residents will meet the employment and skills requirements of City Region Deal investment programme</li> <li>• Community benefit clauses will open up new training and employment opportunities to local residents from priority groups</li> <li>• Skills and Innovation workstream partners will be able to build on experience of responding to the employment and skills demands of major developments through other developments (including inward investments)</li> <li>• Greater awareness of Skills First approach and importance of skills to the region, across other City Region Deal workstreams</li> </ul>	<ul style="list-style-type: none"> <li>• City Region Deal workstream commit to share project information on estimated employment and skills opportunities from community benefit clauses</li> <li>• Skills and Innovation workstream partners commit to ensure that skills provision within their control enables employment and skills requirements to be met</li> </ul>

**Area of action 3 - Establishing clear, well articulated pathways into and through key sectors and occupations**

Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>Health, social work, retail and education are largest employing sectors</li> <li>Regional strengths in financial services, IT, data, digital services, college and university education, life sciences, textiles, electronics and legal services</li> <li>Important employing sectors include construction, public admin, tourism, engineering, creative industries, food and drink, third sector and social enterprise employers</li> <li>Projected 10 year employment base growth (27,100 more jobs by 2024) with greatest net increases in health &amp; social work, professional services, tourism and hospitality. Growth in early learning and childcare, IT, digital and social media, low carbon and renewables</li> <li>Transferable and cross cutting skills as important as sector-specific skills, including agility, resilience, IT, digital skills, STEM, enterprise, entrepreneurial &amp; marketing and customer service</li> <li>Clear and well articulated pathways required to help individuals and influencers to develop key skills</li> </ul>	<ul style="list-style-type: none"> <li>Higher regional employment rate (from young people to older workers), greater awareness of the diverse employment opportunities, and access to skills provision that supports progress into and through good quality employment</li> <li>Fewer employers reporting recruitment difficulties and skills shortages through better skills alignment</li> <li>Increased regional attractiveness for inward investment due to quality of the skills base in key future skills areas such as digital, IT and STEM</li> </ul>	<ul style="list-style-type: none"> <li>Skills and Innovation workstream partners commit to collating information on key pathways and using this to support resident progression into and through appropriate employment opportunities</li> <li>The four DYW Regional Groups commit to working together to align their efforts across the region where this adds value</li> </ul>

**Area of action 4 - Developing an employer-led programme to upskill the region's residents in data and digital skills**

Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>16% employment increase in IT, data and digital sector (2014-24)</li> <li>Regional over-representation in IT and digital services employment creates opportunities to contribute to economic growth</li> <li>Data technology Innovation Hubs in FinTech, communications technology and the 'smart' public sector are planned through the City Region Deal</li> <li>Increased embedding of IT, data, social media and digital skills across all sectors and occupations will increase productivity levels</li> <li>Increased access to digital skills provision and e-learning will minimise transport connectivity issues, increase citizenship and promote economic inclusion, with services moving online</li> <li>Can be used as a pilot for alignment and integration across the region</li> </ul>	<ul style="list-style-type: none"> <li>Fewer recruitment difficulties and skills shortages reported by digital sector employers and Data Technology Innovation Hubs, through better designed and aligned provision</li> <li>The region will be an increasingly attractive location for the ICT, data and digital sectors due to the quality of the region's digital and IT skills base</li> <li>Employers from other sectors will benefit from more members of the workforce being able to apply data and digital skills technologies to business functions, leading to increased productivity</li> </ul>	<ul style="list-style-type: none"> <li>In line with the City Region Deal Digital Strategy, local authorities and the Scottish Government commit to increasing investment in ICT resources (including teaching staff) so that all young people and parents (where possible) can access good quality ICT and digital teaching</li> <li>Funders and deliverers of skills provision commit to supporting the inclusion of ICT, data and digital units in school, college, university and work-based learning courses.</li> </ul>

**Area of action 5 - Enhancing the range of supports to develop management, leadership, and entrepreneurial skills**

Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>High proportion of people working in managerial (10% employment) and professional occupations (23% employment)</li> <li>Management, leadership and entrepreneurial skills important to enable product and process innovation, better skills utilisation in the workforce to drive productivity; succession planning and change management</li> <li>In 2015 35% of regional employers provided management training in last 12 months, and 36% provided supervisory training. Although above the Scottish average there is potential to increase training volumes in these professions</li> <li>Small, micro businesses and social enterprises face greater barriers to investing in training due to time and resource constraints</li> </ul>	<ul style="list-style-type: none"> <li>Public, private, third sector and social enterprise employers will commit to a Skills First approach, recognising that investment in valuable skills for their businesses will boost productivity and skills utilisation across the region</li> <li>Small and micro businesses will be increasingly committed to and able to invest in management and leadership skills to improve their sustainability, productivity and growth potential</li> <li>Increase in the number of young people starting their own business or social enterprise through increased awareness and interest in entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Skills and Innovation Workstream partners work with their employer-facing staff to promote the value of management, leadership and entrepreneurial skills, and ensure supports are in place to respond to resulting demand</li> </ul>

**Area of action 6 - Providing high quality and more effective services (including transport) to support residents to access skills training, enter and progress in work**

Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>Sizeable proportion of working age who are unemployed (6% ILO unemployment rate and 9.4% claiming out of work benefits)</li> <li>7.7% school leavers entering negative destinations, contributing to 16-19 NEET rate of 6.1%</li> <li>Concentrations of unemployment and worklessness within specific geographies/communities and among demographic groups (e.g. learning disabilities, physical disabilities, mental health &amp; care experienced young people)</li> <li>Mismatch between 16-64 population growth (15,000 between 2014 and 2024) and 27,000 increase in forecast jobs, with potentially 12,000 jobs to fill. There is a need to retain over 65's in the workforce and increase the economic participation rate among 16-64 year olds</li> <li>Potential reduction in migrant workforce due to Brexit will require engagement, and support to help local unemployed and under-employed residents to move into these roles</li> <li>Need to address potential barriers to employment such as lack of transport and accessibility in rural areas; low or out of date skills and qualification amongst residents (6.4% with no qualifications); low wages deterring job seekers, under-employment; difficulty navigating the employability and skills offer; and limited funding for over 25's</li> </ul>	<ul style="list-style-type: none"> <li>Partners can better meet client needs, by having more client-centred systems in place, leading to lower unemployment and worklessness rates across the region</li> <li>Support additional individuals from priority groups into employment, by commissioning specialist employability services at a regional level. This will support economic inclusion across the City Region</li> </ul>	<ul style="list-style-type: none"> <li>Skills and Innovation Workstream partners commit to working collectively to incrementally reshape the Employability and Skills Pipeline across the region. This will: <ul style="list-style-type: none"> <li>- Secure resources to deliver high quality employability services</li> <li>- Increase effectiveness of employability services to deliver better outcomes</li> <li>- Explore co-design and co-delivery opportunities for better and more cost effective regional approaches</li> <li>- Use evidence base to jointly discuss how national funding can best be deployed at a regional level, where appropriate</li> <li>- Ensure provision is in place to help individuals sustain and progress in employment</li> </ul> </li> <li>Regional partners work together to identify impact of non-skills inhibitors (e.g. transport, wages, rurality, migration) on effectiveness of regional labour market and seek to address with national government</li> <li>Partners commit to sharing data, good practice and expertise and identifying where there would be value in a similar approach from national partners</li> </ul>

**Area of action 7 - Enabling graduates and older workers to make more effective use of their skills and talents**

Rationale	Impact	Enablers
<ul style="list-style-type: none"> <li>7% decline in 16-24 year old and only 3% growth in 25-49 year old population (2014-24) so its important to retain the region's graduates to improve the quantity and quality of the labour pool</li> <li>Skills and expertise of graduates will align with regional growth sectors (e.g. digital, life sciences, health and social care) so retention of these skills in the region is important</li> <li>Need to retain over 65's in the workforce to address the potential 12,000 jobs deficit (see above)</li> <li>Need to provide opportunities for over 65's who want/need to stay in labour market to use their skills</li> <li>Need to ensure transfer of skills in sectors with an ageing workforce (e.g. textiles and engineering) as part of succession planning</li> <li>Older workers could help address recruitment difficulties in sectors where mature workers are valued (e.g. health and social care, transport, tourism and hospitality)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in supply of graduate and older workers taking advantage of the diverse regional employment opportunities, measured by a higher graduate retention rate and a higher employment rate among the over 60's</li> <li>Reduction in skills shortages, unemployment and worklessness across the region, by improving the matching of labour supply to demand through the Online Talent Bank, and improving skills utilisation and productivity</li> </ul>	<ul style="list-style-type: none"> <li>Skills and Innovation partners commit to expand inclusion of work placement units in school (senior phase), college and university courses which will help to build direct employer-student connections</li> <li>Skills and Innovation partners commit to work together to understand the impact of UK migration policy (including post-study work visa policy) is having on the region's supply and retention, and to develop proposals for discussion with national government around how these could be resolved</li> <li>Partners review their provision to ensure it is attractive and accessible to older workers and amend/re-design if required</li> </ul>

**Area of action 1 – building capacity and evidence to underpin a regional approach to skills investment, planning and provision**

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Establish a regional process for:</p> <ul style="list-style-type: none"> <li>Agreeing skills priorities at regional level</li> <li>Aligning skills provision with agreed priorities                             <ul style="list-style-type: none"> <li>-This should include using the evidence base to make the case for college, university, SDS and DWP Jobcentre</li> <li>Plus investment to be aligned with the region's needs. The RSIP partners have agreed that an initial task should be to explore the alignment between college and MA provision and regional labour demand in more detail. This will be aided by the release of additional SFC data as part of the RSAs</li> <li>- Action planning should be put in place with colleges, universities and other skills provider</li> </ul> </li> <li>Monitoring and evaluating outcomes achieved. This should enable partners to systematically review and revise provision and will require:                             <ul style="list-style-type: none"> <li>- Establishing a small number of clearly-defined key performance indicators (KPIs) against which progress will be measured</li> <li>- Gathering data that helps partners understanding the added value of regional employment and skills projects</li> <li>and to roll out the lessons to support further regional working</li> <li>- An annual review of performance to be put in place</li> </ul> </li> </ul>	<p>SDS Local authorities (in relation to education, employability and economic development functions) SFC DWP Schools, Colleges, Universities Employability funders and services Third Sector Interfaces (TSIs) Social Enterprise Networks (SENs)</p>	<p>City Region Deal Skills &amp; Innovation Workstream:</p> <ul style="list-style-type: none"> <li>Brought together key partners</li> <li>Developed common understanding of key issues</li> <li>Developed IRES projects</li> </ul> <p>Regional Skills Assessments (RSAs) published by SDS help inform decision making</p> <p>CPPs and their sub-groups bring together partners at the local level to agree priorities</p> <p>Schools and colleges reviewing and revising curriculum in light of DYW</p> <p>Colleges and universities reviewing provision as part of Regional Outcome Agreements</p>	<p>Establishing process must be early priority (2017)</p> <p>Ongoing - with annual review</p>

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Establish a regional approach to horizon scanning for future employment and skills needs</p> <ul style="list-style-type: none"> <li>To complement existing forecasts, establish process for gathering data on needs of regional employers to develop up-to-date and nuanced overview of sector-specific and cross-cutting skills needs.</li> <li>Must encompass understanding needs of region's existing employers and potential inward investors</li> <li>As well as examining overall trends, should also undertake analysis of region's key sectors and cross-cutting skills issues (such as digital and data)</li> </ul>	<p>SDS Local authorities SFC DWP DYW Regional Groups Employers Third Sector Interfaces (TSIs) Social Enterprise Networks (SENs)</p>	<p>RSAs – which will in future include regional employment forecasts</p> <p>Employer surveys and forecasts</p> <p>DYW Regional Group employer views</p> <p>Evidence gathered by Sectoral Skills Groups (including as part of sectoral SIP development)</p> <p>NHS and local authority workforce planning data</p> <p>Talent Scotland vacancy database</p>	<p>Establishing process must be early priority (2017)</p> <p>Data should be gathered on ongoing basis</p>
<p>Develop processes and materials to share horizon scanning with key partners that are preparing young people, workless individuals, underemployed, and career changers for employment opportunities</p> <ul style="list-style-type: none"> <li>Must include sharing horizon scanning with employers as part of a campaign to encourage them to take a Skills First approach</li> </ul>	<p>SDS DYW Regional Groups Schools, Colleges, Universities DWP Employability services Employers</p>	<p>My World of Work</p> <p>SDS Career Information Advice and Guidance (CIAG) services</p> <p>College and university careers guidance services</p> <p>Employability services</p>	<p>Initial processes and materials to be in place by end 2017</p>

**Area of action 2 – ensuring the skills opportunities from all city region deal workstreams are maximised**

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Establish regional process for:</p> <ul style="list-style-type: none"> <li>Generating project-by-project information on employment and skills requirements of each City Region Deal project</li> <li>Assessing extent to which skills are available in region, and capacity of providers to deliver</li> <li>Amending provision where gaps identified with a particular focus on using the evidence base to make case for adjusting SDS, college and university provision</li> <li>Sharing information across partners and providers including those preparing young people for future employment opportunities</li> </ul>	<p>Local authorities SDS Other City Region Deal Workstreams Hub South East Scotland Hub East Central Scotland</p>	<p>HE/FE Group mapping of skills needs for Innovation Hubs sectors</p>	<p>Assessing employment and skills needs should be undertaken as soon as City Region Deal agreed</p>
<p>Ensure use of Community Benefit clauses across all public sector contracts (including the City Region Deal projects) with a focus on generating high quality employment and training opportunities across the region</p> <ul style="list-style-type: none"> <li>Community Benefits clauses can be designed to encourage employers to embed Skills First approach</li> <li>Consideration should also be given to using CB clauses to support social enterprise to access supply chains</li> <li>City Region Deal projects provide an opportunity to demonstrate the value of the Community Benefits approach to partners</li> </ul>	<p>Hub South East Scotland Hub East Central Scotland Local authorities Employability services, schools, colleges and universities (in terms of preparing residents for opportunities) Employers – including third sector and social enterprises Other public sector partners – e.g. NHS, Scottish Prisons Service, housing associations</p>	<p>Experience of using CB clauses across region</p>	<p>Ongoing – should be built into all contracts let</p>

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Enhance networking of Upskilling and Progress Centres that are aligned to City Region Deal Innovation Hubs/ Skills Gateways, Housing Developments, and key sectors</p> <ul style="list-style-type: none"> <li>Requires employer input with particular focus on understanding future skills need (Housing and data driven innovation)</li> <li>Includes establishing of Flexible Skills Investment Fund to respond to future economic development opportunities and/or challenges which we cannot predict at this point in time (e.g. from inward investment, major redundancies, etc.)</li> </ul> <p>(IRES PROJECT H – 600 skills improvements &amp; 500 people into employment)</p>	<p>Local authorities SDS SFC Colleges Universities Innovation Hubs Other City Region Deal Workstreams</p>	<p>HE/FE and Skills Gateway groups mapping of skills needs for Innovation Hubs sectors</p> <p>SE/SDI support for inward investors</p>	<p>High priority – additional funding required from City Region Deal</p>

**Area of action 3 – Establishing clear, well-articulated pathways into and through key sectors and occupations**

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Develop materials for young people (school pupils, students and graduates), workless individuals, under-employed, and career changers (including older workers) to help them understand the routes into and through region's key (including new and emerging) sectors and occupations</p> <ul style="list-style-type: none"> <li>Important to ensure varied routes into sectors and occupations (e.g. college, university and MAs)</li> <li>Need work-related activities for young people to experience and be exposed to different sectors and occupations to be in place</li> <li>For young people in school, ensure links between Foundation Apprenticeships and key sectors/ occupations are clear</li> <li>Encourage importance of being agile and resilient in the labour market, as well as the use and application of transferable skills (e.g. digital, enterprise, customer service)</li> <li>Enables individuals to progress into higher paid jobs, freeing up entry level positions</li> <li>Provide opportunities for key staff in school, colleges, universities and employability services to undertake placements in key sectors</li> </ul>	<p>SDS DYW Regional Groups Schools Colleges Universities DWP Employability services Employers</p>	<p>SDS services – e.g. My World of Work; Our Skillsforce; CIAG teams</p> <p>Sectoral SIPs</p> <p>DYW Regional Groups</p> <p>Build on good practice on developing pathways from NE Scotland</p>	<p>Develop pathways and materials by end 2017</p>

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Create regional network of Centres of Excellence schools aligned to key sectors and Innovation Hubs</p> <ul style="list-style-type: none"> <li>Building on and strengthening existing links between schools, colleges and universities</li> <li>Utilising digital technologies to ensure young people from across the region can benefit</li> </ul> <p>(IRES PROJECT G – 1,200 skills improvements and 1,200 people into employment with link to IRES Project H - Skills Gateway projects)</p>	<p>Schools / local authority education departments</p> <p>Colleges</p> <p>Universities</p> <p>Innovation Hubs</p> <p>Employers</p> <p>SDS</p>	<p>South East Scotland Academies Partnership</p> <p>Foundation Apprenticeships</p> <p>DYW Regional Groups</p> <p>School-College partnerships</p> <p>Universities' Widening Access activities</p>	<p>Ongoing – should be built into all contracts let</p>
<p>Build programme of promotional activities to:</p> <ul style="list-style-type: none"> <li>Encourage greater uptake of Foundation Apprenticeships, Modern Apprenticeships and Graduate Level Apprenticeships by employers</li> <li>Promote Foundation Apprenticeships, Modern Apprenticeships and Graduate Level Apprenticeships opportunities to young people</li> </ul>	<p>SDS</p> <p>MA providers (including colleges)</p> <p>DYW Regional Groups</p> <p>Business Gateway</p> <p>Local authority business development services</p>	<p>Our Skillsforce</p> <p>Apprenticeships.scot</p> <p>DYW Regional Groups</p> <p>The Guarantee</p>	<p>High priority</p>

**Area of action 4 – developing an employer-led programme to upskill the region's residents in data and digital skills**

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Encourage a Digital Skills First Approach</p> <ul style="list-style-type: none"> <li>Partners will work with employers to identify their IT, data, digital and social media skills needs and encourage them to invest in and develop these skills</li> </ul>	<p>Scottish Enterprise</p> <p>SDS</p> <p>Business Gateway</p> <p>Employers</p>	<p>Skills Investment Plan for Scotland's ICT and Digital Sectors</p> <p>Our Skillsforce</p>	<p>High priority</p>
<p>Continue to develop pathways into ICT, data and digital sectors and occupations</p> <ul style="list-style-type: none"> <li>Pathways into both technology-related sectors and ICT/digital roles within other sectors (e.g. financial services, construction and engineering and creative industries)</li> </ul> <p>(Link to IRES Project H - Skills Gateway work)</p>	<p>SDS</p> <p>Employers</p> <p>DYW Regional Groups</p> <p>Schools</p> <p>Colleges</p> <p>Universities</p> <p>DWP</p> <p>Employability services</p>	<p>Skills Investment Plan for Scotland's ICT and Digital Sectors</p> <p>CodeClan Digital Skills Academy</p> <p>Foundation Apprenticeships in Hardware and System Support; and Software Development</p> <p>CodeBase technology incubator</p>	<p>Develop pathways and materials by end 2017</p>
<p>Develop and enhance Virtual Campus (Digital Curriculum) to enable remote lifelong learning</p> <ul style="list-style-type: none"> <li>Connect with Intensive Family Support Service and economic inclusion activities</li> <li>Builds on available ICT facilities across region – e.g. in schools, colleges and libraries</li> </ul> <p>(IRES PROJECT C and link to IRES project H - Data driven innovation)</p>	<p>Local authorities (education, including community learning and development)</p> <p>Schools</p> <p>Colleges</p> <p>Universities</p> <p>DYW Regional Groups</p>	<p>College and university e-learning provision (including MOOCs)</p> <p>West Lothian Council's schools using video conferencing</p> <p>Building on the learning from Comhairle nan Eilean Siar's e-sgoil</p> <p>SDS launching Institute for Work Based Learning by end of 2016. This will include a virtual network involving universities and colleges in every region of Scotland to deliver seamless work-based learning pathways</p>	<p>High priority – additional funding required from City Region Deal</p>

**Area of action 5 – enhancing the range of supports to develop management, leadership, entrepreneurial and entrepreneurial skills**

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Encourage a Skills First Approach among employers</p> <ul style="list-style-type: none"> <li>Partners to highlight value of skills investment to employers and help direct employers towards appropriate provision</li> <li>In particular, the links between skills and business efficiency and growth should be highlighted to employers</li> </ul>	<p>Scottish Enterprise SDS Business Gateway Business representative organisations (e.g. Chambers of Commerce, FSB, Institute of Directors, etc.)</p>	<p>SDS services – e.g. My World of Work; Our Skillsforce; CIAG teams Sectoral SIPs DYW Regional Groups Build on good practice on developing pathways from NE Scotland</p>	<p>High priority – but will require sustained action over the long-term to embed</p>
<p>Promote and develop further management and leadership provision for Small and Micro Enterprises (less than 50 employees)</p> <ul style="list-style-type: none"> <li>Low cost programme for small and micro enterprises (less than 50 employees), delivered flexibly (e.g. evenings, delivered in employer premises, etc.)</li> <li>Ensure strong input from current or recently retired managers and leaders (using SCORE model)</li> <li>Build linkages into other business and management training programmes in region</li> <li>Key areas of focus should include: <ul style="list-style-type: none"> <li>Managing and leading entrepreneurship</li> <li>Exploring whether there is a need for a dedicated HR support service to enable small and micro enterprises to increase workforce size</li> </ul> </li> </ul>	<p>Scottish Enterprise Business Gateway Business representative organisations (e.g. Chambers of Commerce, FSB, Institute of Directors, etc.) Colleges Universities</p>	<p>South East Scotland Academies Partnership Foundation Apprenticeships DYW Regional Groups School-College partnerships Universities' Widening Access activities</p>	<p>Medium-term – 2018/19 onwards</p>
<p>Develop further opportunities for young people to develop awareness, understanding and interest in entrepreneurship (including social entrepreneurship) and the skills required to start their own business or social enterprise within school (Senior Phase), college and university</p> <ul style="list-style-type: none"> <li>Ensure all young people with interest in entrepreneurship are able to access opportunities that develop their entrepreneurial skills</li> </ul>	<p>Local authorities (education) Schools Colleges Universities SDS DYW Regional Groups Employers Social enterprise support service</p>	<p>Our Skillsforce Apprenticeships.scot DYW Regional Groups The Guarantee</p>	<p>Medium-term – 2018/19 onwards</p>

**Area of Action 6 – Providing high quality and more effective services (including transport) to support residents to access skills training, enter and progress in work**

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Commission at regional level specialist employability services for priority groups where lack of scale at local level makes it difficult to deliver effective services</p> <ul style="list-style-type: none"> <li>For example, learning disabilities, physical disabilities, mental health, care experienced young people</li> <li>Must ensure it meets the needs of priority groups across the region. Involving partners in service design will be critical to achieving this</li> </ul>	<p>Local employability pipelines Local authorities (employability services) DWP SDS Colleges TSIs / SENs</p>	<p>Employability Fund co-commissioning model Potential to learn from All in Edinburgh consortium approach to employability services for learning disability clients</p>	<p>Medium-term – 2018/19 onwards</p>
<p>Integrate Case Management Systems to share knowledge and aid performance capture (IRES PROJECT F – combined target with IRES Projects B and D to achieve 9,600 skills improvements and 2,280 into employment)</p>	<p>Local authorities (employability services) DWP SDS Colleges Third sector organisations and social enterprises</p>	<p>All CPP areas have employability pipelines in place SDS 16+ Data Hub Some areas already have good quality case management systems in place (e.g. Caselink, FORT) – potential to learn from and build on</p>	<p>High priority – additional funding required from City Region Deal</p>



Area of action 7 – enabling graduates and older workers to make more effective use of their skills and talents

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Develop Intensive Family Support Service</p> <ul style="list-style-type: none"> <li>Delivered locally in community assets – e.g. schools, colleges, libraries</li> <li>Provides comprehensive adult guidance service – skills provision, labour market intelligence, benefits, transport</li> <li>Potential to use IT and digital as 'hook' for engagement</li> <li>Involve whole family where possible and build on initiatives such as the Children's University</li> </ul> <p>(IRES PROJECT D - combined target with IRES Projects B and F to achieve 9,600 skills improvements and 2,280 into employment)</p>	<p>Local authorities (education) Schools Colleges Universities SDS DYW Regional Groups Employers Social enterprise support service</p>	<p>Community Learning and Development provision SDS all-age careers service DWP Work Coaches – working more intensively with those in first 13 weeks after claim Adult Achievement Awards – developed by Newbattle Abbey College Musselburgh Total Place project Learning from DCLG's Troubled Families programme in England</p>	<p>High priority – additional funding required from City Region Deal</p>
<p>Develop a small number of innovative pilot projects to tackle the transport-related barriers faced by those living in rural and semi-rural areas</p> <ul style="list-style-type: none"> <li>These could include transport subsidies, community transport delivered by social enterprises, working with employers to adapt shift patterns to bus availability, etc.</li> <li>Transport interventions can be extremely expensive, with implications for sustainability – so it is critically important to pilot these approaches</li> </ul> <p>(IRES Project C - Workforce Mobility project will deliver 1,400 skills improvements and 500 people into employment)</p>	<p>Local authorities SDS DWP Colleges Employers DYW Regional Groups</p>	<p>SEStran Regional Transport Strategy LEADER funding</p>	<p>Medium-term – 2018/19 onwards</p>

Actions	Key partners	Linkages to existing structures/ provision	Timescales
<p>Building on sector pathways action, establish and communicate sector pathways where older/ mature workers valued by employers – e.g. health and social care, transport, construction, and tourism and hospitality</p>	<p>Employers SDS DWP Employability services</p>	<p>My World of Work Adult Achievement Awards Sector-Based Work Academies</p>	<p>Develop pathways and materials by end 2017</p>
<p>Create online Talent Bank to improve client matching and profile in job market. This could initially focus on:</p> <ul style="list-style-type: none"> <li>Workless individuals</li> <li>Graduates (college and university)</li> <li>Over 50s</li> </ul> <p>(IRES PROJECT E)</p>	<p>Employers Local employability pipelines Local authorities (economic development and employability) SDS DWP College and university careers services</p>	<p>Apprenticeships.scot website Edinburgh Guarantee Fort Kinnaird Recruitment &amp; Skills Centre Potential to learn lessons from Robert Gordon University Talent Exchange programme The Guarantee</p>	<p>High priority – additional funding required from City Region Deal</p>
<p>Build campaign that showcases region's offer to students and potential returners – so widening their horizons beyond their place of study. Highlights job opportunities, key sectors, transport links, housing affordability, tourism, quality of life and cultural offer</p> <ul style="list-style-type: none"> <li>Targeting influencers as well as students and recent graduates</li> <li>Utilising work placements and internships as a way of building connections</li> <li>Region is diverse – opportunity to use this diversity as key selling point</li> </ul>	<p>Employers Local authorities Universities Colleges Scottish Development International Visit Scotland</p>	<p>Scottish Enterprise Workplace Innovation Good practice from other economies</p>	<p>Launch campaign by early 2018</p>
<p>Working with employers with an older workforce profile to re-design job roles in order to support older workers to remain in the labour market</p> <ul style="list-style-type: none"> <li>Will require appropriate provision to be in place to enable individuals to retrain</li> <li>Good practice of job re-design to be shared with employers across the region</li> </ul>	<p>Scottish Enterprise SDS Colleges Universities TSIs / SENs Third sector organisations and social enterprises NHS Education Scotland (NES) Employers</p>	<p>Community Learning and Development provision SDS all-age careers service DWP Work Coaches – working more intensively with those in first 13 weeks after claim Adult Achievement Awards – developed by Newbattle Abbey College Musselburgh Total Place project Learning from DCLG's Troubled Families programme in England</p>	<p>Medium-term – 2018/19 onwards</p>



## Appendix 1 - IRES programme themes and projects

### IRES PROGRAMME THEMES

Theme 1: Labour Market Analysis

Theme 2: Integrated Business and Intensive Client Support

Theme 3: Integrated Case Management

Theme 4: Business Led Academies / Up-Skilling

Theme 5: Developing Our Young Workforce

Theme 6: Online Talent Bank

Theme 7: Workforce Mobility

### IRES PROJECTS

Project A: Regional Skills Investment Plan

Project B: Regional Employer Offer and Engagement Team

Project D: Intensive Support Service

Project F: Integrated Performance and Case Management System

Project H: Business-Led Up-Skilling and Progress Centres (Skills Gateway work around data driven innovation and housing)

Project G: Centres of Excellence

Project C: Virtual Campus / Digital Infrastructure (Part 1)

Project E: Online Talent Bank

Project C: Transport Infrastructure (Part 2)

## Appendix 2 - List of Consultees

Borders College

Capital City Partnership

City of Edinburgh Council

Developing the Young Workforce Edinburgh, East and Midlothian

Developing the Young Workforce Fife

Developing the Young Workforce Scottish Borders

Developing the Young Workforce West Lothian

DWP

East Lothian Council

Edinburgh College

Fife College

Fife Council

Heriot Watt University

Midlothian Council

Napier Univeristy

Queen Margaret University

Scottish Borders

SFC

St Andrews University

University of Edinburgh

West Lothian College

West Lothian Council

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