



**EMPLOYER VOICE PROJECT
SCOTLAND REPORT**

A REPORT BY:

SAINT CONSULTANCY SERVICES

MARCH 2010

CONTENTS

1	INTRODUCTION	3
2	METHODOLOGY	4
3	KEY FINDINGS	5
3.1	The Current Landscape	5
3.2	Connectivity Across the Groups	9
3.3	Impact	14
3.4	Case for Change	18
4	MAPPING THE FINDINGS AGAINST THE EMPLOYER VOICE GUIDING PRINCIPLES	20
5	LESSONS LEARNED	23
ANNEX A	LIST OF INTERVIEWEES	26
ANNEX B	EMPLOYER LEADERSHIP CONTINUUM	28

LIST OF FIGURES

FIGURE 1	EMPLOYER VOICE STRUCTURES IN SCOTLAND	10
FIGURE 2	AREAS OF INFLUENCE AGAINST EMPLOYER VOICE MECHANISMS IN SCOTLAND	21

1. INTRODUCTION

The UK Commission for Employment and Skills (UKCES) is undertaking a one year project which aims to maximise the impact of the employer voice¹ on the employment and skills system. To achieve this, UKCES has conducted research to understand, within the current system, where the employer voice is effective, what can prevent the employer voice from having impact and ultimately how employer leadership of the employment and skills system can be improved. The project will result in recommendations to governments across the UK in a final report published in spring 2010.

Phase 1 of the project involved stakeholder interviews (over 80), the development of place-based case studies in three spatial areas (Yorkshire and the Humber, Greater Manchester and Wales), mapping of existing employer voice structures across the four nations, desk research on the policy affecting this area to date and a synthesis of key sources of data from a literature review. In addition, research into the views of employers currently involved in employer voice structures was conducted.

Phase 2 involved a consultation exercise, an impact review of mechanisms in England and further research into how the employers influence the employment and skills systems in Northern Ireland, Scotland and Wales. **This document is a report on the research conducted in Scotland, containing the findings from phases 1 and 2.**

The reports produced during phase 1 and 2 of the research programme are available at the UKCES website www.ukces.org.uk.

This report is structured as follows:

Section 2 provides an overview of the methodology that was adopted for the research;

Section 3 provides a the key findings of the research outlining the employer voice mechanisms that are influencing the employment and skill system in Scotland at either strategic or operational level, the strengths and weaknesses of this landscape, key areas where impact has been achieved and any areas where there is a case for change.

Section 4 maps the Scotland employment and skills system against the three guiding principles developed as a result of the phase 1 research of the employer voice project and compares and contrasts the Scotland context with the other UK nations

Section 5 identifies key lessons learned during the Scotland research. The lessons are outlined for the overarching project, for government and stakeholders in Scotland and for the employer voice mechanisms themselves.

¹ Employer voice refers to the process whereby employers are invited to, or proactively choose to, influence the employment and skills system at a range of spatial levels (UK, national, sub-national) through partnerships with other employers or public sector employment and skills partners. Employer voice does not refer to employers influencing as customers through purchase of employment and skills products and services.

2. METHODOLOGY

This section of the report outlines the methodology that was adopted for the research in Scotland. Both desk research and primary research were undertaken to inform the findings and lessons learned.

Phase 1 research contributed information on current mechanisms, structures and channels in Scotland that capture the employer voice in order to influence the skills and employment agenda. It also contributed information on government policy and findings from the literature review. Of the stakeholder interviews seven were conducted with Scotland stakeholders.

Phase 2 research included a further series of interviews with 14 stakeholders and 12 employers or employer representative organisations. Interviewees were identified in conjunction with Scottish Government and the Alliance of Sector Skills Councils (SSCs).

Stakeholders were selected from across Scottish Government, Scottish Funding Council, Skills Development Scotland, IIP Scotland, SQA and Scotland's Colleges. As a result, the focus is primarily on skills with limited focus on employment and higher education. The employers that were selected were chosen on the basis that they already had engagement with the public sector on employment and skills systems through a range of employer voice mechanisms. The full list of interviewees for phase 1 and 2 can be found at annex A.

Further desk based research involved an analysis of the relevant websites and associated documentation. Analysis of additional literature, newsletters and minutes and papers of meetings from specific groups was also undertaken. A sample of action plans produced by the Industry Advisory Groups was also reviewed.

Standard interview guides were developed to conduct the interviews. The guide for stakeholders aimed to collect information on the structures within the Scotland system, and how they relate to each other. Views on strengths and weaknesses of the current landscape were sought, as were examples of impact, i.e., where an employer voice mechanism had identified an issue and agreed upon a course of action that had resulted in a change being made within the employment and skills system. Views were also sought on whether any changes needed to be made to the current employment and skills system to enable employers to have greater influence over the system.

The guide for the employer and employer representative organisations' interviews aimed to collect information on the key successes that had been achieved as a result of collaborative employer influence. Respondents were asked to identify reasons driving the success. Respondents were also asked for examples where their influence had not been successful and the barriers that had contributed to this lack of success.

Finally, the findings from the research in Scotland were mapped across to the three guiding principles developed as a result of the phase 1 research of the employer voice project and compared and contrasted with the results from the other UK nations. The models developed for the three guiding principles have been completed for Scotland as a desk based exercise on the basis of the knowledge gained from the research conducted for this report. These models and the report were reviewed and validated with a small group of Scotland stakeholders at a meeting in March 2010. The findings in this report will contribute to the employer voice final report due to be published in spring 2010.

3. KEY FINDINGS

3.1 The Current Landscape

This section of the report outlines the employer voice mechanisms that are influencing the employment and skill system in Scotland at either strategic or operational level. The structures outlined are mainly national. Regional or local mechanisms have not, in the main, been reviewed for the purposes of this report. The report also has limited focus on higher education and employment.

Many of the structures identified in this section have been established as a result of policy drivers and not the way that employers themselves choose to work. Some have also developed their role as an employer voice mechanism over time and as a by-product to their original functions, for example, the Skills Committee.

Council of Economic Advisers (CEA)

The CEA is made up of senior business people, academics and economists. It is chaired by a prominent business person. The Council has a direct advisory role on sustainable economic growth and produces annual reports on progress.

National Economic Forum

The Forum brings together employer representative organisations, employers, trade unions, government, wider public sector and the third sector. Its purpose is to enable Scottish Government and the CEA to draw on a wide range of views on the economy to inform the delivery of the Government's Economic Strategy (GES). It enables a shared approach to understanding the economic challenges faced by Scotland and some of the solutions to drive forward the GES. Skills has been a key focus of the National Economic Forum's programme.

Industry Advisory Groups

The GES has identified six key sectors to drive sustainable economic growth. The sectors are: creative industries, energy, financial and business services, food and drink, life sciences, and tourism. The sectors have been selected on the basis that:

- Scotland has distinctive capabilities and businesses with the potential to be internationally successful in areas of global demand;
- They currently account for a significant part of the Scottish economy and reflect the contribution of all areas of Scotland; and
- Government intervention can make a significant difference to future success by facilitating or accelerating development in areas where the market alone cannot deliver the best outcome.

An Industry Advisory Group (IAG), made up of leading employers, Scottish Government and public sector partners and, in some cases, Ministers has been established for each. Each IAG is at different stages of development and operates in a way that best meets their needs. In some cases this has meant reviewing and revising an existing industry group or establishing a group from scratch. The groups are: the Scottish Energy Advisory Board

(SEAB), the Financial Services Advisory Board (FiSAB) and Implementation Group (FiSIG), the Life Sciences Advisory Board (LiSAB). A company has been formed for the food and drink sector, Scottish Food and Drink, which was established in 2007.

Their role is to strengthen the sector's comparative international advantage and build critical mass and productivity. They have each produced Key Sector Reports in 2009. Each has identified skills as a key area of development and has put in place arrangements to identify and address needs.

A further 10 IAGs have been established for sectors that have not been identified as priorities in the GES. These groups operate on the same basis as those for the priority sectors. Scottish Government and Scottish Enterprise provide secretariat support for the IAGs.

Sector Skills Councils (SSCs)

The SSCs operate across Scotland, articulating the voice of employers in their sectors. SSCs have a direct relationship with Scottish Government through a team that oversees their performance in Scotland and informs UKCES' SSC performance management. SSCs feed in their Scottish LMI via Sector Skills Agreements and from 2010 Sector Skills Assessments and also directly influence qualifications through their Sector Qualification Strategies. The SSCs form links with trade associations that operate across the UK and also specifically within Scotland. .

The Alliance of SSCs is the collective voice of the SSCs. Its role is to promote understanding of the role of the SSCs within the skills system, co-ordinate policy positions and strategic work on skills and help build the performance capability of the SSCs to ensure they continue to work effectively on the employer-driven skills agenda.

In Scotland, there is an Alliance Director who co-ordinates a Scotland group of SSC representatives chaired by an SSC Chief Executive. The Alliance published sector profiles for each of the SSCs in December 2009.

Skills Committee

The Skills Committee is a statutory group that was established initially to support and advise the Scottish Funding Council (SFC). It is now a joint Committee also providing the role to Skills Development Scotland (SDS) which was established in 2008. The purpose of the Skills Committee is to support and advise the SFC and SDS in its consideration of the skills needs in Scotland by:

- Collecting, monitoring and evaluating the evidence on the skills needs in Scotland and the supply of and demand for further and higher education;
- Advising on how improvements in meeting skills needs can be made through the Council's funding, regulation and support for colleges and universities; and
- Being alert to the need to make or receive inputs to or from other Council committees or groups about issues which cut across the remits of more than one committee.

It has a mix of membership including employers who are there as individuals, providers and public sector partners. It meets quarterly.

The Skills Committee has a sector investigation programme. These are supported by skills networks of employers, colleges and universities and other partners including SSCs. They are supported by a secretariat from either SFC or SDS. Some have developed action plans which identify lead partners for delivery and have begun to develop interventions.

Sectors already part of the programme are: renewable energy, ICT, food and drink, tourism, construction and health, textiles and sport and leisure. Future sectors are: fishing, financial services, energy, marine, life sciences and creative.

The Skills Committee is currently considering how to join this work to the IAGs' skills work where there is currently no link. The aim is to forge stronger links between the economic strategy and the skills strategy and also simplify the range of groups and networks that employers and partners are attending.

Sectoral Gateways

There are six Sectoral Gateways that have been developed or are currently in development by SDS. The purpose of the Sectoral Gateway is to create a partnership with SSCs and the GES sector employers to identify sector needs and shape publicly funded skills programmes to meet that need. SSCs prepare demand statements to feed into National Training Plans that then help to create a more demand-led system and also focus both public and employer investment in skills.

Non-Sector Specific Employer Representative Organisations – The Big Six

There are a number of non-sector specific membership organisations that also have a role not only in offering business advice to employers, but also lobbying government and representing the 'voice' of their businesses. They are referred to in Scotland as "The Big Six". This includes the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), Chambers of Commerce, the Institute of Directors (IoD), Scottish Council for Development industry (SCDI) and Scottish Financial Enterprise (SFE).

All of these groups meet formally with Scottish Government. They are also in regular contact with government and public sector partners for formal and informal input into policy development and via other employer voice mechanisms and review groups.

Review Groups

Government also engages with employers through 12 week consultation exercises on policy development. On occasions, review groups are established, led by a Minister or agreed as a key action by the Strategic Forum for specific issues that are time bound.

An example of this would be the review of workforce development which the Strategic Forum commissioned the Skills Committee to take forward. A Workforce Development Action Group was established and it reports in May 2010. Review groups are also set up to establish policy in certain areas, for example, the Determined to Succeed initial review group and the Review of Scotland's Colleges were steered by a group that included employer representative organisations. Other review groups address policy issues that arise out of

delivery, for example, the Employer Engagement Task Group was established to identify how to best engage employers in the employability programme (Workforce Plus).

Qualifications

The 2007 skills strategy stated that the employer voice must be heard in the design of qualifications. A Memorandum of Understanding has been signed with the Alliance of SSCs to ensure that SSCs are always involved in the design of qualifications. They are also members of validation panels along with employers and providers. These meet on a case-by-case basis.

There is also a statutory Accreditation Committee for the accreditation arm of SQA. The accreditation committee has both public and private sector employer membership and meets quarterly. Due to the nature of the work undertaken by SQA Accreditation, in terms of approving and regulating qualifications which have a direct link to and impact on industry, the Accreditation Committee acts as an independent voice in influencing current activity as well as future direction.

The College Sector / Providers

As part of their mission colleges are tasked with meeting the needs of the economy and of the individual. The statutory arrangements for governance ask that not less than one half of the boards be persons who have experience of industrial, commercial or employment matters. This supports colleges in ensuring the economic relevance of what they do.

Other opportunities to engage with employers are:

- Scotland's Colleges organises an annual business week and business awards for colleges in collaboration with FSB; and
- SFC allocated £2m per year for three years to colleges to develop employer engagement and knowledge transfer through the DEEP project and Knowledge Transfer grants. The first year was evaluated in 2009.

Private and public sector training providers engage on a regular basis with employers across all sectors and deliver skills and learning interventions often on employers' premises. There is, therefore, a good understanding of employer needs that can be fed into the system through this route.

Employability

At a local level the three Scotland City Strategy Pathfinders and the Glasgow Coalition work with employers to develop pre-employment training programmes and recruitment methods. The Employability (Workforce Plus) Programme also oversees 32 local Employability Partnerships have been developed (one for each local authority area). The local Employability Partnerships have terms of reference with membership requirements for Chamber of Commerce or local business representatives. The programme is currently looking at how employer engagement can be strengthened having recently set up its Employer Engagement Task Group to report into the Scottish Employability Forum and national delivery Group.

3.2 Connectivity Across the Groups

This section of the report outlines how the employer voice mechanisms work together to formally input into policy development. It also identifies the strengths and weaknesses of the current landscape.

The following diagram is an attempt to illustrate how the skills focused groups link to each other and collectively feed into Scottish Government².

The overall structure shows that employers can feed in their voice via a number of routes to Scottish Government and public sector partners. This reflects the view presented by many of the public sector partners that were interviewed that their approach is very much about collaboration and partnership with employers.

The groups are interlinked, allowing for cross-fertilisation of information and activity. In addition, many of those consulted in the research process commented that Scotland was a “village” and that the skills infrastructure’s operations reflected this with many of the meetings and groups membership made up of the same set of individuals. This clearly strengthens the opportunities for overall collaboration throughout the structure.

At a headline level, the landscape appears to be less complex than in England but more complex than Northern Ireland and also possibly Wales. It should be noted, however, that sub-national structures do not feature in the diagram and, therefore, may also impact on this conclusion.

² The arrows are single direction to show how communication feeds into Scottish Government, however, the assumption is that the majority of communication is two way between each of the groups and with government. The area enclosed in the red box shows the main groups focusing on skills that the Big Six, IAGs and NEF / CEA link into.

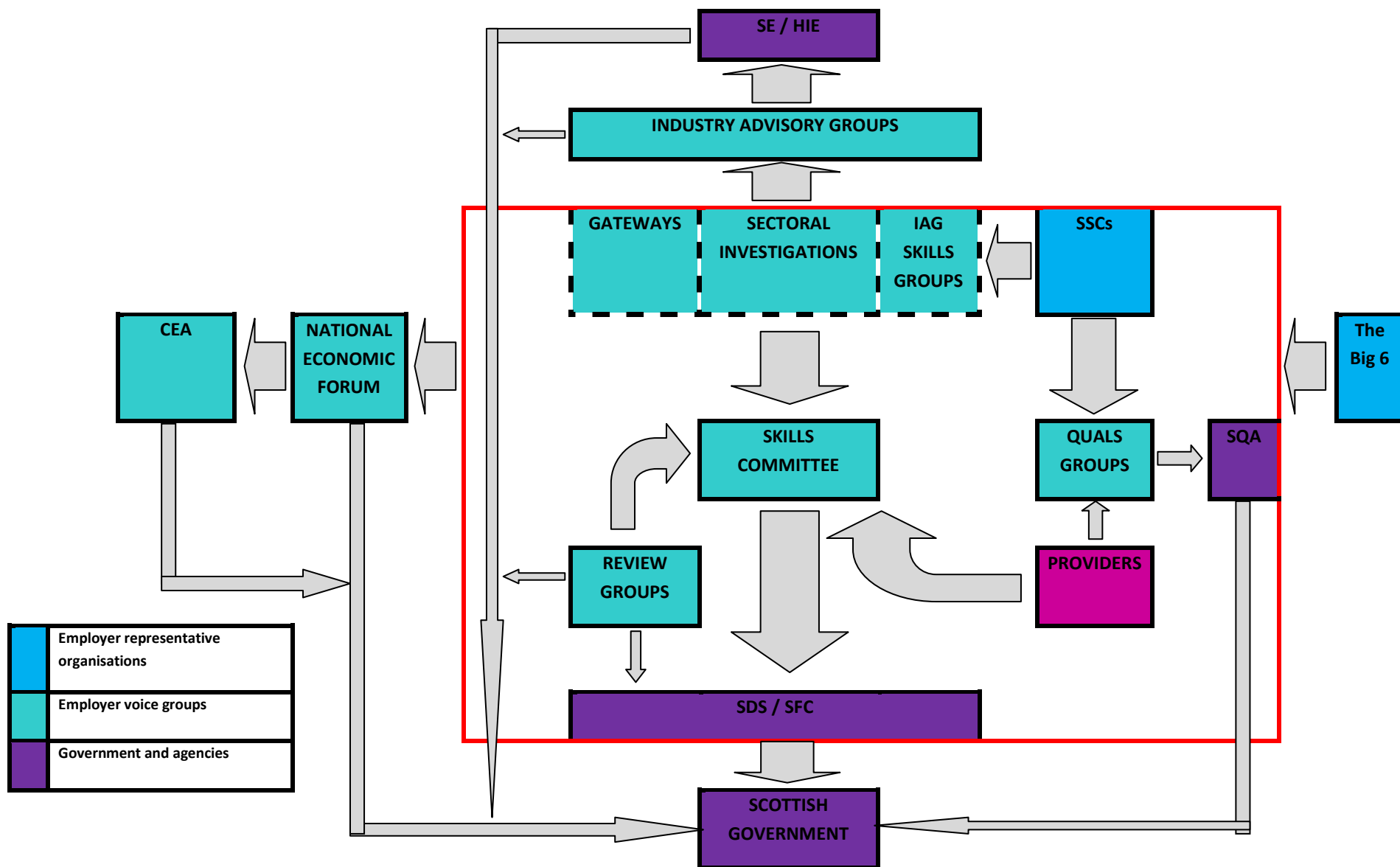


FIGURE 1 – EMPLOYER VOICE STRUCTURE IN SCOTLAND

The strengths of the approach in Scotland are clustered into three areas in the boxes below: strengths of the overarching structure, strengths of specific aspects of the overarching structure and operational strengths.

Strengths of the overarching structure:

- Scottish Government proactively consults and engages employers and employer representative groups in helping to drive the GES. This has been seen as particularly important during the recession. Collaboration is seen as the way forward and Scottish Government have encouraged the public sector to adopt this approach with industry;
- There are many mechanisms for employers to feed into so there are many opportunities for employers to formally influence at system and operational level;
- The CEA and National Economic Forum have a strong focus on skills;
- The Scotland employment and skills system has a network of key people interacting across the range of mechanisms. It is, therefore, relatively straightforward to get things done and develop real connectivity between employers, public sector partner organisations and institutions.

Strengths of specific employer voice mechanisms:

- Industry Advisory Boards provide an effective route for the employer voice to be heard. They have a strong focus on skills and have or are developing arrangements to bring skills partners together to drive delivery against specific skills issues;
- SSCs are seen as a key part of the employer voice structures and have begun to form natural clusters to support the priority economic sectors. The Alliance of SSCs is seen as a key partner in bringing the collective voice of the SSCs to the table;
- The IAGs and SSCs have been able to share resources in some cases or bring together resources to enable more effective working. This has resulted in strong industry insight;
- Review Groups set up to focus on specific policy issues enable employers to input from the start of the policy development process, for example, the Determined To Succeed programme and review group which over time also provided a broader platform to disseminate information about Curriculum for Excellence;
- The employer voice is well-embedded in the qualifications agenda as both individual employers and SSCs are able to influence through the mechanisms that have been put

in place by SQA;

- The employers and employer representative organisations interviewed were satisfied with the level of interaction they had with Scottish Government and partners and felt that they were able to influence effectively through the mechanisms that were in place. The Big Six are well thought of.

Operational strengths:

- There are some strong mechanisms driven by high profile, well connected and knowledgeable employer chairs who are viewed as key to their success. Many of the chairs are driven by a real desire to make a difference for their sector, as well as the broader economy;
- In sector groups of employers, membership of influential civil servants brought an understanding of how the system worked and helped to get issues addressed. Employers also reported that general access to civil servants and Ministers was relatively easy ;
- The mechanisms provide employers with a networking opportunity to learn about the system, engage with public sector partners and share experiences with other employers.

The weaknesses of this approach in Scotland are clustered into three areas in the boxes below: weaknesses of the overarching structure, employer specific issues and weaknesses of specific parts of the system.

Weaknesses of the overarching structure:

- The approach in Scotland is one of consensus. The drive for consensus means that it sometimes takes time to agree a way forward on an issue;
- Although there are plenty of routes for employers to influence, this does sometimes make for a fragmented employer journey. Different routes of engagement are created for different policy areas. This makes it difficult for employers to influence coherently;
- Working with employers in a policy / theme driven way as opposed to looking at it from their perspective and what interests them can cause issues;
- There is currently no cohesive feedback mechanism to keep employers updated and

informed on developments that are taken forward as a result of their collective input;

- For employers that are involved, the structure appears coherent. However, to the unengaged or newly engaged employer (particularly SME and micro) the many routes provide a confusing array of options. This could lead to dissatisfaction and disengagement;
- The Chamber has been asked by the Workforce Development Action Group to look at how best to engage and communicate with SMEs as this has been identified as a weak area.

Employer specific issues:

- Being an employer representative on an employer voice mechanism requires time and good grace. This can limit the range of employers willing to get involved. This is particularly an issue for the colleges where the age profile of governors on boards is ageing and not very diverse;
- There is often tokenistic engagement of employers (some employer voice mechanisms only have two or three employer members) and very differing opinions of how they should be engaged;
- Getting the right kind of employer is sometimes difficult for a number of reasons:
 - It is often difficult for them to articulate future needs and also sector wide needs;
 - Sometimes the employer voice is the employer who speaks the loudest. This needs balancing with a collective position;
 - Getting geographical representation is an issue where meetings are held in the central belt;
 - Sometimes the technical terminology or public sector speak is off-putting for an employer;
- There are some challenges for employers that recruit on a UK wide basis as the qualifications strategies across the nations are not aligned. This means that qualifications development is not seamless across the UK.

Weaknesses of specific parts of the system:

- Although there are some successes it is still early days in the development of the

IAGs. There are also 16 IAGs with common themes developing. In January, all IAGs were brought together to identify how they could work together on horizontal themes and identify where synergies could be made;

- There needs to be an intermediary role to link employers to government and its agencies. There is a view that SSCs are not always seen to undertake this role or fully reflect the needs of their sectors. There are concerns that they have limited resources so are not able to service partners / employers' needs effectively;
- There is a fundamental misunderstanding of the SSC role. Questions over the consistency and quality of SSC LMI and employer engagement are based on unrealistic expectations. Scottish Government is currently determining a view on what good LMI should look like to help to manage expectations;
- There is a need to connect the work of the IAG skills sub-groups, the sector investigation programme and the Sector Gateways. There is already work underway to shape this but more needs to be done provide clarification for employers and stakeholders and reduce any duplication and overlap;
- SDS was created to provide more focused support to employers on skills but its set up and delivery has taken time;
- Employer representative bodies (such as the Big Six) have a wide ranging perspective and not enough expertise to influence on a specialist area such as skills.

3.3 Impact

This section of the report identifies examples of impact that have been delivered by the key employer voice mechanisms. These examples were identified during the interviews with public sector partners and also employers and employer representative groups. All of the interviewees stated that the impact would not have been achieved had the employer voice mechanism that led on it not been in place.

The key drivers of success that were identified by the interviewees culminated in the following themes:

- Focused and driven employer members with a collective understanding of the industry or sector
- A driven employer chair where appropriate;
- A collaborative partnership approach between employers and government and public sector partners;
- Formal governance and reporting arrangements;

- Clear accountabilities on who is responsible for delivering what by when.

The employer voice mechanisms are able to be responsive to employers needs because of the above factors. A singularly important factor, however, that aids success is the direct line to Scottish Government or civil servants as a result of Ministerial or government officials being involved in the groups from the outset.

This helps clarity in relation to overarching government policy, available initiatives or what additional funding may be available. All employers and employer representative groups commented on the fact that, aside from Ministers and civil servants often being directly engaged in mechanism, they are also very approachable and accessible outside of mechanisms.

The collaborative partnership approach is also recognised as a strength. Aligning strategies and sharing resources to deliver priorities has been shown to deliver timely outcomes.

Industry Advisory Groups

At the start of the banking crisis, Parliament set up a jobs taskforce to look at retaining talent in the industry. The taskforce reported into the FSIAB and ensured that employers and public sector partners took a collaborative approach to redundancies across the sector and established solutions for retaining or transferring talent across the sector or to other industries.

Scottish Food and Drink worked with Improve to make a case for extending the age band for apprenticeships. As a result, the take up of apprenticeships across the sector increased.

Sector Skills Councils (SSCs)

There are examples of SSCs clustering to deliver outputs. For example, SummitSkills and Energy and Utility Skills are working on the development of micro-renewables National Occupational Standards (NOS), Cogent is leading a group to develop low carbon NOS and Lantra and Improve are collaborating to explore NOS for the farm to plate process.

Improve were successful in lobbying for greater support for a level two Modern Apprenticeship. The water industry, through the Water Industry Skills Strategy Group (WISSG), have also been successful in influencing Scottish Government's support of a Modern Apprenticeship framework at level two to provide an entry level route in for apprentices.

Skills for Logistics, along with trade bodies in Scotland and the Road Haulage Association, produced a document called Delivering the Goods for Scotland to promote the need to develop the skills of the sector. On the back of this, Skills for Logistics in conjunction with leading employers coordinated a session with Scottish Parliament to focus on the need for more apprentices in the sector. Following the meeting additional places for logistics Modern Apprenticeships were awarded.

A review of Community, Learning and Development was commissioned by Scottish Government resulting in the final report, Empowered to Practice. The CLD Council was

established as a result. The review also agreed funding for continuing professional development. This funding is now in its second year.

Skills Committee

An annual allocation of funding (£2m for each of three years) was provided for the DEEP project which aimed to build capacity of colleges to engage with employers. A further allocation enabled colleges to build infrastructure for undertaking and developing knowledge transfer activities. The projects were evaluated following the first year's delivery. The evaluation reports that the project has improved the quality, relevance and value of the courses that colleges offer to employers and enabled much greater employer involvement in the development of college products and services.

The Renewable Energy Skills Group is part of the sector investigation programme and is made up of employers, SSCs and partners including universities and colleges. They have developed a very simple and effective skill strategy which has been adopted by Scottish Government. The action plan has medium and longer term goals and prioritisation of actions with clear responsibilities about who is doing what.

Non-Sector Specific Employer Representative Organisations – The Big Six

A number of the employer representative organisations are working on manifestos for the Scottish Parliamentary elections in 2011. Key skills issues will be: apprentices, raising attainment in literacy and numeracy in schools, employability, skills utilisation and higher education funding. They also undertake surveys of their members. FSB has recently published its survey, the Voice of Small Businesses, in 2009.

FSB commissioned a report on apprenticeships in 2009 which identified that employers were having difficulty navigating the system in relation to apprenticeships. One of the recommendations was a matching service for employers and potential apprentices. FSB are now looking to influence government to run a small pilot to test the matching service.

It was announced before Christmas that a programme which helped broker links between graduates and businesses was to be scrapped. The FSB has lobbied for this decision to be reversed and it has now been announced that a programme of internships will be introduced as a replacement by summer 2010.

Review Groups

A ministerial-led review group was created at the outset for Determined to Succeed which comprised business leaders, public sector and educationalists. The review group came up with 20 recommendations for Ministers and three directly related to employers. As the policy has developed, the main business organisations come together twice yearly to be updated on progress and to ensure that the employer voice is reflected in ongoing developments.

The Determined to Succeed programme and relationship with employers has developed a broader platform to disseminate information about Curriculum for Excellence. The Determined to Succeed programme has provided an enabling force within the schools system for employers. It has a budget of £22m per year of which £19.2 million goes to local authorities. The local authorities are responsible for employer engagement locally and either outsource this to a third party or employ someone on a full-time basis.

The College Sector

The business awards for colleges demonstrate where colleges are having impact in working with employers. The awards are given to colleges by the businesses themselves and are facilitated by Scotland's Colleges and FSB.

Employability

Glasgow Works have developed a bespoke programme with the NHS to deliver enhanced entry level jobs. This involves working with the employer to agree "knockout factors", i.e., the reasons why the employer would not consider someone for a job, and then with the employee to help them with the application and interview process. The programme is currently on its fourth cohort and has an 80% success rate (45 out of 60 have been offered permanent positions). A further 100 places on the programme have been agreed as a result of the success so far.

Some retail developments have been the basis for successful partnerships between employers and the local employability partnerships. For example, Union Square in Aberdeen and the Fort in Glasgow enabled the developers and retailers to access individuals with good core skills.

The Glasgow Coalition has supported recruitment for the refurbishing and expanding of St. Enoch's Centre in Glasgow. The Coalition also developed a football pre-employment training programme in collaboration with Rangers and Celtic. The programme used football as a hook to engage disadvantaged individuals in training and employment. The programme has now been rolled out across Scotland and it had a 60%+ success rate of starters going into training or jobs.

Response to the Recession

In addition to the examples above, a key feature of the discussions on impact was the collaborative response to the recession. A number of initiatives were cited as examples of Scottish Government and public sector partners responding swiftly to employers needs. One of the examples given was a four step approach to helping companies during the recession which was ratified by the Strategic Forum The joint working group that reports in to the Strategic Forum put together.

3.4 Case for Change

This section of the report outlines the suggested areas for potential change to enable employers to have stronger influence on the employment and skills system in Scotland. The suggestions have been themed into five main areas: coherence, simplification, clarifying roles and responsibilities, employer ambition and integrating national perspectives.

Coherence

Stakeholders stated that employers have fed back to the National Economic Forum that they are frustrated at the lack of strategic approach to engaging employers. A coherent and connected structure would help them influence the system and give opportunities to work with the public sector to develop solutions to key skills issues.

A planned approach to engaging with employers to enable them to influence the system (and operate as customers of the system's products and services) is, therefore, required. The approach needs to be coherent and clarify the respective accountabilities of Scottish Government and public sector partners and employers. One way of achieving this would be to clarify the employer journey and how they influence across all parts of the system. It was suggested that employers should be very much involved in designing the structure for engagement and consultation so that it is organised in a way that makes sense to their needs.

A further element to consider is employer expectations of the results of their input. Often accusations of an incoherent, overly bureaucratic system and a lack of responsiveness are due to employer expectations are not met when the link between input and developments and announcements by government and partners seem unconnected.

Accessing the voice of SMEs and micro businesses was identified as being particularly problematic. In addition, finding effective means of quickly and accurately getting employers' views, in a way that does not rely on calling meetings would be of value.

The Workforce Development Action Group is developing recommendations to feed back to the Skills Committee on wider employer engagement. It is due to report in May 2010. The group will look at what workforce development means and different models of good practice. It will also look at how demand for workforce development can be increased by employers, for example, by promoting vocational and alternative pathways to higher education and training solutions for businesses.

Simplification / Constant Change

There were also criticisms that the system is too difficult to navigate and employers are turned off by it. This applies to both employers' desire to influence and also access products and services. The mix of organisations, initiatives and groups can appear unrelated, particularly to an employer that is not already interacting with the system.

Respondents argued for Scottish Government to stop changing the system with the restructuring to SDS cited as a key example. There was also a plea for government to build on existing arrangements and knowledge before putting in place new structures and initiatives to ensure that extensive knowledge and expertise was not lost. There was also a

need to develop a common language in operating the system and developing the offer that is understood by employers.

Clarifying roles and responsibilities

Whilst there is clearly as strong commitment from Scottish Government to consult and listen to employers, and there are many routes to enable this, there are elements of overlap and confusion as to how the various parts of the system work together. In addition, in the attempt to align economic priorities to skills priorities a further level of complexity has been added to the mix. There is, therefore, a need to clarify roles and responsibilities in order to manage expectations and support employers in engaging with the structures in place.

One of the areas flagged up in this research as a key area to rationalise was the sector area. At a sectoral level, there is some confusion as to the respective roles and relationships between the IAGs, IAG skills sub-groups and a range of sectoral groups working as Sector Gateways or as part of the Skills Committee's sectoral investigation programme.

A further common feature of the interviews was the variable levels of support and criticism in relation to the SSCs. Views were very mixed as to their effectiveness but there are plenty of examples of good practice. There is, therefore, a case for clarifying roles and responsibilities in relation to the SSCs and managing expectations in relation to this.

It would also help to identify where individual employers are best placed to provide a view and where employer representative organisations such as a member of the Big Six or an SSC would be best placed.

Employer ambition

Some respondents argued that, whilst employers always comment on the cluttered landscape and the fact that it is difficult for them to understand, the onus ought to be on them to research the area thoroughly, as they would any other area of their business.

Comment was also made on the requirement for employers to raise their ambition and identify what investment they will make in staff development before they consider approaching SDS or others for resources.

Integrating National Perspectives

From an employer perspective, this issue arose a number of times but with different emphases. There was a consensus on the need to establish clarity between the role of Scottish Parliament and the role of Westminster. However, there were differing perspectives on the need for policy and initiatives to be consistent across the UK and on the need for different geographical markets to find solutions that best meet their needs.

Some employers with operations across national boundaries in the UK felt that different legislation, policy, arrangements and initiatives were a hindrance. Other employers articulated a need for more cognisance of markets between borders, allowing those markets to find their own solutions, and either learn from other best practice areas or promote as best practice for other geographical markets to consider. The lack of consensus in this area from the small sample of employees interviewed may not be representative and so may be worth further exploration.

4. MAPPING THE FINDINGS AGAINST THE EMPLOYER VOICE GUIDING PRINCIPLES

This section of the report compares the Scotland system against the employer voice guiding principles and contrasts with the other UK nations. Three guiding principles have been developed as recommendations to governments across the UK on how to ensure employer influence on the employment and skills system is maximised. The guiding principles are:

- A policy framework is established that is clear about **the deal between employers and government /s and articulates the respective accountabilities**. This can result in a mixed model (sectoral plus spatial area employer leadership mechanisms) but this must be a conscious choice reflecting what specific parts of the UK economy needs rather than a series of random approaches that have arisen out of a lack of clear policy direction;
- A coherent system is established that **explicitly determines the elements of the system that employer leadership mechanisms can take action on** and is directive about who does what and who works with whom to ensure that the system operates effectively as a whole system;
- Ensure that, once this policy framework is established, **it provides a long-term, stable platform to maintain coherence. Any new policy aiming to involve employers in any way must fit within the set of guiding principles** so that the approach is consolidated and employer leadership mechanisms are allowed time to add value and deliver impact.

The matrix at figure 2 below has been developed to test the employer voice mechanisms within a particular system against the three guiding principles. The matrix plots each of the employer voice mechanisms outlined in section 3.1 of this report against their roles and responsibilities in influencing the system. This establishes whether there is a coherent system in place that explicitly determines roles and responsibilities of employer voice mechanisms as part of the overarching system or whether there are areas of ambiguity and overlap (principle 2).

The matrix is also colour coded to determine what the deal between government and the employer voice mechanism looks like against the employer leadership continuum (principle 1 - see annex A). This determines the extent of influence that the mechanism has in its interaction with government and sets out a clear match of expectations between both parties becoming an agreed deal, as opposed to a deal imposed on employers by government.

There are three levels of employer leadership: employer involved, shared responsibility and employer-led. These terms are defined in the employer leadership continuum model as:

- Employer involved – where employers have an advisory role and government is responsible for decisions on how the system operates and is funded;
- Shared responsibility – where employers and government are jointly responsible for decisions;
- Employer-led – where employers are responsible for decisions and government sets the policy framework to enable leadership.

	NATIONAL SKILLS ACADEMY (UK WIDE)	SECTOR SKILLS COUNCIL	INDUSTRY ADVISORY GROUPS - SKILLS	SECTOR GATEWAYS	SFC SECTOR GROUPS	SKILLS COMMITTEE	REVIEW GROUPS	COUNCIL ECONOMIC ADVISORS / NEF	ACCREDITATION COMMITTEE	EMPLOYABILITY GROUPS
Identifying skills / employment needs										
Policy development (including consultations)										
Influence government spend and priorities on training/ employment										
Standards setting										
Developing qualifications / learning frameworks / employment programmes										
Ensuring quality delivery / developing routes to market										
Providing feedback on system improvement (skills or employment)										
Increasing investment in training / addressing worklessness										

FIGURE 2 – AREAS OF INFLUENCE AGAINST EMPLOYER VOICE MECHANISMS IN NORTHERN IRELAND

employer involved	
shared responsibility	
employer-led	

In plotting roles and responsibilities on the matrix, it should be noted that a number of variables will exist. Some of the mechanisms have different legal statuses which will impact their ability to prioritise and take action on skills issues. There will also be different timeframes for action and different resource levels across the mechanisms that will impact on their ability to influence. Some of the mechanisms will have formal roles in relation to the employment and skills system, most likely articulated through their terms of reference, others will have more of an informal lobbying role. The matrix plots mechanisms across this range.

If the matrix is used to analyse the current system, as above, by allocating roles and responsibilities according to the matrix descriptors, there are clear overlapping roles across most of the descriptors, other than standards setting. Government may want to review terms of reference to establish less ambiguity in roles and responsibilities and also to achieve more effective use of the resource available.

On the basis of this research exercise, what the matrix shows for Scotland is a system where employers are largely in an advisory role (“employer involved”) with views being fed into government and partners and then decisions made on how policy, initiatives and funding will develop. There are also examples of a “shared responsibility” approach. This features

across the IAGs (and associated skills groups) although there will be different extents to the shared responsibility approach as the IAGs have developed to different timeframes and vary in their approaches. In addition, the Skills Committee appears to be a shared responsibility employer voice mechanism with decisions on resources fairly straightforward as it is a committee that supports the key finders, SFC and SDS.

There are two areas where the employer-led approach is apparent. They are the role that SSC have in the development of NOS and the role that the Accreditation Committee and other qualifications groups have in signing off qualifications.

Employer perspectives and some stakeholder perspectives on the need for a more strategic approach to employer engagement suggest that the current deal between employers and Scottish Government is not clear. Although the approach is one of collaboration, there is potential for this to be further clarified so that all partners understand their respective accountabilities.

The third principle is less of an issue in Scotland than in England. Skills for Scotland, launched in 2007, still remains valid. The policy platform is, therefore, more stable and policy flux by was less of an issue for the respondents to this research.

5. LESSONS LEARNED

This section of the report identifies key lessons learned during the Scotland research. The lessons are outlined for the overarching employer voice project, for government and stakeholders in Scotland and for the employer voice mechanisms themselves.

Lessons for the Employer Voice Project:

- Explore how the connectivity and collaborative approach of the Scotland model can be applied to other systems;
- Further examine how the shared responsibility aspect of the employer voice mechanisms such as the IAGs and Skills Committee can provide lessons for mechanisms across the UK;
- Use Scotland as an example, alongside the Wales Employment and Skills Board model and Northern Ireland's approach, of where closeness to Ministers and civil servants who are decision makers and budget holders enables action to be taken swiftly to meet employers' needs;
- Ensure guiding principles fully reflect the Scotland findings.

Lessons for Scottish Government and Public Sector Partners:

- Establish a strategic and coherent approach to engaging employers to help shape the system and what it delivers against Skills for Scotland;
- Clarify the employer deal across each mechanism based on a common understanding of what employer voice means. What role do you require employers to play across the range of mechanisms in Scotland – “employer involved”, “shared responsibility” or “employer-led”;
- Consider establishing an overarching group that pulls together the collective messages from all the employer voice structure. The Northern Ireland model (NIAES) is a good practice example of this approach;
- Clarify the roles and responsibilities of employer voice mechanisms in Scotland, particularly at sector level, and address some of the duplication and make best use of resources;
- Aim to share some of the resources across the mechanisms for each sector and look at how resources can be used to create synergies;
- Once the deal and roles and responsibilities are clarified, boost the profile of IAGS and associated sector groups as the mechanism to drive economic development including skills with employers across Scotland and encourage them to engage;
- Ensure some of the early lessons and synergies from the workings of the IAGs and their associated skills groups are transferred;

- Develop a clear understanding of the role and contribution SSCs can and are making;
- Establish a frame of reference or key criteria for employer voice mechanisms to meet to drive action and support from government, i.e., percentage membership of employers etc., individual employers or employer representative organisations to represent the “employer voice”;
- Provide support to existing mechanisms to develop on-line support networks for SMEs and micro businesses that do not have time to attend meetings. Understand how employer representative organisations such as FSB, Chambers and SSCs represent SMEs and use them as a means of formal dissemination to SMEs and micro businesses;
- Ensure that at both strategic and operational levels, feedback mechanisms are in place to ensure employers are aware of how and where their influence impacted on policy;
- Use the findings of this piece of research to inform the Workforce Development Action Group.

Lessons for Employer Voice Mechanisms:

- Be clear on the deal and matched expectations between yourselves and government – “employer involved”, “shared responsibility” or “employer-led”;
- Ensure there is a business case for employers to become involved. Establish why it is in their interest to become involved and what the benefits are;
- Ensure you have a clear role and responsibilities in relation to other mechanisms. Establish links with other spatial and sectoral groups to identify common areas of activity, share good practice and reduce duplication;
- Establish clear and transparent working practice in terms of governance;
- Establish a shared vision and common purpose that is detailed in a strategy or action planning document. Ensure all employer members of the group are involved in the development of the strategy and they are clear of their respective role in delivering it;
- Set out responsibility for financial resources and project delivery so that there is a sense of ownership in doing a “real” job;
- Recruit a range of employers to ensure every relevant employer interest group is involved. For the group to have a strong employer voice, a majority of employer members is recommended;
- Keep it simple – focus on practical delivery and impact. Drive the business of the group through project activity where the purpose is clearly defined and outcomes measurable and avoid getting tangled up in the complexity of the policy and funding frameworks;
- Ensure the group has a designated resource to act as secretariat, coordinator or

facilitator for the group and to drive and maintain momentum;

- Ensure there is an explicit understanding of what funds are available to support the group and what funds / initiatives can be influenced as a result of action;
- Establish a clear visible line between employer input and changes in policy, funding and / or delivery on the ground. Change must be clearly auditable and seen operationally as well as at a strategic and policy level;

Establish a formal feedback mechanism to the relevant part of government to and from the group to ensure their views and concerns are responded to and action is taken at the highest level. If action is not taken or is not felt to be appropriate then ensure that the group receives clear communication on the rationale.

ANNEX A – LIST OF INTERVIEWEES

NAME	JOB TITLE	ORGANISATION
JUNE 2009		
Stephanie Young	Director of Strategic Relations	Skills Development Scotland
Karen McAvenue	Scottish Government	Team Leader – Skills Strategy
Anne Ashton	Scottish Government	Senior Quality Manager
John Provan	Scottish Government	
Joe Brown	Scottish Government	Industry Engagement and Regulation
Sylvia O’Grady	STUC / Scottish Union Learning	Lifelong Learning Manager
Jack Matthews	CEO / Chair Alliance Scotland	Improve
FEBRUARY 2010		
George Reid	Scotland Colleges Team	Scottish Government
Mike O’Donnell	Partnership Delivery Manager (Workforce Plus Team)	Scottish Government
Isla McCrone	Head of Determined to Succeed	Scottish Government
George Brown	Head of Accreditation	SQA
Martin Kirkwood	Deputy Director Skills Funding Policy Group (Skills Committee)	Scottish Funding Council
Andre Reiberg	Senior Policy Officer / Secretary to Skills Committee	Scottish Funding Council
Peter Russian	Chief Executive	Investors In People Scotland
Audrey Robertson	Head of Work Based Vocational Training Policy	Scottish Government
Katie Hutton	Head of National and Local Government Relations	Skills Development Scotland
Gordon McGuinness	Head of Industries and Enterprise Networks	Skills Development Scotland
John McCann	Director of Next Practice	Scotland's Colleges
Aileen McKechnie	Head of Innovation and Industries Division	Scottish Government
Jacqui Hepburn	Director	Alliance of Sector Skills Councils
Stuart Mackinnon	Public Affairs Officer Scotland	Federation of Small Businesses
Martyn McIntyre	Policy Officer	Federation of Small Businesses
James Alexander	Policy and Communications Manager	SCDI
Tom Purdie	Head of Glasgow Works	Glasgow Works
Elaine Burgess	Job Broker	Glasgow Works
Stan Paterson	Director	Glasgow Coalition
Paul Campbell	Skills Development Manager	Scottish Water
Iain Ferguson	Policy Executive	Confederation of British Industry Scotland
John Gillan	Managing Director	Premier One Land Services / Lantra Chair Scotland Council
Ian Rogers	Chief Executive	Scottish Decorators' Federation / ConstructionSkills

David Morton	Strategic Development Director	Menzies Distribution Ltd / Skills for Logistics Deputy Chair
Duncan Simpson	Service Manager, Community Services	Fife Council / CLD Standards Council / LLUK Scotland Committee /LLUK CLD Constituency Group
Mary Nasmyth	Nasmyth Associates	Former Chair of the Scottish Training Federation / LLUK Council

ANNEX B - EMPLOYER LEADERSHIP CONTINUUM

