

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Infrastructure
DATE	16 th January 2018
REPORT TITLE	Regional Skills Strategy
REPORT NUMBER	CHI/17/306
INTERIM DIRECTOR	Bernadette Marjoram
REPORT AUTHOR	Matt Lockley

1. PURPOSE OF REPORT:-

- 1.1 This report introduces the draft Skills Development Scotland (SDS) Regional Skills Strategy for the North East of Scotland to Committee and proposes specific areas that Aberdeen City Council will support.

2. RECOMMENDATION(S)

It is recommended that Committee:

- (a) Approve the draft Regional Skills Strategy for Aberdeen City and Aberdeenshire; and
- (b) Note the Council's participation in specific actions relating to Partnership Action for Continuing Employment, the Enhanced Employability Offer and Developing the Young Workforce (DYW).

3. BACKGROUND

- 3.1 SDS has recently finalised the Regional Skills Strategy for Aberdeen and Aberdeenshire, building on [Regional Skills Assessments](#) and responding to the wider strategic context for inclusive economic growth theme in the Regional Economic Strategy (RES). The strategy is due to be signed off by the SDS Leadership Board in the near future. It has been the subject of considerable partnership and stakeholder consultation by SDS and the associated Action Plan draws together key priorities and identifies some specific and cross-cutting actions to take forward.
- 3.2 The strategy will support delivery against key outcomes in the Aberdeen Local Outcome Improvement Plan (LOIP). Within the economy section of the LOIP, there are specific drivers relating to skills delivery as follows:

- Implement Developing the Young Workforce to strengthen vocational skills attainment levels and encourage apprenticeships
- Delivering high attainment levels and positive destinations for our young people and providing a future supply of skills for employers, inward investors and future entrepreneurs
- Address skills shortages in key sectors including public services and health sectors as identified in the Regional Skills Strategy
- Develop and implement Locality Plans for those communities experiencing socio economic disadvantage

The SDS Regional Planning Lead is a member of the Aberdeen Prospers subgroup of Community Planning Aberdeen which ensures that there is alignment between the aims of the LOIP and delivery of SDS funded skills interventions.

- 3.3 The strategy is set in the context of Regional Skills Assessments and Forecasts for the period 2017-2027. With this in mind, the strategy strikes a balance – on the one hand, it will address issues arising from the oil and gas downturn and the impact that has had on retaining and attracting talent and expertise to the city region; whilst on the other it looks at future economic trends and how the work of SDS and its partners can deliver a skilled and productive workforce in the future.
- 3.4 The latest Regional Skills Assessment for Aberdeen City was published by Skills Development Scotland on 18th December 2017. In brief, it predicts that total employment in Aberdeen will continue to decline until 2020, although the decline will be relatively marginal (-0.2% per year). To 2027, the assessment states that 5,500 jobs will be lost in the energy sector but that these losses will be offset by strong growth in ICT/digital, creative and business and financial services. These predicted changes will have an impact on the occupational profile of employment in Aberdeen, with reductions of circa 1,000 jobs each in skilled metal and electrical jobs, science and technology professionals and plant and machine operatives. The long-term trend remains for employment growth, though, with a net change of +60,800 by 2027, with over 15% of these in entry level clerical and service roles.
- 3.5 The strategy proposes five main themed actions to address skills demand issues going forward:
- Responding to the downturn
 - Supporting economic transition – the diversification objectives with the Regional Economic Strategy
 - Repositioning the skills system
 - Supporting school-to-work transitions and particularly in relation to Developing the Young Workforce
 - Evidence, governance and Brexit (cross-cutting)

Further detail on the priorities within these themes is offered below. The full details are contained within the draft strategy which is appendix 1 to this report.

3.6 Responding to the downturn

The focus here is on two existing services (Partnership Action for Continuing Employment (PACE) and the Transition Training Fund – both funded and delivered by SDS) that support major redundancies and offer financial assistance to support people exiting the oil and gas sector to retrain for employment in other sectors or start-up via the Business Gateway. In addition, work is ongoing in the North East to look at how these products could be enhanced to address specific sectoral issues relating to oil and gas, focussing on individuals' employment and health prospects.

Aberdeen City Council is actively involved in the development and delivery of the enhanced employability offer through our work with companies and stakeholders on major redundancies, the alignment of the Progress through Positive Partnerships European Social Fund (ESF) project and through the Local Employability Training Providers Forum.

3.7 Supporting economic transition

This theme is designed to support the transition of the city regional economy to a more diversified and balanced one and it focusses on key industry sectors. It will involve a specific approach to each of the Regional Economic Strategy priority sectors, including oil and gas. For oil and gas, SDS has appointed a sector manager who is based in Aberdeen. The SDS focus is on innovation and technology, decommissioning and renewables, and aligned to the Oil & Gas Authority (OGA) Maximising Economic Recovery. Alongside this, sector skills plans will be developed or refreshed for each of the Regional Economic Strategy priorities (Oil & Gas/ Energy, Food Drink & Agriculture, Life Sciences and Tourism) and the focus on volume sectors (i.e. health and social care, construction and creative industries) will be maintained.

The Council is not directly involved in delivery under this theme.

3.8 Repositioning the skills system

This priority recognises that the skills sector will need to change in the coming years both as a result of financial constraints but also the changing economy. Proposals under this priority are for employers and organisations such as Opportunity North East to have a more direct influence over skills investment, ensuring that Outcome Agreements for both further and higher education institutions are more reflective of city and regional need. In addition, there is a focus on Modern, Foundation and Graduate Apprenticeships and the development of a more coherent portfolio for the city region and enhanced employer-education links, building on the Developing the Young Workforce model.

Aberdeen City Council is actively involved in Developing the Young Workforce initiatives through both the Regional Invest in Youth Group (hosted by the Aberdeen and Grampian Chamber of Commerce) and the DYW Regional Collaborative Group. The Council is responsible for or contributing to a number of the 39 DYW recommendations that were agreed nationally and work-streams are being developed both internally and with partners to deliver against these, aligned with the recommendations of the Council's Investors in Young People assessment.

3.9 School to work transition

Careers information, advice and guidance (CIAG) is central to this priority. It focuses on the earlier delivery of CIAG in schools (from P6-S3) and the ongoing need to refresh and refocus careers material for schools. There is also an ambition to deliver a highly-performing Developing the Young Workforce regional collaborative and plans to enhance the delivery of digital skills development in schools.

Aberdeen City Council is actively involved in all of the priority actions in this theme. For example, schools are trialling new ways of delivering CIAG with earlier age groups and the DYW programme is working towards every school in the city having productive links with the business community. In addition, our positive procurement and community benefit activities have a focus on securing training, work placement and apprenticeship opportunities for young people through the Council's contracts.

3.10 Cross-cutting issues

The strategy recognises that a more comprehensive evidence base needs established to enable better analysis and forecasting around issues such as Brexit and emerging sectors. It proposes that governance of the Skills Strategy and Action Plan be handled through the existing Regional Economic Strategy Group, although it is important to note that the Chief Executive of North East Scotland College (NESCOL) has chaired an initial meeting of a potential new model, a Regional Learning and Skills Partnership, that could assume ownership of the strategy if it is developed and formally established.

Finally, on Brexit, the strategy effectively proposes a watching brief but articulates that there might be serious short-term implications for the region's skilled labour force depending on the nature of the deal with the European Union, and particularly the risk around frictionless movement of labour, generally, but also in relation to key sectors of food, drink and agriculture, health, oil and gas (mining, professional and technical services).

The funding of skills activity, whilst not explicitly referenced in the strategy, is also an issue to consider in Brexit terms as European Social Funds (ESF) currently support employability and skills activity in the city region. Devolution of any successor funding streams (e.g. "Shared Prosperity Funds") from the UK to Scottish Government and then on to funding bodies such as SDS will therefore become an increasingly important consideration for partners in implementing the Regional Skills Strategy.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 Financial

There are no anticipated financial risks.

6.2 Employee

There are no anticipated employee risks.

6.3 Customer / citizen

It is important that Aberdeen City Council is involved in the ongoing development and delivery of the Regional Skills Strategy as it will ultimately guide investment in further education and skills and is therefore highly relevant to the Council's customers and citizens. Failure to engage and ensure that the Skills Strategy reflects economic realities and future challenges and opportunities could lead to poorer skills and employment outcomes.

6.4 Environmental

There are no anticipated environmental risks.

6.5 Technological

There are no anticipated technological risks.

6.6 Legal

There are no anticipated legal risks.

6.7 Reputational

There are no anticipated reputational risks.

7. IMPACT SECTION

Economy

The over-riding purpose of the Regional Skills Strategy and Action Plan is to ensure that the design, funding and delivery of skills activity in the city region is aligned to current and future economic needs, challenges and opportunities. There is a clear focus on supporting the diversification priorities of the Regional Economic Strategy and on maintaining the region's highly skilled workforce, which adds significant value to economic outputs.

People

The Regional Skills Strategy and Action Plan will contribute to enhancing people's life chances, which is a central priority in the Aberdeen Local Outcome Improvement Plan. There is also a clear focus in the strategy on supporting people who have fallen out of the labour market and those who have never engaged. In addition, there is a priority action around addressing gender imbalance in Modern Apprenticeships in particular, and this forms part

of a suite of proposals captured in the Developing the Young Workforce initiative.

Place

Aberdeen and the wider city region's investment credentials are enhanced, to a large extent, by the skills levels of the workforce which are consistently higher than those in other parts of Scotland and the UK. The Regional Skills Strategy seeks to maintain and enhance the competitive advantage that the city has in terms of retaining and attracting an internationally skilled workforce.

Technology

No specific impacts.

8. APPENDICES (if applicable)

1 – draft Regional Skills Strategy, Aberdeen City and Shire

9. REPORT AUTHOR DETAILS

Matt Lockley
Business and Skills Manager
mlockley@aberdeencity.gov.uk
01224 522940

HEAD OF SERVICE DETAILS

Richard Sweetnam
Head of Economic Development
rsweetnam@aberdeencity.gov.uk
01224 522662