

RETHINKING SCOTLAND'S SKILLS AGENDA



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Foreword

People are the lifeblood of any business. In today's ever more competitive world, Scotland's firms cannot be successful without adaptable, creative, hardworking, skilled men and women.

Of course, Scotland's policy makers have realised this for over ten years. The 1990s saw a drive to increase our learning and qualifications rates, with a huge number of associated initiatives, many supported by business.

But ten years on, it is not clear that all this effort is helping to produce the successful economy we all want. The workforce is more qualified than ever before, but we are still struggling to close the productivity gap with our competitors.

There are messages here for employers. Scottish firms already invest over £1bn a year on training, but we know we need to get a better return out of this investment in our staff.

But business can only play its part if our youngsters are getting an awareness of the world of work and enterprise and are then equipped with the attitudes and skills needed to thrive in it. Yet, despite the progress made in the 1990s in qualifications rates, such awareness and skills are still lagging far behind. As business people, we think this is not good enough. This report sets out an agenda for putting enterprise and employability at the heart of the curriculum.

Too often, the business voice has not been heard in the debates which have shaped the future of Scottish education. We hope this report will start to put that right.

Gordon Smith
Resident Director Scotland, IBM United Kingdom Limited
Chairman, CBI Scotland Learning and Skills Task Force

EXECUTIVE SUMMARY

Scotland faces an economic challenge

Improved productivity and employment growth are vital to create the prosperous, inclusive Scotland we all seek. Getting skills policy right – in terms of ensuring individuals develop the right skills, attitudes and enterprise and attitudes and are able to apply those in the modern workplace.

Our existing skills policy will not meet this challenge

Over the last ten years, there has been a concerted effort to increase the volume of learning activity and to give Scotland a better qualified workforce. But despite this progress, and Scottish employers spending over £1bn a year on training, business still find ‘employability’ skills lacking in many recruits, and our labour productivity record remains weak. And, despite more individual links between firms and schools, business has not been fully involved in the education debates and reforms in recent years.

The workplace and labour market are changing

To make our learning and skills policies more effective, we need to align them better to the today’s workplace and labour market. Technological change and globalisation have led to a more fluid labour market, changing job opportunities and more self employment. And the working environment has also changed, as businesses focus on organisational culture, work organisation and employee involvement to ratchet up more productivity improvements.

A new skills agenda for 5-18 learning

A new agenda is needed, based on a long term vision of how to ensure our education system prepares young people for the new world of work. This agenda should be built around:

- Defined employability and personal enterprise skills and attitudes becoming central to education, and this to be reflected in the proposed National Priorities of Education
- The teaching profession to be reformed, with a competence-based CPD framework with some link to pay, and modern conditions of service
- The lead role of local authorities in training and development for teachers and heads to be reviewed
- Guaranteed funding and resource levels for Education Business Partnerships, underpinned by national quality standards and proper evaluation
- One national education business link contact point for all schools and businesses
- A systematic policy to ensure business is properly engaged in education reforms

A new skills agenda for lifelong learning

Changes are also needed to our policies for lifelong learning. In particular we must look at the demand, as well as the supply, of lifelong learning.

- Individual Learning Accounts, the Scottish University for Industry and the new single qualifications framework must be developed in tandem to form a coherent framework for lifelong learning
- LEC performance on *Investors in People* is too uneven, and the current reforms of the Enterprise Network should address this.
- Careers education and guidance should be lifelong, exploit the full potential of IT, and the scope for expanding private sector careers guidance should be explored
- Closer links between business and FE Colleges and universities should continue to be developed

In addition, better means of spreading good practice between firms is needed. A new CBI benchmarking tool, *Headstart*, will help here

Next steps

New ASCETT targets, monitored again by an independent body, are needed to enable us to measure progress on this new agenda.

CBI Scotland will launch a series of education related initiatives over the next few months, to demonstrate its commitment to improving business involvement in education issues

SCOTLAND FACES AN ECONOMIC CHALLENGE

We need better economic performance to meet our aspirations for Scotland

We all want a more prosperous and inclusive society in Scotland. As businesspeople, we know that this is unlikely to happen unless our economy performs more strongly, and more of our businesses are successful. In particular, we need to improve both our productivity levels and our employment growth record.

Skills policy is central to this improvement

It has become commonplace to say that the skills and creativity of individuals are the bedrock of economic performance, but we certainly believe it to be true for Scotland. In highlighting productivity growth and employment growth as objectives, we recognise both depend on making more of Scotland's people:

- **Productivity:** Our overall productivity levels are weakened by labour productivity (output per person) which is low in international terms. Raising this must depend partly on ensuring individuals develop the right skills and enabling them to apply them effectively in the workplace.
- **Employment growth:** Future employment growth is likely to be generated primarily by new industries and by innovation in existing labour intensive service industries. Personal enterprise and creativity will be needed to drive this process, and a flexible and adaptable workforce will enable individuals to be drawn into these parts of the economy quickly.

This report questions whether our existing skills policy is up to these challenges, and gives a business perspective on how it might be improved.

OUR EXISTING SKILLS POLICY WILL NOT MEET THIS CHALLENGE

We have had a clear skills policy for the last 10 years

In the late 1980s a consensus emerged that a ‘skills revolution’ was needed to improve Scotland’s, and the UK’s economy. Bodies such as CBI Scotland and the STUC were in the forefront of this argument, and it was endorsed by politicians of all political persuasions. In the early 1990s a clear direction had emerged for improving skills in Scotland, consisting of:

- The creation of national education and training targets for Scotland – the ASCETT targets – to underpin a drive for higher attainment (see Exhibit 1)
- An expansion of further and higher education
- The development of a competence based vocational qualifications system (SVQs)
- Moves to broaden the 16-19 curriculum, through the Howie report and the Higher Still reforms
- The encouragement of links between education and businesses
- Greater involvement of business in skills policy through the creation of the Enterprise Network
- A vehicle to focus employer training efforts – the Investors in People standard

Exhibit 1

Targets for 2000 set by the Advisory Scottish Council for Education and Training Targets (ASCETT)

- *By age 19, 85% to achieve SVQ2 or equivalent*
- *By age 21, 70% to achieve SVQ3 or equivalent*
- *60% of workforce to be qualified to at least SVQ3 or equivalent*
- *30% of workforce to be qualified to at least SVQ4 or equivalent*
- *70% of organisations with 200+ employees, 35% of those with 50+ employees, and 15% with employing under 50 to be recognised as Investors in People*

This policy has had some success...

Although the ASCETT targets for 2000 have not been met, progress has been made towards them, and on their own terms, the policies of the last ten years have had some success:

- Attainment and participation levels have gone up
- Our higher education and further education systems are much expanded
- The SVQ structure is in place

- Many organisations to promote education-business links have been set up, and more businesses and schools are involved
- The Higher Still reforms are underway
- The Investors in People Standard was introduced

This major effort has succeeded in raising the volume of education and training activity in Scotland, and has led to a more highly qualified workforce than Scotland has ever had before (Exhibit 2).

Exhibit 2

| <i>Scotland's skills levels 1990-1999 - comparison with UK</i> | | | | |
|--|-------------|-----------|-------------|-----------|
| | 1990 | | 1999 | |
| | <u>Scot</u> | <u>UK</u> | <u>Scot</u> | <u>UK</u> |
| <i>19 year olds with at least SVQ2 or equivalent</i> | 63% | 52% | 76% | 74% |
| <i>Workforce with at least SVQ3 or equivalent</i> | 37% | 29% | 51% | 45% |
| <i>Workforce with at least SVQ4 or equivalent</i> | 17% | 16% | 30% | 26% |

...but there is little impact on business performance

Given the moderate success of policies so far, it is tempting to think that more of the same is required, and that a further increase in participation rates and qualification attainment will deliver economic success. Indeed, last year's *Skills strategy for Scotland* document, published by Scottish Office Ministers just before the Scottish Parliamentary Election, argued that '*Raising skills and education levels of the workforce is an essential part of increasing the sustainable rate of economic growth*'.

But to business, it is not clear that the genuine progress made in the 1990s in increasing the volume of education and training activity is helping to tackle the economic underperformance discussed at the start of this report. For example:

- **labour productivity:** Research by Business Strategies/RCADE shows that most Scottish employers have a more qualified workforce than their counterparts elsewhere in the UK, yet produce less per person
- **employment growth:** while recent years have seen some modest employment growth, total employment in Scotland is below 1990 levels
- **personal enterprise:** business start up rates have improved a little, but are still well behind the UK average, and too few start ups manage to grow in a sustained way
- **core skills and attitudes for employment:** employers still express concern that too few young people have the right attitudes and core skills to be effective in the modern workplace (see Exhibit 3)
- **Innovation:** There is some evidence that some Scottish firms have less creativity in their workforces (see Exhibit 4)

Exhibit 3

Data from recent CBI Scotland survey of major members showing concerns over levels of core skills among job applicants

Proportion of employers where MOST job applicants did not demonstrate the following expected qualities:

| | |
|------------------------|------------|
| <i>Writing Skills</i> | <i>19%</i> |
| <i>Communication</i> | <i>51%</i> |
| <i>Numeracy</i> | <i>54%</i> |
| <i>Teamworking</i> | <i>61%</i> |
| <i>Problem Solving</i> | <i>78%</i> |

Exhibit 4

Scottish firms lack creativity

% of firms citing 'lack of promising ideas' as a constraint on innovation

| | <i>Scotland</i> | <i>UK</i> |
|--------------------------|-----------------|-----------|
| <i>Manufacturers</i> | <i>29</i> | <i>11</i> |
| <i>Non-manufacturers</i> | <i>18</i> | <i>12</i> |

Source: CBI 1999 Innovation Trends survey

Clearly, changes in education and the labour market take time to feed through into business performance. But it is worrying that many CBI Scotland members, who are spending over £1bn per year on employee training see little difference from the reforms of the 1990s.

Business has not been properly engaged in education reform

A further concern, which may partly explain the lack of impact, is that despite good intentions, business and business expertise were not properly engaged in the changes that were made.

The importance of preparing young people for the world of work and enterprise is accepted more readily now in education than it was ten years ago. Great efforts have been made by many individual schools and businesses to develop link activity, and a plethora of organisations, many locally based, have sprung up to promote such activity. And in policy making, business did play a role in developing the ASCETT targets and in the Higher Still reforms.

But for the most part this engagement has been unstructured and haphazard – in short, unbusiness like. Exhibit 5 explains the problem.

Exhibit 5

The lack of business input into education policy

There is more contact between business and education today compared to 1990. But much of this contact is undermined by its haphazard nature, and across many education issues it is non-existent. Indeed, education has shown remarkably little interest in drawing on business expertise and experience as it grapples with fundamental issues of effective structures, objectives and professional reform. The problem exists at three levels:

- ***Business involvement is sporadic*** across policy issues. *With business involvement seemingly dependent on circumstance and the officials involved, there is little logic as to where business expertise is sought and where it is not. For example, Scottish business has a wealth of expertise in developing and implementing competence based development frameworks. Urgently needed work is currently underway to draw up such frameworks for ‘probation teachers’ and in due course for ‘advanced teachers’. But no attempt has been made to involve relevant businesses in the Steering Groups overseeing such work or in the work itself*
- ***Business is often under-represented*** on key education bodies. *For example there has been no guaranteed business representation on the General Teaching Council. And where business is represented, such as on the Scottish Consultative Council on the Curriculum (SCCC), the extent of such representation is often inadequate given the business interest in the subject matter of the body concerned. Thus the SCCC is concerned with what preparation should be given for adult life, an issue on which business has a huge contribution to make. Yet of the 20 members of the Council itself, 15 are from education, and only 2 are from business*
- ***Appointments of individual businesspeople are used as a substitute for the systematic engagement of the wider business community.*** *On some education issues, what may be valuable is specific expertise from specific parts of the business community. Appointing individual business nominees to bodies, however able such individuals may be, rarely ensures that such expertise will be identified and tapped into.*

None of these points should be seen as a criticism of the individuals involved. Rather, the failure is a structural one – there is no mechanism to ensure that business expertise is introduced to those policy issues where it can make a valuable contribution.

The Scottish Parliament’s Education, Culture and Sport Committee could have chosen to address this issue. However, perhaps hampered by its too-wide remit, it has chosen not to do so. It has sought no views from CBI Scotland, (although we have nonetheless contacted it) and is on record (minutes of 25th January 2000 meeting) as agreeing that any business interest in education should be filtered through the Enterprise Committee. From a business perspective, this seems a baffling approach to ‘joined up government’

THE WORKPLACE AND LABOUR MARKET ARE CHANGING

Technology and globalisation have changed business

To see how we can improve our skills policies to ensure a greater impact on business performance we must start with an examination of today's workplace, and how it has changed over the last ten to fifteen years.

Technological advances and political changes have delivered world markets which have increased competitive pressures on businesses. The opportunities for those who grasp the competitive advantage offered by technology and complement this by developing and enhancing people skills will be the success stories. Learning from best practice wherever it may be found is imperative.

The more fluid organisations which are resulting from this environment have placed new pressures on today's managers and leaders, whose role is ever more important. Skills such as mentoring, coaching and team leadership are key elements of management, in businesses large and small, in a way they have never been before.

These developments have changed the labour market in which individuals seek employment

The changes in the Scottish labour market could be summarised as follows:

- **increasing self employment:** although low by UK standards the numbers of self-employed in Scotland has risen from 175,000 in the mid-1980's to over 200,000 by the late 1990's. This has been driven by the shift from manufacturing to services, and by increased outsourcing by large firms. This trend is likely to continue, given the emphasis on raising the Scottish 'Business Birthrate' by all political parties. And while only a small minority of the workforce may be self-employed at any given time, it is reasonable to assume that a young person leaving school now, who will still be in the workforce in 2040, will have at least the opportunity of self employment at some point.
- **Shorter average job tenure:** average time in each job has gradually fallen. While there is a growing recognition that the 'job for life' is a thing of the past, for many people, the idea of even a single career during their working lives may soon seem anachronistic.
- **Increasing incidence of part time and temporary work:** The proportion of the workforce in full time, permanent employment has fallen (though less so than in the UK as a whole), as employers make more use of flexible forms of labour. At the same time, the gender balance of the workforce has shifted, with more opportunities for women in the workforce. This is driven in part by the increasing importance of services in the economy. By their very nature, services must be consumed when 'produced' – they cannot be batched and stored for future use. Thus a service company's demand for labour

will inevitably be more variable than a manufacturer's. The reducing prevalence of full time employment is often lamented – however some survey evidence suggests that twice as many full time employees would prefer to work part time than vice versa.

- **Transferable skills becoming more important:** Skills such as teamwork, functional flexibility and a customer service emphasis becoming integral to almost every business. Job specific skills will not become irrelevant, but will need much more frequent updating.
- **A dispersed population:** While not a new trend, it is worth emphasising that outside the Central Belt, a significant part of our population is dispersed. And areas of Scotland have a higher reliance on a single industry (e.g. the fishing industry) than almost anywhere else in the EU. This has implications for careers options and perceptions, importance of labour mobility, and the importance of self-motivation.
- **An ageing workforce:** In common with most of Europe, Scotland's population, and with it its workforce, is ageing.
- **Changing types of jobs :** Managerial, professional and sales jobs are increasing, as are jobs in the hospitality and distribution sectors and in personal services. The types of jobs which will diminish in the future are likely to include plant and machine operatives, and clerical and secretarial work.

And the working environment is also changing

Some of these trends have existed for sometime. But in addition, new changes to the workplace environment are occurring as the best companies seek new ways of delivering productivity growth.

Business delivered impressive productivity gains in the late 1980s and early to mid 1990s, as more modern operational practices were adopted and obvious areas of 'overmanning' addressed. But, while the data is unclear, there is some evidence that productivity growth flattened out in the mid to late 1990s, and that firms have had to work harder to try to deliver the further productivity gains that customers now expect. Internet technology clearly has the potential to help here, but equally, there is evidence that the best firms have managed to ratchet up productivity through focusing on leadership and organisational culture, employee development, work organisation and employee involvement are the most important factors in explaining improvements in performance. For example:

- A 1997 study by the Institute of Personnel and Development showed that organisational culture accounted for some 10% of the variation in profitability between companies. The types of culture found to have the most significant impact on performance were those that emphasised human relations (concern for employee welfare, autonomy and emphasis on training).

- Flexible job design improves employee effectiveness. The 1998 Workplace Employee Relations Survey showed that workplaces with a high number of new management practices were substantially more likely to report high productivity growth.

In time, the working practices used by these companies – such as greater functional flexibility, teamworking, homeworking, better job design and selection procedures – will spread widely through the Scottish economy, and most individuals making their career in Scotland will experience them.

A NEW SKILLS AGENDA FOR 5-18 LEARNING

Given these changes in the labour market and workplace, how should we adapt the skills agenda of the last 10 years to meet the needs of the Scottish people in this Century? We should start by looking at the foundation of learning which all young people should develop through 5-18 education. Such a new agenda for foundation learning would consist of:

- A long term vision
- Putting ‘employability’ at the core of education
- Developing personal enterprise
- A reformed, modern, motivated teaching profession
- Changes to the role of education authorities
- A radical overhaul of education-business link structures
- Mechanism to engage business in education issues

The agenda must have a long-term vision

If we accept that the world of work is changing, it seems clear that any new skills agenda should be based on a long term vision of the sort of preparation for adult life which our young people need, and the sort of education system which will deliver this. A clear vision also has more chance of generating consensus behind changes, and the business experience is that without a shared understanding of the purpose and direction of reform, effective change is hard to deliver.

The creation of the Scottish Parliament offers an excellent chance to develop such a consensus across political parties and stakeholders, and we welcome the current consultation on National Priorities for Education. This report sets out our thinking as to what that vision should comprise, and we look forward to working with other interested parties to develop it.

Developing ‘employability’ should be a core function of education

A young person at school today will still be in the workforce in 40 years time. The pace of change in technologies, and in product and service innovation is such that it is impossible to predict with any accuracy the precise skills and knowledge that a young person today will need throughout their career.

What does seem clearer, though, is that there is a group of skills and attitudes which have become more important in the last decade or so and are now needed by almost all employers. Given the changes to the labour market and workplace discussed in the previous section, individuals with these skills and attitudes are more likely to remain employable, whatever short term setbacks they may face, and these ‘employability skills’ seem set to be crucial for a long time to come.

It is easy to talk about employability skills in vague terms. To clarify what we mean by employability, and hence what employers are looking to education to develop, the CBI has worked extensively with member firms, both large and small, to distil the

skills, attributes and abilities which the majority of firms look for. Exhibit 6 summarises the findings.

Exhibit 6

What is employability?

- *values and attitudes compatible with work opportunities*
- *basic skills (i.e. literacy and basic numeracy)*
- *the defined core skills (IT competence, working with others, communication, numeracy, problem solving)*
- *customer service skills*
- *up-to-date job specific skills and knowledge*
- *career management skills*

Source: In search of employability, CBI, 1999

We agree with those who say that preparation for the world of work is not the sole function of education. And we recognise that some of the more traditional aims of education, such as developing good citizenship, are of value to employers. **But we would argue that 5-18 education which does not deliver these employability attributes is failing that young person.**

As business people, we are not experts on the curriculum. But we do feel strongly that all young people, whichever school they may be in, should have an entitlement and an expectation to develop all these components of employability (with the obvious exception of 'job specific skills and knowledge'). We recognise that several of these components of employability feature in documents such as the SCCC's *Curriculum Design for the Secondary Stages – Guidelines for Schools*. But we are not convinced that their profile is high enough, and worry that:

- The sheer volume of advice and guidance issued to schools must mean that employability elements in them may be marginalised
- While it is suggested that much of the core skills can be developed through the traditional subjects, there is no guarantee that this will be done, and most teaching remains subject centred
- The defined core skills are (understandably) given prominence at the expense of work-related values and attitudes, and skills such as customer service skills.

In this context, the draft National Priorities for Scottish Education, currently proposed by Scottish Ministers, are welcome, but do not go far enough. Again they give little attention to work-related values and attitudes, for example, which employers stress continuously.

Personal enterprise must also be developed

Much of the innovation and employment growth the Scottish economy needs will come from new start up firms and from growth in existing SMEs. Such growth is driven by entrepreneurs. Some entrepreneurs are born not made, but many of us have

latent enterprise potential which can be developed, and which will be of value whether we start our own companies or work in existing ones.

Traditionally, developing personal enterprise has not been seen by education as a priority. To the extent that education has been seen as a preparation for the world of work, it has been a preparation for a career as an employee, anticipating little if any career change.

This must change. Developing personal enterprise in education is essential, and complements the employability attributes described above. We need to develop, from an early age, a grasp of the fun and excitement of business, of how wealth is created and distributed, and the challenges of combining intellectual, physical and financial capital into enterprises.

No progress will be made without a modern, motivated teaching profession

We believe that, in the main, the agenda we are sketching out in this report is supported by many teachers. Indeed, we have been impressed by the efforts made by individual schools and teachers to develop an awareness of the world of work amongst their pupils.

But we see little prospect of the sort of changes we are talking being introduced successfully, against the background of a teaching profession which:

- Suffers from low morale, in part caused by the lack of a clear national education strategy
- Operates within conditions of service which are the result of past power struggles between teachers and their employers, and bear no relation to what is required to do the job
- Has access to training and development which is reminiscent of business a generation ago

We believe that a modernisation of the profession is essential, and has much to offer teachers. Without such successful reform, our business experience is that change will be difficult to implement.

In our submission to the McCrone Committee, we set out some proposals for this reform, based on our experience of managing and motivating highly skilled professionals in times of change and uncertainty. Exhibit 7 summarises these.

Exhibit 7

CBI Scotland submission to the McCrone Inquiry – key points

- *Excellent leadership is fundamental to the modern schools and good teaching*
- *Performance management will be the framework around which a re-invigorated profession can be constructed*
- *A competence based framework will be the tool used to focus training and development needs and the catalyst for CPD*
- *Pay should be linked to this competence framework*
- *The education establishment should seek good practice from outside the 'system'*
- *A key competence of all those within the system should be flexibility and innovation*

The role of local authorities must change

We also have doubts about the structures within which schools operate. We recognise that in theory, local authorities can provide valuable support and services to schools. In practice, however, we have doubts about how well this works:

- We agree with concerns expressed by the NASUWT and others that 32 local education authorities, in a country the size of Scotland, is too many for effective delivery
- Local authorities have a lead role in providing training and development for current teachers and heads, but this provision appears uneven and variable to a degree that would not be tolerated in business
- Local authorities play a major role in supporting education business link activity, but again such activity is highly variable in quality and quantity.

In the last two areas the role of local authorities should be reviewed. We do, however, support the thrust of the Standards in Scotland's Schools Bill that authorities have a key role in challenging schools and setting a framework within which they can raise standards. The role envisaged by the Bill will be a challenge to many authorities. Inspection of education authorities by HMI over the next few years should help determine whether they are equal to this role.

Education – business links must be radically improved

There is a much greater volume of education business link activity today in Scotland than 10 or even 5 years ago. Indeed there are frequent announcements in the media about individual schemes involving specific business people in particular parts of the country doing particular things. But as we pointed out in the first section, such activity is undermined by the fact that:

- The funding levels for Education Business Partnership's is neither guaranteed nor equitable across LEC and Local Authority boundaries
- The quality of Education Business Partnerships is equally uneven
- There is little evaluation of the effectiveness of individual link activities
- There is no quality assurance framework for Education Business Partnerships

- There is neither a mechanism nor an obvious appetite for best practice to be spread

In addition, the fact that education-business link issues span two separate Scottish Executive departments (Children and Education, and Enterprise and Lifelong Learning) obviously does not help.

These issues matter. Business contributes in excess of £10m per annum towards 'Education for Work' initiatives, and many individual schools work hard. Yet the shortcomings above mean that the quality of education business link activity which pupils have access to is a lottery governed by location (Exhibit 8).

Exhibit 8

| EBP quality and resource across Scotland | | | | | |
|---|--------------|----------------|----------------|----------------------------|------------------|
| EBP Area | Forth | Borders | Renfrew | Perth & Kinross | Edinburgh |
| FT Employees | 4 | 1 | 14 | - | 2 |
| PT Employees | 1 | - | - | 2 | - |
| Primary Schools | 118 | 43 | 108 | 75 | 340 |
| Sec. Schools | 18 | 9 | 29 | 10 | 56 |
| Web Site | Y | N | Y | N | N |
| Info. Pack | Y | Y | Y | N | N |
| FTE/Schools | 34 | 52 | 10 | 85 | 198 |

We will be exploring these issues more fully and publishing detailed proposals. It seems clear though that at a minimum we need:

- Guaranteed funding and resources for EBPs that bear some relation to need
- Proper evaluation of the effectiveness of EBPs and some rationalisation of organisations and their activities
- More centralised structures for support and setting standards
- A single Scottish access point for businesses and schools - we would advocate that this be the National Centre for Education Work and Enterprise
- Improved awareness of Education for Work for smaller businesses
- Better information for young people to enable them to make a personal choice for activity involvement

The range of issues identified suggests that the Ministers for Children and Education and for Enterprise and Lifelong Learning should set up a joint review to determine how education business link activity should be resourced and structured.

And business expertise must be properly engaged in education reform

Business has no wish or competence to 'take over' education, and recognises that enabling young people to flourish in the world of work is the primary but not the only function of education. Equally, as many businesses see the need to work with increasing numbers of stakeholders themselves, the best schools provide examples from which businesses can learn.

But business is dismayed that highly significant areas of education reform are often embarked upon with little interest in drawing on relevant business expertise. Business has learnt the hard way over the last 20 years that successful organisations constantly seek out best practice and inspiration for improvement from wherever it may occur. Such an approach seems utterly lacking in many parts of the Scottish education system. And as Exhibit 5 explained, there seems to be no obvious logic to the issues on which business input is sought and those which it is not.

We propose that the Minister for Children and Education set out a systematic policy for how the relevant business expertise can be drawn on in the future. CBI Scotland will work with the Minister and his officials on developing this policy and making it work.

A NEW SKILLS AGENDA: LIFELONG LEARNING

Getting initial education right is crucial – otherwise too much effort by employers and post compulsory education will need to go into remedial training, and it will be difficult to realise our learning ambitions.

But getting foundation learning right is only part of the answer to our social and economic problems. As the first section of this report made clear, our disappointing returns on 10 years of strenuous efforts to raise our learning ‘game’ suggests a need to look again also at our policies for encouraging lifelong learning.

We must improve the demand for lifelong learning

In the 1990s, the supply of lifelong learning increased, as further and higher education responded to Government incentives to expand, and Scottish employers to the need to upskill (see Exhibit 9)

Exhibit 9

| <i>Increasing volume of lifelong learning in Scotland</i> | |
|---|------------------------------|
| <i>Investor in people recognitions</i> | <i>Number of FE students</i> |
| 1995-96 121 | 1991-92 266,802 |
| 1996-97 211 | 1994-95 242,690 |
| 1997-98 323 | 1996-97 354,363 |
| 1998-99 533 | |
| 1999-00 733 | % change 1992-1997 +33% |

But while the supply of lifelong learning has increased, it is less clear whether this is true of the demand for learning. The need to encourage individuals to take ownership of their own learning is particularly important in Scotland, where geography means that individuals in the highlands and islands in particular may have few large companies in their travel-to-work-area, and hence be particularly reliant on self-motivated learning to improve their labour market options.

A coherent framework for lifelong learning is needed

Having a coherent lifelong learning framework, that is clear and accessible to individuals and firms, will help promote demand for learning. The introduction of Individual Learning Accounts, and of the Scottish University for Industry, offer a one-off chance to set up such a framework. To this end, it will be important that:

- **Individual Learning Accounts:** are properly marketed to employers and individuals; that paperwork for both parties is kept to a minimum; that employer contributions to ILAs are voluntary; that ILA funds can be spent on careers guidance; and that the links with other government schemes such as ISAs is clear
- **Scottish University for Industry:** should be a broker, not a provider, of learning and should play a quality assurance role
- **The new Single Qualifications Framework:** is clearly and effectively marketed

Investors in People needs a new momentum

The Investors in People standard was introduced to tackle two main issues:

- The problem that, while significant amounts of training were taking place, too little was properly evaluated and directed towards organisational goals.
- The problem that training within many organisations can be concentrated on small groups of employees.

Both these issues remain relevant today. And while take up of Investors in People (IiP) had a slow start, it has nonetheless had faster take up than any other business standard in Scottish history. The solution therefore is to improve take up of the Standard, rather than introduce a new set of initiatives. This holds equally true for smaller firms, for whom the principles underpinning IIP are equally valid, but where bureaucracy and ‘initiative fatigue’ can undermine its appeal. But to retain the commitment of employers who have already met the criteria for IIP accreditation for some time, and are looking to go beyond it, there is a need to develop some additional optional units for IiP. The CBI has already made proposals in this regard at UK level.

While overall IiP recognitions have been increasing, their performance of individual LECs is uneven, even allowing for differences in business populations. This reflects differing levels of promotion of and support for IiP across LECs. In general, LECs in the HIE have performed better than those in the Scottish Enterprise area. Seven hundred and forty seven of the total of 2113 Scottish IiP recognitions are in the HIE area, well above what one would expect given the respective business populations. As part of the current reforms of the Enterprise Network, the underperformance of many LECs in the Scottish Enterprise area in this field should be addressed.

Lifelong careers guidance is vital

High quality careers education and guidance is fundamental to a modern economy. With value-added normally created through the application of knowledge and/or through service quality, the better individuals are able to match their skills and aspirations with employment and self-employment opportunities, the more competitive and prosperous such an economy will be.

This importance is not sufficiently well recognised, and in consequence the Careers Service and careers guidance issues generally are not given the attention they deserve. But while high quality careers education and guidance can be a powerful driver for enhanced economic performance, the structure of such guidance, and the way it is delivered, must be appropriate to the characteristics of the labour market.

Business is concerned that aspects of the Careers Service and the basic model for the way careers education and guidance is delivered are not well suited to this new environment. Our concerns centre on:

- **The emphasis on one off decisions at early age:** The focus of Careers Service activity has traditionally been on making sure that young people are provided with advice and guidance prior to, and on labour market entry. This makes sense if jobs or at least careers are for

life and if 14-18 is a time of rapid specialisation. Neither of these things are any longer true. Self employment opportunities may also be underplayed.

- **A focus on traditional distribution channels:** ICTs are changing almost every sector of business and they will do the same for careers guidance. Yet at present, structures (i.e. locally based partnerships), funding and measuring are all assume that well-established methods of delivery such as face-to-face interviews and group discussions will remain the norm.
- **Too public-sector driven:** Careers education and guidance is traditionally an area where the state is responsible for the bulk of provision and this is normally seen as appropriate. But it must not be forgotten that the private sector plays an important role, and the trends towards more fluid career patterns can only increase this. Individual businesses will often provide careers guidance through for example, induction and selection procedures, and Investors in People-driven individual appraisals. And there are private sector companies who offer careers advice and counselling.

The Department for Enterprise and Lifelong Learning is currently conducting a review of careers education and guidance. We would urge the Review to be radical, and to consider:

- **Provision for adults:** Far more provision should be available for adults, where real gaps remain (for example employed adults on low incomes will have little access to careers guidance, but may be most in need of it). Given the constraints of Executive funds, private sector provision will have a role to play. Thought needs to be given to how a private sector market in the provision of good quality but inexpensive careers guidance can be stimulated. Allowing individuals to spend Individual Learning Account funding on careers guidance would help.
- **Impact of ICTs:** The potential of ICTs in this field needs to be exploited. Internet-delivered services offers clients the chance to access information and advice (including one-on-one advice in principle), to a much greater level of expertise and specialisation than is possible with a system based on locally based staff. Face-to-face interviews will remain important, but as just one part of the package on offer.
- **School guidance teachers:** The quality and expertise of school guidance teachers must be explored. Given the pace of change in the labour market, there must be a danger that career teachers will have the necessary expertise, regardless of the professionalism of the individuals concerned. This matters, because as the '17 in 99' survey shows, young people place high regard on advice from such figures, perhaps because they are known to them.

Good links between business and FE Colleges and universities are needed

While this report has concentrated on our concerns around initial education in schools, we recognise the huge role in terms of lifelong learning played by colleges and universities. Business links are better developed with these institutions, because of their role in continuing education and training for many companies. Nonetheless, this good base needs to be built on, and strong links built at all levels as the range and volume of FE and HE provision grows.

We must enable businesses to learn from each other

We discussed earlier how the best firms are seeking to raise innovation and productivity through better use of functional flexibilities, teamworking, employee involvement and so on. It is vital that we enable all Scottish companies to learn from the best, wherever they may be. To that end, CBI Scotland is:

- Launching *Headstart*, a new addition to the CBI's family of benchmarking tools. *Headstart* will enable firms to compare their HR policies across a range of areas with those in 'best in class' firms
- Organising, with Quality Scotland and Scottish Enterprise, a major seminar on best practice in Scottish business, to be held in June 2000
- Organising a major business conference, *Global Scotland* to be held in September 2000. Part of this conference will explore people issues in the success of major Scottish firms

THE NEXT STEPS

We need revised and expanded ASCETT targets

The ASCETT targets played a useful role in the 1990s in clarifying our skills policy objectives and monitoring our progress towards them. New targets are needed to underpin the new skills agenda we have set out. These targets should again be monitored by an independent body, and will need to incorporate a broader range of indicators to reflect the employability agenda.

What CBI Scotland will do

In this report, we have set out a business perspective on the changes we must make to our skills policies if we are to marry the talent and ability of the Scottish people with successful Scottish firms in the way we all talk about.

We have emphasised in this report our concern that business and business expertise has too rarely been engaged by the education sector in debates and changes that are vital to all our futures. We hope that this will change, and Exhibit 10 sets out what we will do to demonstrate our commitment to this engagement.

Exhibit 10

CBI Scotland agenda for action

- Repeat our successful seminar in February, when we arranged for US education and employability experts to set up a workshop for Edinburgh teachers
- Publish this report, and discuss its proposals with any interested party in Scotland
- Consider how to make business expertise on performance management and competence based development available to the teaching profession
- Respond to the national Priorities for Education consultation
- Continue to support the National Centre for Education for Enterprise and Work
- Conduct a survey on the effectiveness of Education Business Partnerships, and publish proposals for strengthening this network
- Continue to work with our members to understand and communicate what 'employability' means in today's labour market.
- Actively work with the Headteachers Association of Scotland and Scottish Business in the Community to promote 'Partners in Leadership'