

THE HIGHLAND COUNCIL

Agenda Item	13
Report No	HC/52/23

Committee: The Highland Council

Date: 14 December 2023

Report Title: Developing a Strategy to Enable a Future Workforce – A Strong and Fair Economy for all

Report By: Executive Chief Officer, Education and Learning
Executive Chief Officer, Infrastructure, Environment and Economy

1. Purpose/Executive Summary

- 1.1 The Highland Council Programme commits to ‘working together to improve quality of life and opportunities for Highland people.’ It also commits to ‘work with public and private sector partners to coordinate employment opportunities.’ These require plans to deliver a more diverse economy to the people and places of the Highlands, enabling people to achieve greater economic success and a stronger and more inclusive economy by accessing improved employment opportunities. In so doing, we can sustain communities, develop growth in key clusters, sectors and geographical areas to grow and retain talent. Our Priority outcomes include growth in our local businesses, inclusive growth where our communities can access jobs with fair wages, neighbourhoods that are supported to thrive and grow sustainably, increased inward investment and improved infrastructure and The Highland Council as an exciting cultural destination for all.
- 1.2 Highland Council and its partners have significant challenges in meeting the future employer demands for future workforce in a number of key sectors. This work relates to parallel reports by agencies such as Highlands and Islands Enterprise and Skills Development Scotland through the Regional Skills Assessment, as well as recognising the documented workforce pressures facing NHS Highland and Highland Council itself. For these reasons, Workforce for the Future for the Highland area is a key strand of activity in the revised Highland Outcome Improvement Plan.
- 1.3 The Wither’s Report, [‘Fit For The Future](#) – developing a post-school learning system to fuel economic transformation’ describes the current skills delivery landscape as complex and fragmented. It sets out a comprehensive vision for the future, where effective lifelong learning unlocks the potential of individuals and communities, shaping the local, regional, and national economy. Tinkering with what we have now will not deliver what we need for the future. The report is focused on post-school learning and training but also recommends changes to the senior phase curriculum and careers guidance in schools.
- 1.4 In the report it recommends:
 - a national skills planning and oversight system, that integrates regional skills planning, working with providers, employers and regional economic partners;

- a single national funding body to oversee the delivery of all publicly funded post-school learning and training provision;
- parity between support for part-time learning and retraining programmes, similar to existing support for full time education; and
- establishment of regional employer boards and a national employers forum.

- 1.5 This report reflects on the interim outcomes of an on-going employability review which has established a number of sectors for particular focus by Highland Council and its key partners. These are: Health and Social Care, Green Energy, Tourism, Digital Technology, Construction and Food and Aqua Culture Sustainability. It sketches out the role of Highland Council in relation to the markets in each of these sectors and how a clear strategy to enable a future workforce should be established and help the people of the Highlands to access secure jobs in future growth sectors through skills training and employment support particularly for those facing the greatest barriers to labour market.
- 1.6 It highlights the range of current and future demands in these sectors and charts the range of supply side solutions and partners that will be available to enable the strategy, including the alignment of funding streams and incorporation of the strategy within other planned and related activity. Since the lack of an available workforce is often the biggest single barrier to business growth, a Workforce for the Future Strategy is essential to align supply side education and training activity to meet the needs of employers and grow the economy organically.
- 1.7 The incorporation of the proposed strategy into the work being done to develop a delivery plan for a recalibrated Highland Council programme, will enable more effective resource alignment across the partnership. This will support related activity and enable more effective budget planning for future years, as well as identifying and addressing common challenges and opportunities facing our communities. The strategy will have a number of cross cutting themes that link to other major strategies across the Council including the Highland Outcome Improvement Plan (HOIP) and the work being done to assess the future population-related challenges in Highland.
- 1.8 Highland is proud of being a welcoming place that confidently celebrates its unique and diverse communities. Many of the challenges facing the people of the Highlands affect our communities differently. This will require radical, context-specific, tailored solutions to ensure that the needs of all of our residents are met, wherever in Highland they live. Those most in need of help will be prioritised through the design of the Strategy. Tackling inequalities and minimising the root causes of poverty will be key actions and will require partnership working across the public sector.

2. Recommendations

2.1 Members are asked to:

- Note** the work done to establish the strategy;
- Note** the purpose of the approach to developing a strategy;
- Agree** that a report outlining the final version of this strategy will be brought to full council in May 2024; and
- Agree** that the Workforce for the Future Board, as described in the paper, be established.

3. Implications

3.1 Resource

- 3.1.1 The expectation is that, if approved, additional resource required to implement the strategy will be considered as part of the budget setting process, with officers tasked to develop propositions that secure efficiencies and align to the main principles of the strategy. It is anticipated that there may be a need for a small, dedicated project team. The team will be established within Education and Learning and members will be appointed on an initial 23 month secondment basis.
- 3.1.2 The strategy will shape the process of securing and deploying resource available to Highland Council through its own agency and that of key partners, enabling alignment with broader policy objectives of this organisation and its partners.

3.2 Legal

There are a number of specific legal implications to this paper. Specific schemes mentioned in this paper covered by legislative and / or national guidance arrangements. These are referenced within the paper as appropriate.

3.3 Community (Equality, Poverty, Rural and Island)

The planned impacts of the strategy on these community aspects area are being planned into specific programmes and projects within the strategy. The approach incorporates local area needs based assessment and the establishment of local skills prospectuses which mobilise employers and public sector partners, like schools and colleges to ward more productively together. Some of these ideas were developed in consultation with the Focus North partnership, which has been long established and is a mature example.

3.4 Climate Change / Carbon Clever

A number of the specific programmes and projects mentioned relate specifically to developing the workforce for the future which can enable a just transition to net zero for Highland as an area and the work of all partners to achieve this.

3.5 Risk

Risks associated with the portfolio of activity are being planned into the key strategic elements of this work to ensure the effective synthesis of activity across the council and with key partners. These will be overseen by a Workforce for the Future Board to be led by the Executive Chief Officer, Education and Learning, who is best placed to ensure that all supply side training and development responses to the stated areas of industry demand for jobs are coordinated effectively.

- 3.6 **Health and Safety** (risks arising from changes to plant, equipment, process, or people)
As with 3.5, any such risks will be managed within the programme.

3.7 Gaelic

One of the key aspects to planning the portfolio of programmes and projects involved in the strategy is the enablement of future careers which involve Gaelic medium. These are being planned in as part of the programme and will be reported on as part of the process. Consideration of Gaelic needs to be from the beginning of the planning stage and involve all aspects of Gaelic learning, culture, heritage and economy.

4. Creating a Workforce for the Future for the Highland Area

- 4.1 The Regional Skills Assessment (RSA) produced by Skills Development Scotland (SDS) for the Highlands and Islands area in October 2023 is included in **Appendix 1**. The RSA data does not separate information for individual authorities, so analysis based for Highland Council must be caveated.
- 4.2 But overall, a picture is presented of productivity levels and average earnings in the area being lower than national average, with anticipated growth in productivity expected to be in line with national trends. The highest value industries in 2023 were Manufacturing, Real Estate, Human Health and Social Work, and Public Administration and Defence. The largest specialism and sector role strength include Fishing Agriculture and Water Transport. However, engagement with SDS by senior officers has focused on the huge opportunities available to the region, especially in relation to national infrastructure developments relating to the Just Transition to Net Zero.
- 4.3 In 2023, Highlands and Islands Enterprise (HIE) published its new five-year strategy, citing a number of once in a generation opportunities for the region. These are expressed in the following terms:
- Improving access to, and investment in, training and education and increasing the number of relevant employment opportunities, including both retention of existing workers and attraction of talent to address skills shortages and facilitate sectoral growth.
 - Securing investment into the region in the form of both inward investment and creating financing and development pathways (public and other sources) to support enterprise development across sectors.
 - Supporting the conditions for growth and ensuring that Growth Deal and wider investments, local assets, and supply chain development relevant to the regional transformation opportunities provide both economic uplift and attractive places to live and work.
 - Actions to ensure that the transition to net zero is undertaken and supported in a just and differentiated way to support different sectors.
 - Ensuring the region keeps pace with and leverages new technologies and data.

The drivers for the HIE strategy are stated as: technology and innovation, demographics, land ownership and land use, political and societal change, and climate change.

- 4.3 In order to expedite planning, there are a number of key sectors in which Highland Council has strategic objectives which might change the context and affect future employment opportunities across the region. See attached **Appendix 1** which highlights the interchangeable connections between the key sectors below. These are as follows:
- **Social Work and Adult Social Care**
 - a) Social Work

The significant level of vacancies, particularly in Children's Social Work teams, has resulted in this being placed on the Corporate Risk Register. Whilst mitigation factors are being driven forward as part of the workforce plan, continued focus has to be given to options available for professional roles within Highland. Attracting workers to Highland, as well as retaining

staff, are key areas. More innovative work – including terms and conditions – will be required.

b) **Adult Social Work and Social Care**

In respect of the challenges faced in recruitment and planned expansion of service need in future, due to the ageing population, this area is anticipated to involve a joint venture led approach, incorporating the planning of anchor organisations (Highland Council and NHS Highland) and focusing on the required future workforce for social work, social care and allied health professionals. It will also enable a more effective workforce for the third sector and private sector providers.

- **Energy and Green Jobs**

The planned developments in the Green Freeport development, which will see the Inner Moray Firth placed at the heart of Scotland's development of an additional 28 gigawatts of energy from off-shore wind and the planned developments of UK government in building the capacity of the national electricity network through SSEN's activity (an anticipated additional 20 – 30 additional gigawatts of capacity into the national grid facilitated by planned developments in the area) might realise between them up to 20,000 jobs. A separate paper on energy shows the business case supporting this area being established as a priority. We will look to establish a Green Skills Academy to deliver the training and qualifications that will ensure that all communities are able to benefit from the well-paid range of employment opportunities associated with the Green Freeport.

- **Digital Skills/Technology and Jobs**

To enable the Highland population to access job opportunities in future locally, national and internationally, a planned programme of pathways and skills planning is being brought forward in anticipation of future industry demand, based on feedback from employer groups and considering the HIE strategic driver and the RSA. This cuts across a range of employment areas from the private and public sector administration and will support digital inclusion, access and skills through working with key partners and agencies. Schools are well placed to deliver high quality digital learning, building on their successes during covid. The digital curriculum offer in the senior phase will include at least one subject being delivered virtually. This will enable and ensure equitable curriculum pathways for all. Expanding the offer to families and community members could increase opportunities and open up pathways to employment for adults. Supporting the need for a new national lifelong digital training record to support the skills agenda and development through life.

- **Tourism**

Related to the levels experienced in the Highlands and the pressures the industry faces in retaining existing staff and recruiting additional appropriate and available staff, a key workstream is being planned to address the specific needs of the sector. This will enable planning towards the planned introduction of the Transient Visitor Levy. This heading incorporates all careers involved in this sector, including hospitality, administration and management.

- **Food Production/Agriculture, Aquaculture**

In recognition of the food insecurity that the area might experience in future, especially in relation to unplanned significant resilience events which create emergencies, it is important that we continue to facilitate the growth of businesses which can enable food and aqua culture production locally. The main barrier to growing agri-business is an available workforce, therefore, this is a key area of planned activity.

- **Construction including Green and Global**

Over the last five years there has been dramatic changes in the construction market. Rising costs of raw materials, limited availability of funding and falling consumer spending. Demographic change also drives demand in the sector. The ageing population of the Highlands and changes to the overall health of the population has had implications for the provision of healthcare facilities, housing, education and infrastructure. The ageing population has implications for the construction sector workforce and supply of skills in the sector. The Global Green and sustainable building industry is forecast to grow, and new workforce skills will be required to meet emerging markets and demand.

5. Bridging the Gap Between Industry Demand for Employees and Supply Side Education and Training Activity

- 5.1 The six sector-based priorities identified in section 4.3, and at **Appendix 1**, have been established in dialogue with key partners, further engagement will be required before a final report is taken to Council in May 2024. The establishment of this sector-based approach will help the alignment of supply side activity of education and training programmes to match and meet current and future industry demand more effectively. There are other sectors of activity which will also benefit as a result of this focus (public administration, for instance). However, focusing on key sectors in a clear and strategic way, will send a message to employers and partners that Highland Council takes a proactive approach to planning effective supports to enable them to succeed in their various ventures, now and in future.
- 5.2 The Council is currently undertaking a review of Employability Services provided by a number of different Services throughout the Council, and how these relate to the activities of external partners. The outcomes will be reported through the Redesign Board, but the key benefits of the review will be a reduction in duplication of activity, and a one-stop approach to employability across the Council. This will also help deliver efficiencies in service provision.
- 5.3 The Council's Business Gateway service provides comprehensive business support to Small and Medium Enterprises (SME) through advice, guidance and grants. This is again an area to ensure that there is no duplication with other agencies and that a joined-up approach is promoted. Given the huge supply chain opportunities arising from, for example, the Inverness and Cromarty Firth Green Freeport, the benefits to SMEs has to be front and centre of a new approach.
- 5.4 The HIE Strategy gives a high-level needs assessment of the three identified areas in Highland Council's area: Caithness and Sutherland, Inner Moray Firth and Lochaber, Skye, and Wester Ross.
- 5.5 Collaboration will be at the heart of the strategy proposed. We recognise that to deliver for the people of Highland we need to work together, sharing good practice, resources, training opportunities to offer a coherent service that meets the labour market requirements of our local economy. However, at the next stage, mapping will

take place by local areas and will include sector-based employment priorities and available resource to meet demand, including a regional prospectus of what is offered within and across the curriculum by schools, college partners, the third sector and the private sector.

5.6 It is envisaged across schools that there is the future potential and in line with the recommendations of 'The Withers Report' and the [Hayward report](#) and subsequent 'Call for Evidence' that the six key sectors identified in this paper could form the basis of a pan Highland curriculum incorporating a skills pathway that would put employers views and relevant qualifications and packages, work related work experience at the heart of planning pathways. This proposed new approach could give a better and more clearly defined integration of academic and vocational qualifications" leading to greater parity of esteem and a qualification for each of our young people in a sector area that would lead to a quality job and therefore supporting the sustainability of our communities.

5.7 This will be brought, when complete, to local area committees in due course. It is essential to harness the local knowledge of elected Members to maximise the potential of the strategy to grow local economies and sustain local communities.

5.8 **Case Illustration**

5.8.1 The Outline Business Case (OBC) for the Green Free Port makes a clear case for the potential of the development to create up to 10,000 jobs. The OBC contained a skills package that has the potential to transform the life chances of young people across the Highlands.

5.8.2 Assuming approval of the OBC, further mapping will be done as the Final Business case is worked on. This will clarify the dimensions of industry demand and the mechanisms by which these might be realised (specific numbers of apprenticeships, for instance). There may also be opportunity to work in partnership with local and national stakeholders to develop the concept of a 'Green Skills Academy' which could house industry standard green technologies for business and individuals to gain the knowledge and skills required to work within the industry.

5.8.3 This is an example of how skills and workforce planning can be structured into contractual arrangements with key delivery partners. Such planned approaches can be built into future procurement arrangements for contracts which can be structured to release increased levels of community benefit and social value.

5.6 **Mobilising Highland Employers**

5.6.1 In order to structure engagement with employers, it is recommended that sector boards be established with industry chairs for each of the six areas of strategic focus. If the strategic approach is approved, work will be done by officers to develop governance arrangements for these boards and to ensure there is full and effective engagement of partners with them.

5.6.2 Work will also be done to build a Highland Employer Charter to co-opt employers to support the strategy and recognise those who do. This is based on national examples of best practice in this area.

5.6.3 There may be further opportunities particularly within our school settings and the potential of the green skills academy to address the national shortage of teachers in STEM related subjects, by using industry experts to deliver components or modules of coursework within our schools. The capacity for professional learning could be

cross sector and maximise the opportunity for partnership work and creativity. Increasing employer knowledge of qualifications, a key challenge nationally.

6. Maximising Supply Side Opportunities

6.1 Developing the Young Workforce (DYW)

6.1.1 The national scheme to develop the young workforce has been Scottish Government policy since 2014. Through it a number of levers of national policy in relation to primary, secondary and tertiary education are aligned. In addition, the Scottish Government's Learner Journey (15 – 24) Review (2018) created a much clearer set of pathways for young people in navigating education and training opportunities towards careers.

6.1.2 In Developing the Young Workforce, there are a range of supports and opportunities established:

- **Universal** entitlements for all young people in school to learning which supports planning for a personal, economic future, such as STEM activities, interdisciplinary learning, personal achievement programmes, supports for positive mental and physical wellbeing and careers advice and guidance;
- **Additional / Targeted** supports for those who require additional inputs or programmes to enable effective transitions to pathways (vocational education programmes, such as those delivered in schools and colleges, foundation apprenticeships and accelerated access to further and higher education activity, as well as targeted business mentoring); and
- **Intensive and Specialist** supports for young people most at risk of being economically inactive (this includes specific supports to ensure care experienced young people achieve a positive economic future, effective planning for future careers for those with significant additional support needs and planning for transitions for those experiencing significantly traumatic events).

6.1.3 Key outcomes:

- Providing and supporting the entitlements of Career Education and work placements for all our Young People;
- Enhancing and informing the Learner Journey through pathways planning and effective use of data;
- Supporting our schools' curriculum to be flexible, widening access and providing equity of opportunity for all;
- Increasing work related learning opportunities to meet the aspirational and economic demand;
- Supporting the wider outcomes of the Young Person's Guarantee through joined up approaches with partners;
- Promoting equity of provision through additional, targeted support of our most vulnerable groups;
- Embedding work related learning and skills into our core curriculum and support profiling approaches; and
- Empowering all stakeholders to lead and develop DYW within their own context.

Developing the Young Workforce have Scottish Government led KPIs.

6.2 Post-16 Employment

There are a range of post-16 employability supports provided for those who are economically inactive across the Highland area. These again follow a staged intervention approach, with a focus on ensuring that provision of programmes and supports meets individual need. This ranges from specific programmes for those who are furthest from the labour market to those who are work ready and more enabled to access opportunities.

6.3 **Accelerating Pathways to Retain Talent in the Highlands**

Engagement with partners has established that a key strand of activity should be the enablement of young people to stay within the highland area and find a pathway to a positive economic future through provision that can be accessed locally. Work with key local and national providers of training and learning needs to accelerate access to jobs. This could include: finding additional education and training places for children and young people prior to school leaving age; identifying and re-engaging young people not in education; employment and training; providing careers advice and guidance to vulnerable young people; and provide support and wrap around services to ensure young people are trained and work ready through a wide range of services. It is proposed that the member introduced “My Future, My Success” through the shared prosperity fund is retained and developed to accelerate to expand the reach of this work.

6.4 **Enabling the Third Sector**

6.4.1 It is anticipated that a strategic approach to enabling the third sector to provide key supply side programmes will be further enabled by the strategic approach, with the capacity to engage national third sector partners, such as Springboard (tourism), SSERC (Science and Engineering), Prosper (Science and Engineering). Third sector strategic engagement will aim to:

- Support – capacity building, development and innovation. The third sectors’ collective power to support communities can create the best possible environment for charities and volunteering to thrive by providing a range of practical support to organisations;
- Connect – communication and engagement. To facilitate and broker opportunities between third sector organisations and between the third sector and public sector partners. It is only through these partnerships that the third sector can make positive changes for the people with whom they work;
- Represent – advocacy and influencing. To work with our members to build and develop stronger relationships with decision and policy makers influencing the dialogue between the third sector and volunteers;
- Involve – empowering communities. To encourage approaches that build the social, environmental and financial capital of communities giving people control over their lives; and
- Evolve – leadership. To support collaborative working to be a more diverse, equal and inclusive organisation informed by available evidence, good practice and insights.

6.4.2 Taking a place-based approach will help map current third sector capacity to support the strategy. This will allow a richer needs assessment, that will underpin future delivery plans.

6.4.3 Lastly, best practice from other parts of the country, such as the Opportunities Fife post-16 scheme, which takes a structured approach to third sector commissioning for employability pathways, will be reviewed and lessons built into propositions that can come forward as part of budget setting.

6.5 **Engaging with National Partners**

- 6.5.1 There is a significant opportunity to leverage more support from national partners for programmes in the Highland area as recommended in the 'Fit for the Future' Report Partnership working with organisations including Skills Development Scotland will enrich the offering across the region.
- 6.5.2 Accelerated pathways to degree status in other parts of the country will be developed in Highland, requiring future planning with UHI and other tertiary partners, with industry focused models enabled.

6.6 **Structuring Local Partnerships**

- 6.6.1 Building a local skills needs assessment with industry partners and a local prospectus of available supply side education, skills and training programmes is the key route to building a stronger culture of partnership activity, which bridges the gap between demand and supply.
- 6.6.2 Learning can be applied from the work which was undertaken in setting up previous schemes to delivery shared apprenticeships. The model can be reworked and updated to meet current conditions and future needs.

7. **Next Steps and Measuring Success**

7.1 **Further Partner Engagement**

- 7.1.1 This strategy has been brought forward in addition to the employability review to provide a strategic map for the future and set a broad approach which can be developed further with partners. It is in line with national requirements, recommendations, and local needs.
- 7.1.2 It requires further exploration with partners and to be worked into the future council programme and delivery plan. It needs to be reconciled with specific budget decision making in February 2024.
- 7.1.3 The strategy will support the work of Community Planning Partners in delivering the Highland Outcome Improvement Plan, which establishes workforce as a partnership priority,

7.2 **The Development of Specific Programmes**

A recalibrated Council delivery plan to support the implementation of its programme will focus on stronger pathways to employment and economic prosperity. Success will be measured against the following areas:

- create an all-age employability service across the Highlands;
- improve delivery of universal programmes of activity in schools throughout the broad general education phase linked to the six sector areas developing a pan Highland approach to skills pathways;
- improve the range, scope, variety, quality, and successful completion of senior phase programmes in work related learning linked to qualifications and the six sector areas identified leading to employment, training or learning opportunities;
- improve the delivery model and successful completion of apprenticeship family;
- improve the acceleration pathways to qualifications in areas of employment connected to this strategy;

- a programme approach to commissioning in tertiary sector, third sector and the private partners as part of a delivery strategy will be brought forward to enable successful implementation;
- a place-based skills prospectus based on needs assessment will be produced to compliment the work of the Local Employability Partnerships with measurable targets for increased activity and impact;
- an employer charter to reward employers who support delivery of this programme will be established for future member approval; and
- the establishment of a pan highland green skills academy to realise the opportunities of the Green Freeport and align training needs and work related qualifications.

7.3 **Incorporation of the Strategic Approach into Future Community Wealth Building Activity**

Building on lessons learned from the Green Freeport and in order to enable planned improvements to generate increased community wealth, there will be an expectation that the strategy will be built into future procurement processes, enabling bids for contracts to be scored in relation to the extent to which they support developments in providing a future workforce for the region. The procurement processes will be expected to align to this strategic approach.

7.4 **Future Budget Planning**

7.4.1 If approved, the strategy will shape the propositions developed by officers to shape planning activity by officers to enable the achievement of a balanced budget and the three-year budget planning process.

7.4.2 This will allow reconciliation between the aspirations of the council programme and any planned developments through the budget process to be calibrated in delivery planning programmes that ensue from both.

7.4.3 Opportunities will be scoped to align existing budgets to support this agenda, including education, employability, workforce planning and the Shared Prosperity and No One Left Behind funding.

Designation: Executive Chief Officer, Education and Learning
Executive Chief Officer, Infrastructure, Environment and Economy

Date: 1 December 2023

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Workforce for the Future – Inward and Outward investment

Key Sectors

- Health & Care
- Energy
- Digital
- Tourism
- Food
- Construction

Regional Skills Assessment

Shared Apprenticeships

Sector Boards

Collaboration

Reward Scheme

Skills

Business Support

Knowledge

Industry Boards

Assessing Industry Demand

Supply side solutions

Qualifications

DYW

Post-16 Pathways

Area Prospectus

HOIP

Council Plan

Community Wealth

Universal

- Curriculum & Quals
- Social Enterprise
- Pers. Achievement
- Work Related Learning

Additional / Targeted

- Vocational Pathways
- Accelerated Degrees
- Business Mentoring
- Enhanced Transition

Specialist / Intensive

- Elite programmes
- CEYP Pathways
- ASL pathways
- Skills Academy