

EQUAL OPPORTUNITIES COMMITTEE
SCRUTINY OF THE DRAFT BUDGET 2015-16
SUBMISSION FROM ARGYLL TRAINING LIMITED

Rural remote issues within the Scottish Modern Apprenticeship and Employability Fund programmes

Argyll & Bute held an economic summit in Dunoon on the 29th of October with the theme “Addressing our Population Challenge”. Argyll & Bute is one of 5 local authority areas showing a depopulation trend that is expected to continue if nothing is done to provide opportunities for young people (and employers) to encourage them to stay in the area or return once they have completed college or university. The depopulation issue and subsequent summit was significant enough to attract speakers such as John Swinney MSP, The Rt Hon Alistair Carmichael MP and Alex Paterson, Highlands & Islands Enterprise as well as senior council officials and major local employers.

Prior to the formation of Skills Development Scotland, Highlands & Islands had the responsibility for national training programmes and the significant challenges of delivering or accessing training services in rural areas was recognised and understood and additional financial support was available to support this. There was a transitional period where enhanced training rates were paid to providers in the HIE area up and until the Employability Fund was introduced in 2013/14.

Modern Apprenticeships: There are no additional funds available to encourage work-based training provision to be developed and delivered in rural and remote areas. Provision is at best patchy and relies on either the goodwill of training providers or proximity to a college based provision who offers work-based learning opportunities (even these are rare)

This means that employers and their staff in these areas are seriously disadvantaged and cannot compete with the cities for what little talent is available locally.

This creates a number of problems:

- Competition for quality staff is magnified
- Developing local careers is impossible
- Attracting and retaining ‘young’ local talent is extremely difficult
- Developing a world class service to match Scotland’s aspirations is made even more difficult
- Succession management for the future is stifled
- Improving customer experience is limited

This is ironic as those ambitious employers who need the most encouragement and support are being left out.

The fall out

Rural areas are more susceptible to a talent drain of young people into the cities. Without the opportunity to get employment that offers a structured career many young people move on. In the Highlands and Islands this can even mean a drain into cities such as Inverness, Glasgow and the central belt. Rural remote employers have difficult enough recruitment problems as it stands without being disadvantaged against their city rivals.

The industry

Across Scotland there are large skill gaps which are magnified in remote areas. Finding and recruiting quality staff to match our world class aspirations is nigh impossible. Attracting, training and retaining local talent ensures that a world class tourist experience can be developed and maintained. Succession planning for future management and leadership relies on career planning and quality opportunities for local people. This can only be achieved within the framework of an established and recognised training and qualification system such as the Scottish Modern Apprenticeship programme.

Funding

The structure of funding means that training providers receive the same funding for delivering training across the road from their offices in Inverness or Glasgow as they get from travelling 240 miles round trip to Campbeltown or on the islands of Islay, Arran, Mull and Tiree. There is simply no incentive or value to be gained by travelling these distances. Expenses include: lengthy time spent on-the-road, fuel costs, ferry fares, overnight accommodation and opportunity costs (could be doing something profitable).

Solutions:

Funding needs to be available to match the additional costs of delivering in these remote areas. It was available under HIE funding but disappeared under SDS.

Modern apprenticeships can offer real career pathways in these areas, the chance to develop a career on their own doorstep with the same consistency and quality of training and qualifications that their city colleagues would expect. In many cases it is not practical or cost effective for small employers to send their young employees to the mainland or central belt for training as they are integral members of staff and need to be on site to contribute to the business so this needs to be addressed. Many of these young people wish to remain in the area but limited training and/or employment opportunities can condemn them to a prolonged period of worklessness which can be a difficult cycle to break.

Skills Development Scotland is currently reviewing contribution rates for Modern Apprenticeships and this has further reduced the contribution rate in the hospitality sector which could be another nail in the coffin for rural businesses in terms of recruiting and maintaining staff, it will also impact on training opportunities as it will no longer be viable to offer training services in the remote and rural areas.

Employability Fund: The introduction of the Employability Fund has seen a change in funding model based on a pilot delivered over 6 months in the central belt involving groups of young people already signed up and committed to a learning programme, mainly within a college setting. The reality in rural areas, such as Argyll, is a referral rate of 1 or 2 young

people at a time so the cost of delivery is more expensive. Like the MA programme, HIE previously offered a higher rate to providers to offset the higher delivery costs which have steadily increased year on year.

The Employability Fund requires providers to have a range of work experience placements available for young people referred to the programme, these all have to be vetted in advance to ensure they meet statutory health & safety requirements. In an urban setting it is possible to carry out health & safety checks in a cost effective way as they are usually within a close proximity and can be done fairly quickly. Preparing placements for young people in Campbeltown involves a 240 mile round trip (5-6 hours travel) or a return ferry journey which takes the same amount of travel time but reduces the mileage by 80 miles but it does add a £39 ferry fare. If you consider island delivery there are added costs for ferry fares, training accommodation and overnight accommodation costs for staff which are not an issue in urban areas.

The change in the funding model has also impacted on unemployed adults; many of the courses previously offered at Stage 4 of the Employability Fund are no longer financially viable to deliver in remote and rural areas so people who would have previously benefited from these are now missing out.

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