



Regional Skills Investment Plan

For the Tay Cities Region

Foreword

The Tay Cities region is at a turning point, as the £350m Tay Cities Deal starts to transform the local economy, with strong growth in tourism, culture, and the knowledge industries stemming from our world-class higher and further education and research sectors.

Our community is geographically large and varied, incorporating two cities, four universities and some of Scotland's most beautiful countryside. Our ambition is for the region to have one of the most productive knowledge-led economies in Europe, where its residents are happy and healthy and able to develop and be their best in meaningful, fair work.

Although the Tay Cities region is making strong progress in its economic transformation, there remain major skills and employability challenges that need to be addressed to ensure that key sectors can grow, and that those without work can take their first steps back to work. The region is on its way to fulfilling this vision but there are challenges around ensuring the economic growth is truly inclusive and that the whole region's population benefits. Too many employers still report skills shortages in areas like digital and engineering.

The Tay Cities Deal is not the only major force that will impact on the workforce of the region. There are likely to be massive challenges ahead as a result of the impact of Brexit, and the uncertainty that this brings to employers in the agriculture, food & drink and hospitality sectors, particularly in rural areas. All the partners (see Appendix 1) will work to ensure that emerging vacancies are filled rapidly through employability interventions aimed at those without work.

This Regional Skills Investment Plan for the Tay Cities region has been developed by the Tay Cities Management Group comprising all four local authorities and relevant public and private sector partners. This was achieved through a series of workshops and one-to-one interviews with a wide cross-section of stakeholders, resulting in a collective vision which aligns with the Tay Cities Skills and Employability Programme and the broader aspirations of partners involved in the Tay Cities Region Deal.

The regional partnership across the public, private and third sectors is strong and ambitious, and we are determined to ensure that the benefits of these opportunities are shared across

the population. We aim to give all our people, including those who are inactive, unemployed or on lower than the average wage, as well as those in later life and wish to re-enter employment, the skills they need to play a full and rewarding part in the economic resurgence of the Tay Cities area, developing to the best of their abilities.

But, most importantly, we will promote inclusive growth that helps to tackle the deep-rooted inequalities that still exist in many parts of our region. This will enable us to tackle long-term unemployment, help our young people to engage in positive activity and enable those in entry-level jobs to progress to better paid fair employment. And we will make sure that marginalised groups like care-leavers, ex-offenders, people with physical or mental health conditions, and those in deprived communities have access to the skills support that will help them get back into the workplace, or another positive destination such as training or education.

These are exciting times for the Tay Cities region, and the culture of partnership working will make sure that we spread the benefits of economic growth as widely as possible throughout the region.

**Tay Cities
Management Group**



This Regional Skills Investment Plan for the Tay Cities region has been developed by the Tay Cities Management Group comprising all four local authorities and relevant public and private sector partners.

1 Executive summary

The Tay Cities region incorporates the local authority areas of Angus, Dundee City, Perth & Kinross and the north east area of Fife.

A joint Tay Cities Regional Economic Strategy, 2017-37, highlights inclusive growth as a priority area and spells out an ambition to make the region one of the most productive, knowledge-led economies in Europe, where everyone benefits and no-one able to participate is left behind. Economic development partners worked together to prepare the submission of the Tay Cities Deal to the UK and Scottish Governments, Heads of Terms of which were signed in November 2018.

The four broad objectives of the strategy are to:

- raise productivity to the Scottish average or above
- close the jobs-gap by increasing the region's employment rate to the Scottish average
- reduce unemployment to the Scottish average
- focus on the region's sectoral strengths and opportunities.

The Tay Cities area faces some challenges and, to achieve these objectives, must address and turn around the facts that, relative to Scotland, in the region:

- productivity is lower, with GVA per job of £46,900 compared to £47,300 for Scotland

- employment rates are lower, at 73.6% compared to 74.1% for Scotland
- employment growth is slower, with a 10-year forecast growth of only 0.1% per annum compared to 0.3% for Scotland
- economic inactivity rates are higher, at 23.6% compared to 22.4% for Scotland.

There is already a lot of good work underway to address the issues above but it is recognised that more can and needs to be done to maximise the opportunities available through the Tay Cities Deal and ensure that the opportunities it creates are shared equitably across the region.

The region has many assets which it can exploit effectively and build upon for its long-term benefit in terms of inclusive growth. Identifying and celebrating these assets is part of the confidence-building required to motivate partners in relation to the challenging, forward-looking goals and objectives detailed in this document.

The key regional assets identified in relation to employment and skills are:

- good quality colleges and universities with diverse and strong specialisms
- a strong network of private and third sector training providers
- Dundee Waterfront, where substantial investment has been made along with other significant current and prospective private and public sector investments across the region

- the Tay Cities Deal which will bring with it other investment from the Scottish and UK Governments and, downstream, from private investors, with potentially 6,000 jobs being generated
- the collaborative process of developing the Tay Cities Deal, which facilitated enhanced partnership working across the public and third sector partners, but importantly also with key private sector players
- the early outputs of the Tay Cities Deal development process, which has already yielded the regional approach to employability, and which is likely to enhance cost-effectiveness and a more rapid sharing of good practice.

Every effort needs to be made to maximise the value from the Tay Cities Deal in which up to £20 million was awarded by the Scottish Government to support the delivery of the Tay Cities Skills and Employability Development Programme to deliver Fair Work by investing in appropriate areas of skills development. This should involve ensuring that, where lower-skilled jobs are created, a commitment is made to generate opportunities for skills development and progression through appropriate provision, including work-based learning. The Regional Skills Investment Plan must therefore be central to helping to maximise the value of the existing workforce in the region, which will constitute a significant proportion of our future supply of skilled labour.

No dramatic changes in the nature of employment, by occupation or sector, are projected to take place before 2027. However, in light of the uncertainty generated by Brexit digitisation and automation, the region needs a skills system which can respond quickly if the pace of employment change speeds up significantly.

This Regional Skills Investment Plan was developed in partnership with key stakeholders across the public, private and third sectors (Appendix 1). It focuses on skills investments and interventions at the regional level, while being mindful of the need to articulate well with skills activity in individual local authorities and Community Planning Partnerships, as well as the work of national agencies and the Scotland-wide sectoral Skills Investment Plans.

It is designed to contribute to:

- driving inclusive growth in the Tay Cities region by guiding the design and implementation of more appropriate and effective skills investments and interventions
- supporting the effective implementation of the Tay Cities Deal and helping to maximise the value of the deal for people, communities and businesses in the Tay Cities region
- Scottish Government priorities in relation to inclusive growth, a fairer Scotland, and other key strategic drivers.

It provides a practical way forward for dealing effectively with issues that need to be resolved to promote inclusive growth in the region and has a clear Mission.

2 Tay Cities Skills Investment Plan Mission

We will fully support the delivery of the Regional Economic Strategy and promote inclusive growth by helping to:

- raise productivity to the Scottish average
- close the jobs gap and improve job quality
- reduce unemployment
- build on sectoral strengths and opportunities.

We will work to create a smarter and fairer Tay Cities region with positive benefits for our economy and our population's health and well-being, and which is attractive to inward investors due to our highly-skilled workforce and responsive skills system.

We will simplify the skills system, actively address unnecessary duplication, build in agility to respond quickly to shocks and opportunities, and put individuals and employers at the heart of the system.

This mission was discussed, developed and agreed by the partners and stakeholders. Its purpose is to give clarity for all the partners, and to external bodies engaging with the partnership, as to the central purpose in developing and implementing the Regional Skills Investment Plan.



There are concerns about the impact of Brexit on the number of non-UK EU citizens willing to come here for work, or indeed continue working here

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Our strategic goals

The purpose of this Regional Skills Investment Plan is to provide a practical way forward for dealing effectively with issues that need to be resolved to promote inclusive growth in the region. To give more specific clarity of purpose, and building upon the mission, six strategic goals have been agreed:

1. Build a larger supply of more appropriately skilled new entrants to the workforce.
2. Reduce economic inactivity rates and narrow the employment-rate gaps confronting disabled people, minority ethnic groups and care experienced people, and address gender inequality.
3. Stimulate growth of investment by employers in their existing employees and create more Fair Work.
4. Enhance the skills of people already running or trying to establish their own business, including third sector organisations, by increasing the volume and effectiveness of interventions.
5. Support the development and delivery of an effective skills system which is characterised by greater agility, inclusivity and resilience.
6. Create a robust and effective cities region skills governance structure to drive the delivery of the Skills Investment Plan.



Almost 90% of the region's employed residents work within the region

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Our strategic goals continued

Strategic goal 1: Build a larger supply of more appropriately skilled new entrants to the workforce.

This aims to support increases in the productivity and competitiveness of key and growth sectors within the region.

It is important to bring young people through different stages of the education process successfully. The incidence of positive destinations in the region has improved markedly since 2009/10¹ with the percentages accessing higher education and employment rising significantly, although this is accompanied by a slight drop in the percentages going onto further education. The net result is that the number of school leavers entering unemployment has halved since 2009/10. A great deal of this improvement is down to the performance in Dundee, where there has been a rise in those reaching positive destinations from 89.6% to 91.5% since 2009/10.

Despite this, on the indicator of the Annual Participation Rate (2018),

which captures the proportion of 16 to 19-year olds in learning, training or work, Dundee's 88.7% was the lowest for all 32 local authority areas and well below the Scottish average of 91.8%². Both Angus and Perth & Kinross outperformed the Scottish average on this measure. Data is not available at sub-local authority level for north east Fife, however Fife as a whole had an Annual Participation Rate of 90.1%.

Particularly in the context of the changing labour market, and where jobs themselves are being transformed in relation to the nature of the tasks involved, a more sophisticated approach to labour market intelligence (LMI) is now required. As teachers and parents may have had very limited first-hand experience of jobs other than their own, there is a need to develop more practical material explaining what is involved in many jobs, as well as setting out the qualifications and pathways leading into specific jobs and careers. The need for better advice and guidance for young people around subject choices and career options was highlighted in the 15-25 Learner Journey Review.³ Quality LMI will also be of great value to adult job-changers looking for new employment opportunities through choice or necessity.

It is acknowledged that the three Developing the Young Workforce (DYW) groups operating across the different parts of the region make a very significant contribution. However, connecting with young people, teachers and parents through school engagement is challenging and feedback from some stakeholders is, nonetheless, that engagement with schools is patchy and, in some situations, ineffective. The issue seems to be largely a lack of resources in the broad sense of the term at the level of the school.

Colleges

The region has a strong college infrastructure with regional colleges for Dundee & Angus and Fife. Perth College, part of the tertiary University of the Highlands and Islands (UHI), has a local focus and Scotland's Rural College (SRUC) has a presence in the Elmwood Campus in Cupar.

College enrolments, in terms of course provision, are well aligned to local sectoral strengths:

- Dundee & Angus College has significant provision in business, care, performing arts, recreation, catering/food/tourism, health care, construction and engineering
- Perth College is strong in relation to languages/cultural studies, care, arts & crafts, food/hospitality, healthcare and engineering
- the SRUC Elmwood Campus specialises in healthcare, agriculture, horticulture and animal care
- Fife College serves a much larger population and employer base than north east Fife so it makes little sense to draw the same comparisons.

The colleges also work directly with (groups of) employers, to provide bespoke training services to meet their specific needs.

¹ Regional Skills Assessment, Tayside, Insight Report (2017).

Available at: <https://www.skillsdevelopmentscotland.co.uk/media/44105/rsa-indesign-tayside-2.pdf>

² 2017 Annual Participation Measure Report

³ The 15-24 Learner Journey Review, Available at: <http://www.gov.scot/Publications/2018/05/4774>

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Our strategic goals continued

Universities

Universities have increasingly drawn students from beyond the borders of Scotland in addition to their regional catchment areas. By the same token, university graduates are amongst the most mobile members of the community, with many able to compete successfully in the global labour market once they complete their studies.

The region has four universities; Abertay, Dundee, UHI and St Andrews, each offering distinctive specialisms in terms of research expertise, with the potential to impact positively on the development of new enterprises within the region.

Retention rates vary significantly by student origin (with the great majority of overseas students returning to their home country), the nature of the course (e.g. nurses and teachers trained at Dundee University make a big contribution to the region and wider Scottish economy) and the strength of the local economy in terms of its capacity to offer opportunities to graduates. Approximately 27% of Dundee graduates remain in the region, putting it in the same league as major cities such as Cardiff and Leeds for graduate retention⁴.

There are strong links between Dundee & Angus and Perth Colleges and the universities through articulation agreements, with college students able to enter degree courses at universities in the second or later years following successful studies at the colleges. However, this needs to be expanded to incorporate schools into the pathway to allow for shorter learner journeys, as highlighted in the 15-24 Learner Journey Review. For the north east Fife part of the Tay Cities region college-university links are less pronounced as this area forms a relatively small part of Fife College's catchment area and the University of St Andrews attracts many students from outside Scotland.

Apprenticeships

The Scottish Government is strongly committed to work-based learning, a point which is underlined in the emphasis placed on expanding work-based learning in the 15-24 Learner Journey Review. Apprenticeships are a core component of the work-based learning effort. Within the Tay Cities region, excluding north east Fife:

- Modern Apprenticeship (MA) starts fell slightly from 2,096 in 2011/12 to 2,003 for 2018/19. This is compared to a slight rise at the Scottish level in the same period
- Foundation Apprenticeships (FAs) are a relatively recent innovation. Participation rose from 28 for the first cohort (2016-18) to 84 for the second cohort (2017-19) and 97 in the third cohort (2018-20). These figures look set to rise again in the coming academic year and there will be opportunities for shared learning around best practice for managing and delivery of FAs across the region as we move forward
- Graduate Apprenticeships (GAs) are the most recent addition to Scottish Apprenticeships. The Tay Cities region achieved 23 starts in 2017/18 with over half of these from Angus.

Off-the-job training for apprentices is generally provided by colleges and private training providers. The latter are an important part of the region's skills provision landscape, helping deliver apprenticeship assessment and training, as well as more bespoke skills development activities for employers.

Apprenticeships are jobs therefore the distribution across sectors in the region corresponds closely with the structure of the regional economy – with health & social care, retail & customer service, food & drink, and hospitality & tourism featuring strongly.

Given the significance of micro and small businesses across the region, particularly in Perth & Kinross and Angus, engaging employers in apprenticeships can be challenging. Small businesses tend to have shorter order books and work to shorter time horizons and apprenticeships involve long-term commitments to those taken on. One of the approaches to stimulating small employer involvement in apprenticeships is the shared apprenticeship model. Angus Council has developed such a model around construction and the intention is to examine the feasibility of rolling this model out into more sectors across the region.

Key actions - Strategic goal 1:

Build a larger supply of more appropriately skilled new entrants to the workforce. This aims to support increases in the productivity and competitiveness of key and growth sectors within the region.

Timescale: Short-term = up to 1 year, Medium-term = 1 to 3 years, Long-term > 3 years

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
<p>Enhance the range of careers information, advice and guidance material available to:</p> <ul style="list-style-type: none"> provide information on jobs/ careers and the required entry qualifications and alternative pathways into specific roles identify the crucial meta skills and competencies shared across a range of jobs. highlight opportunities for everyone in roles with high levels of gender imbalance demonstrate opportunities for progression from entry-level jobs in sectors with recruitment issues. <p>This information should be targeted at young people, those returning to work, existing workers and key influencers to promote careers in key sectors across the Tay Cities region.</p>	<p>Skills Development Scotland Employers DYW Further education Local authorities Community development centres Employability services</p>	Short	<ul style="list-style-type: none"> increase awareness of career opportunities and pathways within the region increase awareness of key, transferrable skills, both amongst employers and potential employees, and how they relate to different jobs reduce the gender imbalance in a range of job roles. 	<ul style="list-style-type: none"> employers will have access to a wider talent pool within the region clearer understanding of career pathways and transferable skills.
<p>Enhance young people's understanding of the world of work by:</p> <ul style="list-style-type: none"> increasing use of Marketplace (ourskillsforce.co.uk/marketplace - an online portal for businesses to connect with schools and help shape the future workforce) in schools across the region and using this to boost the number and diversity of work experience and work inspiration events for young people making greater use of work-based mentoring support to (re) engage young people who are furthest from employment or training, or at risk of becoming so. 	<p>DYW/local authorities Schools</p>	Design - short Delivery - medium	<ul style="list-style-type: none"> work inspiration events available in every school in the region career opportunities/ pathways in the region more clearly understood. 	<ul style="list-style-type: none"> young people will have a better picture of what the world of work has to offer over a range of sectors fewer young people will be at risk of not attaining a positive destination when leaving education employers/staff will gain experience when acting as mentors for young people.
<p>Make the most of engagement activity between employers and schools/colleges/universities by enhancing collaboration between organisations and promoting a more regional approach. Educators, employability practitioners and employers should work together to co-design an improved employer-engagement process whereby employers can help enhance the understanding of skills needed in their sectors.</p>	<p>Regional FE/ HE forum Skills Development Scotland Further education DYW</p>	Medium	<ul style="list-style-type: none"> enhanced partnership working and collaboration should ensure engagement activity remains relevant to both the regional economy and school/college/ university curricula employers have greater input into the design and, possibly, delivery of some of the curriculum career opportunities/ pathways in the region more clearly understood 	<ul style="list-style-type: none"> curricula remain relevant to the regional economy students will be able to interact with employers at all levels of their educational journey and thus will gain much stronger and more balanced work experience before they enter the world of work.

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
<p>Mount an effective regional effort around Foundation Apprenticeships to ensure year-on-year growth across each part of the region, with FAs available in all schools, and aiming to have a proportionate number of all pupils undertaking FAs in Scotland being from the region. Employers should be central to the development and implementation of FAs within the region and involved at every stage including promotion, recruitment and delivery. Their understanding of FAs as a route to recruitment into MAs and GAs should be enhanced.</p>	<p>Skills Development Scotland Further education DYW Schools</p>	Short	<ul style="list-style-type: none"> make FAs available across all schools in the region proportion of FAs delivered in the region matches proportion of Scottish S5 students in region FA provision closely matches the needs of local employers more employers taking part in development and delivery of FAs enhanced uptake of apprenticeships at all levels across the region. 	<ul style="list-style-type: none"> larger choice of work-based learning which is relevant to the local economy for students in school increased awareness amongst employers of FAs and their value in developing the pipeline of skills for the future.
<p>Develop and deliver a regional campaign to enhance employer understanding and uptake of Modern Apprenticeships.</p>	<p>Skills Development Scotland/ Further education Higher education Employers NHS Local authorities Health and social care partnerships DYW</p>	Medium	<ul style="list-style-type: none"> enhanced uptake of Modern Apprenticeships across the region. 	<ul style="list-style-type: none"> pipeline of skilled labour relevant to regional needs.
<p>Build a stronger regional approach to Graduate Apprenticeships as a mechanism to develop high-level skills in the region. Focus on explaining the model more effectively to employers and on showcasing early successes.</p>	<p>Skills Development Scotland Higher education Employers</p>	Short	<ul style="list-style-type: none"> Graduate Apprenticeships are more fully understood by employers and students and more widely utilised across the region more diverse routes into degree-level employment in the region. 	<ul style="list-style-type: none"> greater numbers of people qualified to degree level with career-relevant skills gained during study.
<p>Be prepared to commit additional resource to a regional shared apprenticeship model, learning lessons from Angus. This model fits well with the high proportion of micro to small-employers in the region.</p>	<p>Dundee & Angus College Local authorities Further education</p>	Short	<ul style="list-style-type: none"> more SMEs will have access to apprentices more apprentices will have access to work-based learning. 	<ul style="list-style-type: none"> greater numbers of people able to qualify with skills relevant to the region potential for greater numbers of people to start their own businesses once qualified.
<p>Involve key and growth-sector employers as much as possible in the (re)design of the above actions and support of relevant actions within the individual sectoral Skills Investment Plans.</p>	<p>Tay Cities Executive Forum</p>	Ongoing	<ul style="list-style-type: none"> local employers are fully involved in developing and delivering relevant skills training in the region. 	<ul style="list-style-type: none"> people moving into employment have the right skills when they begin a role with less need to upskill or reskill.

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Our strategic goals continued

Strategic goal 2: Reduce economic inactivity rates and narrow the employment-rate gaps confronting disabled people, minority ethnic groups and care experienced people, and address gender inequality.

This aims to increase the supply of skilled labour across the region.

Scottish Index of Multiple Deprivation (SIMD) data shows persistent concentrations of deprivation in Dundee, Perth, Arbroath and Blairgowrie (Rattray), areas which have been consistently amongst Scotland's 20% most deprived. The more rural areas suffer from relatively little deprivation, other than in terms of geographic access to services, which is a particular issue in areas in the north of the region. The majority of north east Fife is in deciles 5 to 10, and shows little deprivation.

It is well known that the average age of the Scottish and UK population is

increasing, leading to a rise in the proportion of the population who are older than the traditional retirement age of 65. The current working-age population in the region stands at more than 300,000 although this is predicted to fall by almost 1,000 by 2021 and a further 4,000 by 2026. However, this fall of 5,000 is less than 2% of the total working-age population and between 2011/12 and 2016/17 the number of people aged 65 or above who were still in employment almost doubled from 5,300 to 10,000.

Despite there being almost 300,000 people of working age in the Tay Cities region the effective labour supply is a lot smaller. The economic inactivity rate for the Tay Cities region, excluding north east Fife, is 23.6%, higher than that of Scotland (22.4%). A large proportion of economic inactivity is associated with full-time education, caring responsibilities, etc. However, a significant proportion is attributable to people not actively seeking work due to health, disability or other issues.

The employment rate across the region is 73.6%, below the Scottish average of 74.1%. In Dundee, this drops to 67%, where there is a

particularly high rate of households that are workless (25.8%, Jan to Dec 2017).

If the employment rate for Dundee could be raised to 70%, this would expand the numbers in work by nearly 4,000 and contribute significantly to addressing the issue of the reduction in the working-age population due to demographic change. It would simultaneously contribute to inclusive employment growth and help to offset any potential loss of EU labour in the region.

There are substantial variations in access to employment for different groups in the Tay Cities region. Overall, the employment rate for females is just above 70%, compared to nearly 76% for males. While 72% of people identifying as 'white' are employed this drops to 56.5% for all other ethnic groups and the employment rate for people reporting a disability is 50% compared to 78.5% for non-disabled people. Closing these gaps would

contribute significantly to inclusive growth while expanding the supply of labour to employers within the region.

Dundee, in particular, has a high rate of economic inactivity with an embedded problem of long-term unemployment⁵ giving way to economic inactivity over time. Great efforts have been mounted to tackle long-term unemployment in Dundee over the last 10 to 15 years. Given that the 50+ age group are more at risk of transitioning into long-term unemployment and economic inactivity following redundancy, more should be done to help this sector of the population through a more focused Partnership Action for Continuing Employment (PACE) initiative aimed at this sector of the population.

In recent years, Fife has developed a more strategic approach to tackling joblessness through the development of the 'Opportunities Fife Partnership'.

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Our strategic goals continued

The Tay Cities partners have agreed to plan and manage employability delivery at the level of the Tay Cities region making them well placed to become Scotland's exemplar of how to implement effectively the Scottish Government's strategic drive to ensure 'No One Left Behind'. A major exercise has already been carried out to map employability services delivered with the use of local authority resources across Angus, Dundee and Perth & Kinross. Two important general points can be drawn out:

- a substantial number of clients are catered for over a 12-month period, the bulk of these reside in Dundee
- the European Social Fund (ESF), now expected to run to 2022, is an important short-term source of financial support.

Scotland's devolved employment service, 'Fair Start Scotland', began delivery on 1 April 2018. This targets unemployed people further from the labour market, not too dissimilar to the groups focused on by local authorities in their own employability delivery over the years.

Having launched Fair Start Scotland, the Scottish Government is focused on closer integration between employability and other cognate services, such as health, criminal justice, skills, etc. This is in recognition of the fact that people who are longer-term unemployed and economically inactive often confront a range of impediments to finding and sustaining work, and consequently need a range of different services.

There is already a strong tradition in Tayside of joining up employability and related services. Given the high level of economic inactivity and long-term unemployment in Dundee, in particular, it will be essential to maintain and improve effective joint working across relevant service delivery partners funded by local government, the Scottish Government and DWP who, in addition to their role in the management of the benefits system, deliver work-coach services to unemployed people. Encouragingly, in 2017, there was a substantial expansion in the number of work coaches available through DWP JobCentre Plus to deliver these services.

Inequality can also be an issue for young people entering the labour market and the DYW strategy focuses attention on, among other things, the need for greater equality in terms of participation in Modern Apprenticeships, where females, ethnic minorities, disabled people and care experienced young people are often significantly under-represented. In relation to gender however, the Tay Cities region does well, particularly in Dundee, with 46% of apprentices being female, versus 40% for Scotland overall. There is a mixed picture in relation to participation of disabled people and members of minority ethnic groups in the Modern Apprenticeship programmes, although Dundee does better than the Scottish average.

Tackling potential issues before young people enter the labour market can reap great rewards. DYW Perth & Kinross ran a pilot of its ground-breaking "Resolutions" equalities initiative whereby students in S4 with personal challenges, or who may be at risk of a negative destination, were allocated a dedicated employer mentor and attended workshops on preparing for work, positive thinking and enterprise. Initial evaluations of the pilot indicate a clear impact on the young people taking part with both students and mentors giving positive feedback.

Taking cognisance of Education Scotland's programme to embed inclusion, equity and empowerment, which embraces equality and diversity, the Regional Skills Investment Plan must make provision to expand the labour supply by bringing more disadvantaged people into employment, including disabled people and the over 50s. Bringing forward relevant and high-quality skills provision will be critically important in this endeavour, but this must complement efforts to attract and retain highly skilled people by making the Tay Cities region an even better place to live.

Key actions - Strategic goal 2:

Reduce economic inactivity rates and narrow the employment-rate gaps confronting disabled people, minority ethnic groups and care experienced people, and address gender inequality. This aims to increase the supply of skilled labour across the region.

Timescale: Short-term = up to 1 year, Medium-term = 1 to 3 years, Long-term > 3 years

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
Build on the extensive employability mapping exercise already carried out to: <ul style="list-style-type: none"> explore whether there is duplication of employability services, and reduce duplication where it is found, with a view to recycling the resource into some of the previous actions review, on a regular basis, the synergies with 'Fair Start Scotland' to ensure resource deployed by regional organisations is used effectively create a significant pot of flexible money to support the acquisition of occupation and/or sector-specific certificates to facilitate job re-entry, should any resource savings be associated with the above actions create a more effective partnership arrangement across different employability funders at the UK, Scottish and regional level to ensure planning and funding of provision for the Tay Cities region is not carried out in silos. 	Regional Skills Governance Group	Medium	<ul style="list-style-type: none"> comprehensive information available at a regional level relating to employability services, providing the ability to share good practice at a regional level rapid and timely identification of any 'surplus' resource which can be redeployed/directed to enhance the offer. 	<ul style="list-style-type: none"> comparable good practice in employability service delivery at a regional level reduced silo working and greater sharing of resource.
Create an integrated regional approach to reducing gender inequality to better than 25:75 in specific occupations by 2030. This should be an inclusive approach which targets those in school and about to enter the workforce as well as those already in work and residents who are older and economically inactive.	Regional Skills Governance Group Skills Development Scotland DYW Third sector	Medium	<ul style="list-style-type: none"> more balanced workforce with greater numbers of females in traditionally male sectors and males in traditionally female sectors. Working to 2030 target in line with HE/FE target dates reduce gender segregation by 5% by 2021 increase female participation in STEM occupations by 5% by 2021. 	<ul style="list-style-type: none"> more balanced workforce with greater inclusivity across a range of careers irrespective of gender greater access to talent for employers.
Increase the employment rate of minority ethnic groups in the Tay Cities region to match the demographic population.	Regional Skills Governance Group Skills Development Scotland DYW Third sector	Medium/long	<ul style="list-style-type: none"> reduced employment inequalities, discrimination and barriers across the region. 	<ul style="list-style-type: none"> everyone can fulfil their potential and improve Scotland's economic performance as a result.
Significantly increase employment rates among disabled people, aiming to deliver the Scottish Government's plans in this area by working with both employers and potential employees across the region.	Regional Skills Governance Group NHS Health & social care partnerships Remploy (Fair Start) Skills Development Scotland DYW Third sector	Medium/long	<ul style="list-style-type: none"> reduce employment gap between disabled and non-disabled people by 25% by 2022 reduce gap between disabled and non-disabled people undertaking a Modern Apprenticeship in the region by 25% by 2022. 	<ul style="list-style-type: none"> larger % of working age population economically active. Works towards Scottish Government's target of reducing the disability gap by at least half by 2038.

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
Significantly increase the employment rate across the region for people with mental health issues (currently around 20%). Work closely with the NHS and third sector to identify effective existing approaches within the region and beyond, with a view to rolling out a more significant programme of measures. Consider more effective support for volunteering.	Regional Skills Governance Group NHS Health & social care partnerships Remploy (Fair Start) Skills Development Scotland DYW Third sector	Long	<ul style="list-style-type: none"> reduced employment inequalities, discrimination and barriers across the region 	<ul style="list-style-type: none"> everyone can fulfil their potential and improve Scotland's economic performance as a result.
Given the evidence that people aged 50+ are less successful in the labour market, develop a regional effort focusing on this age group to redeploy them quickly, as they are at the most risk of becoming long-term unemployed and economically inactive.	Regional Skills Governance Group	Short/medium	<ul style="list-style-type: none"> people aged 50+ are better supported to re-enter the workforce greater confidence in career management and digital skills in the older workforce. 	<ul style="list-style-type: none"> greater retention of skills within the workforce in the region fewer long-term unemployed and economically inactive people in the region.
Continue to implement the PACE initiative to support all those affected by redundancy.	Skills Development Scotland		<ul style="list-style-type: none"> people are supported to re-enter the workforce and provided with appropriate skills to do so. 	<ul style="list-style-type: none"> greater retention of skills within the workforce in the region fewer long-term unemployed and economically inactive people in the region.
Given the threats to employment posed by digital disruption, develop digital reskilling provision to reduce the risk that existing workers are declared redundant.	Further education	Short	<ul style="list-style-type: none"> a digitally skilled and adaptive workforce within the region fewer people at risk of being made redundant due to inability to adapt with job roles. 	<ul style="list-style-type: none"> more versatile and adaptive workforce within the region greater number of people economically active within the region.
Work with the Scottish Prison Service to develop routes into employment services that will help support more people with a conviction to find and sustain work.	DWP	Medium/long	<ul style="list-style-type: none"> more people with a conviction able to enter and sustain meaningful employment. 	<ul style="list-style-type: none"> fewer people unemployed fewer people reoffending.

3 Our strategic goals continued

Strategic goal 3: Stimulate growth of investment by employers in their existing employees and create more Fair Work.

This aims to enhance employees' skills, raise their productivity and earnings resulting in promotion to higher level roles and freeing up entry-level jobs.

Fair Work sits high in the policy agenda in Scotland and is an underpinning principle of the Tay Cities Regional Economic Strategy. Skills investment is central to the creation of decent working opportunities by increasing earning capacity and many employees will see training opportunities as a way to progress in the workplace as part of a Fair Work package. However, the region has a substantial base of micro to small businesses. Due to constraints on staff time, encouraging smaller businesses to engage in training and skills offerings can be challenging. However, enabling them to take full advantage of upskilling and reskilling opportunities will help smaller businesses to scale-up and thereby

grow the volume and diversity of the business base across the region.

The last National Employer Skills Survey where reports are publicly available was in 2017⁶. Arguably, the labour market is now a bit tighter as employment rates have risen and unemployment fallen. Bearing this in mind, the 2017 reports on recruitment and skills utilisation issues for Tayside show:

- of the employers who were trying to fill a vacancy in the previous 12 months, 7% reported hard-to-fill vacancies where the main cause was lack of appropriate skills
- around 17% of employers reported skills gaps in their existing workforce (these can be due to a range of factors including recently recruited staff not yet up to speed)
- 41% of employers reported cases of underutilisation of skills within their workforces.

One example of skills underutilisation issue is graduates working in low-skilled jobs. The Higher Education Statistics Agency reports⁷ 23.7% of UK graduates (first degree and post-graduate) going into non-professional roles, although it is worth noting that Dundee University is in the top 10 universities in the UK for the proportion of graduates going into graduate-level work or further study. This figure rose from 70% in 2014 to 82% in 2018.

Key actions - Strategic goal 3:

Stimulate growth of investment by employers in their existing employees and create more Fair Work. This aims to enhance employees' skills, raise their productivity and earnings, resulting in promotion to higher level roles and freeing up entry-level jobs.

Timescale: Short-term = up to 1 year, Medium-term = 1 to 3 years, Long-term > 3 years

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
Ensure that skills are integrated into local sectoral plans that are being developed for the growth sectors in Tay Cities region, ensuring they align with the sectoral Skills Investment Plans.	Scottish Enterprise Skills Development Scotland Empowered Tay Group Employers	Medium	<ul style="list-style-type: none"> • skills needs in regional growth sectors considered in conjunction with other sectoral needs • alignment of regional planning with national sectoral policy. 	<ul style="list-style-type: none"> • pipeline of skilled labour relevant to regional needs.
Create a regional workforce development fund, open to employers in the key and growth sectors, which aligns or co-invests with the college funding for workforce development and similar funding which may emerge from the Tay Cities Deal.	Tay Cities Joint Committee	Medium	<ul style="list-style-type: none"> • an enhanced workforce development funding offer across the region which would allow greater access to funds for small, non-levy-paying companies. 	<ul style="list-style-type: none"> • enhanced productivity across the region with a wider range of enterprises, particularly SMEs, benefitting from access to training funds.
Develop and deliver a regional campaign to get more employers to make greater use of the Flexible Workforce Development Fund to upskill current workforce. Involve employers in the co-design and delivery of the campaign.	Skills Development Scotland/ Higher education Employers NHS Local authorities Health & social care partnerships DYW	Short	<ul style="list-style-type: none"> • better knowledge amongst partners and stakeholders of what types of training are available regionally • greater uptake amongst partners of Flexible Workforce Development Fund. 	<ul style="list-style-type: none"> • companies better able to reskill/upskill staff to keep pace with changing working environment • enhanced talent pipeline which is aligned to employer needs in the region.
Explore the potential for the greater deployment of community benefits linked to public sector procurement to drive increased employer investment in their workforce's skills and fair employment.	Tayside Procurement Consortium Local authorities	Short	<ul style="list-style-type: none"> • a consistent regional approach to community benefits • community benefits given higher priority and consideration when assessing bids to regional public sector bodies • more community benefits delivered by stakeholders per public sector contract. 	<ul style="list-style-type: none"> • across the region, those in most need will have greater access to community benefits via public sector contracts.
Commit regionally to the principles of Fair Work and work towards a region which pays the living wage and avoids zero-hours contracts.	All	Medium	<ul style="list-style-type: none"> • more people are encouraged to take up opportunities offered by support agencies • more people on regular contracts and earning the living wage • fewer people suffering 'in-work' poverty. 	<ul style="list-style-type: none"> • lower unemployment and underemployment rates across the region • better social well-being across the region.

⁶ Fairer Scotland Action Plan 2016, Available at: <http://www.gov.scot/FairerScotland>

⁷ HESA Destination of Leavers 2016/17. Available at: <https://www.hesa.ac.uk/data-and-analysis/publications/destinations-2016-17/introduction>

3

Our strategic goals continued

Strategic goal 4:

Enhance the skills of people already running or trying to establish their own business, including third sector organisations, by increasing the volume and effectiveness of interventions.

The region is dominated by micro-businesses, having between zero and nine employees, but has lower business birth and death rates than the Scottish average, and only 43% of new businesses survive into their fifth year. The evidence shows a correlation between entrepreneurship, as measured by the number of start-ups, and economic growth. While many of the region's micro-businesses may have been set up in response to economic opportunities rather than creating them, enhancing the skills of those trying to establish and grow new businesses will have a positive effect on the regional economy.

Key actions - Strategic goal 4:

Enhance the skills of people already running or trying to establish their own business, including third sector organisations, by increasing the volume and effectiveness of interventions.

Timescale: Short-term = up to 1 year, Medium-term = 1 to 3 years, Long-term > 3 years

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
Enhance mentoring and e-learning support for owner-managers in micro-businesses and third sector organisations, focusing on key and growth sectors and their supply chains.	Elevator/ Business Gateway Scottish Enterprise Breakthrough Dundee Chambers of Commerce	Short	<ul style="list-style-type: none"> better, more easily accessible support for small businesses and third sector organisations to start up, succeed and/or improve capacity greater sustainability of small businesses and third sector organisations across the region. 	<ul style="list-style-type: none"> raised productivity across the region due to larger number of sustainable businesses increase in capacity and resilience of social enterprises.
Involve more staff from key and growth industries in delivering compelling messages about the realities of their industries for potential start-up businesses and micro-businesses looking to expand.	Elevator/ Business Gateway Scottish Enterprise Skills Development Scotland	Ongoing	<ul style="list-style-type: none"> more people encouraged and supported to start up own businesses ensure people considering starting a business are more aware of potential pitfalls or difficulties early in the process and are encouraged to seek appropriate, timely support creation of a support network across sectors in the region. 	<ul style="list-style-type: none"> creation of a healthy business eco-system whereby support is readily available across the region for businesses at all stages of operation increase in number of businesses across the region.
Embed enterprise and innovation skills in core coursework across all FE and HE provision. Continue to share best-practice and learning from this in institutions across the region.	Further education/ Higher education Elevator/ Business Gateway Scottish Enterprise	Short	<ul style="list-style-type: none"> graduating students have a clearer understanding of how businesses work, enhancing their ability to integrate into employment graduating students motivated to start their own business. 	<ul style="list-style-type: none"> employers have access to new staff with a clear understanding of the world of business and how their role relates to their business as a whole greater number and variety of business start-ups across the region.
The Business Gateway Elevator model has become established in Dundee in a partnership with Dundee University, and is now being delivered in Perth & Kinross. This should be further promoted in Angus and north east Fife to encourage uptake. Barriers to access should be identified and addressed to ensure that the programme is being utilised by businesses across the region.	Elevator/ Business Gateway	Short	<ul style="list-style-type: none"> more accessible support to businesses across region more collaboration across region by linking in with third sector and social enterprises cross-referral between Elevator and social enterprises, resulting integration of networks more recruitment of business 'trainees' from across the region. 	<ul style="list-style-type: none"> more small businesses scale up more small businesses develop faster.

3

Our strategic goals continued

Strategic goal 5: Develop and deliver a skills system which is characterised by greater agility, inclusivity and resilience.

There are clearly concerns about the impact of Brexit on the number of non-UK EU citizens willing to come here for work, or indeed continue working here. Good quality data on this at the level of the Tay Cities region is not available. However, data on registrations for NI numbers indicate a fall of just over 800 EU nationals in the last full year for which data are available. The immediate threat is plain to see and the real longer-term danger is that the EU migrant workforce tends to be much higher than average in sectors such as agriculture, food & drink and hospitality, putting at risk the sustainability of businesses in these sectors and impacting most severely on the more rural areas of the Tay Cities region.

The Regional Skills Investment Plan will respond to this challenge by aligning itself closely with the Regional Economic Strategy.

This will ensure it plays fully into Scottish strategic priorities while at the same time focusing on the distinctive needs and opportunities of the Tay Cities region, and supporting the aspirations set out in local strategies and plans.

In relation to the Tay Cities Deal, Heads of Terms of which were signed on 22nd November 2018⁸, the Regional Skills Investment Plan must support the delivery of the Tay Cities Skills and Employability Development Programme and the effective implementation of the projects funded through the deal, while at the same time making every effort to build upon and benefit from the opportunities the deal generates for businesses, communities and people in the Tay Cities region.

The strategic approach to skills, and the implementation of the Regional Skills Investment Plan, will need to build in resilience and flexibility to respond to employment and labour market outcomes which could change quickly and dramatically as Brexit unfolds and if automation accelerates.

Key actions - Strategic goal 5:

Support the development and delivery of an effective skills system which is characterised by greater agility, inclusivity and resilience.

Timescale: Short-term = up to 1 year, Medium-term = 1 to 3 years, Long-term > 3 years

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
Develop a shared understanding of 'Agility, Inclusivity and Resilience' which incorporates unambiguous measures of these concepts and use as a basis for developing skills proposals.	Regional Skills Governance Group	Short	<ul style="list-style-type: none"> ability to provide a scoring matrix for project owners and assessors clearer understanding amongst project owners as to the criteria under which projects will be measured and assessed all projects taken forward will be agile, inclusive and resilient. 	<ul style="list-style-type: none"> all projects align with Scottish Government and Regional Policy and deliver on the Inclusive Growth agenda ensuring maximum impact for those who need it most.
Develop innovative methods to reduce restricted access to skills learning and work in rural parts of the region. These could include enhancing online skills delivery and interventions in relation to transport costs and/or frequency.	Scottish Enterprise Remploy Skills Development Scotland	Short/medium	<ul style="list-style-type: none"> equitable access to training across the region regardless of geography. 	<ul style="list-style-type: none"> more highly skilled workforce of lifelong learners increased regional productivity.
Support the effective implementation of the projects funded through the Tay Cities Deal and make every effort to build upon and benefit from the opportunities the deal generates for businesses, communities and people in the Tay Cities region.	Regional Skills Governance Group	Short/medium/long	<ul style="list-style-type: none"> the region will deliver benefits for local residents which will align with both Scottish Government and regional policy. 	<ul style="list-style-type: none"> by ensuring both Tay Cities Deal projects and those arising from the Regional Skills Investment Plan are fully aligned, maximum benefit across the region will be gained from both.

3

Our strategic goals continued

Strategic goal 6:

Create a robust and effective Tay Cities region skills governance structure to drive the delivery of the Regional Skills Investment Plan.

This will be supported by high-quality intelligence on labour market requirements and the effectiveness of skills interventions.

A regional Skills Governance Group, incorporating a wide range of key stakeholders, and involving all key players in the education and skills system, has been created to monitor and evaluate the delivery of the Regional Skills Investment Plan, including the skills elements of the Tay Cities Deal. This will facilitate more effective regional decision-making in relation to investment in education and skills, ensure implementation of the projects agreed in the Tay Cities Deal is not constrained by skills deficiencies within the region and support local businesses, communities and people to secure the maximum benefit possible from the Tay Cities Deal projects.

Key actions - Strategic goal 6:

Create a robust and effective Tay Cities Region skills governance structure, to drive the delivery of the Skills Investment Plan. This will be supported by high-quality intelligence on labour market requirements and the effectiveness of skills interventions.

Timescale: Short-term = up to 1 year, Medium-term = 1 to 3 years, Long-term > 3 years

Key actions	Partners (lead in bold)	Timescale	Outcomes	Impacts
Set up a Regional Skills Governance Group to oversee a regional skills governance structure that involves all education and skills players in the Tay Cities region. This will take skills planning out of individual silos and will tie decision-making into pursuing the strategic goals outlined above.	Skills Development Scotland All	Complete	<ul style="list-style-type: none"> enhanced regional partnership working ensuring equitable and transparent process for delivery of the Regional Skills Investment Plan. 	<ul style="list-style-type: none"> reduction of silo working and skills interventions have regional impact/benefit.
Enhance the quality of regional labour market intelligence, in part by collating 'softer' knowledge on employers' skills needs gained by various organisations through their employer engagement activity. Key messages should be disseminated appropriately.	Regional Skills Governance Group	Ongoing	<ul style="list-style-type: none"> clearer regional picture with a more nuanced view of local labour market with anecdotal evidence and local intelligence being used to supplement evidence-base. 	<ul style="list-style-type: none"> more targeted interventions implemented across the region.
Enhance intelligence on the rates of return, at the regional level, flowing from different skills investments. Use this enhanced intelligence to evaluate effectively and measure performance and rates of return on different skills investments, projects and pilots in the region.	Regional Skills Governance Group	Short/medium/long	<ul style="list-style-type: none"> increased evidence base available to determine where interventions are having an impact ability to consider the social return in addition to 'hard data' ability to determine clearer quantifiable measures against which milestones can be assessed. 	<ul style="list-style-type: none"> more reactive systems in place to ensure interventions are stopped/ altered when not delivering or enhanced where a clear need is determined.
Conduct challenging, annual, year-end progress meetings, and act on their findings.	Regional Skills Governance Group	Short/medium/long	<ul style="list-style-type: none"> a critical assessment of each project will be carried out annually (or more frequently where suitable) ensuring resources are being effectively utilised. 	<ul style="list-style-type: none"> efficient and effective use of resources to ensure projects are delivering ability to stop projects which are not performing in a timely manner allowing resources to be redirected to more beneficial interventions.

4 Economic and labour market context

The Tay Cities region sits within the wider Scottish and UK economy and labour market, and is therefore impacted upon by the health of these wider economic systems.

The UK economy and labour market are closely tied to Europe and, increasingly, economies such as those in the Far East, which are generally growing more rapidly. What we do in the Tay Cities region will have limited impact on these wider stages, but what happens beyond the Tay Cities region will have significant consequences for the health and vibrancy of the regional economy.

Economic growth

As the deep recession which began in 2008 started to bite hard concerns grew about the loss of jobs as well as the changing quality of jobs on offer, with an increase in temporary work, bogus self-employment, part-time work and zero-hours contracts. However, many of these features of the labour market pre-dated the recession and can be viewed as longer-term trends. Whereas, previously, employment was seen as an essential mechanism for tackling problems of poverty and inequality, it has now become clear that creating

good jobs (fair work) is at least as important as growing the volume of employment.

Although the UK and Scottish economies have recovered from the 2008 recession in terms of output and employment, productivity and earnings growth have been limited. The short term prognosis for the UK and Scotland is for weak growth, well below 2% per annum, with the Scottish Fiscal Commission projecting under 1% growth annually up to 2023⁹.

The global drive to increase productivity and competitiveness has fuelled innovation in how goods are produced and services delivered. At the heart of this is the substitution of capital for labour; the greater use of 'machines' versus people. The revolution in digital technologies has widened massively the potential for robots to carry out, efficiently and safely, tasks formerly the preserve of workers. Research has identified the tasks and occupations most at risk however the speed at which 'automation' will impact is difficult to predict. This trend carries huge ramifications for the nature and volume of employment, and the skill sets that will be required in the future.



Employment rates are lower in the region at 73.6% compared with the rest of Scotland

4

Economic and labour market context continued

In addition to this is the uncertainty around Brexit. While the full effects of Brexit will not be felt in the short run, we can already see a dampening of investment with consequential reductions in economic growth, and a significant reduction in the rate of growth of net migration from the other EU countries. Economic experts, with very few exceptions, predict significant negative impacts on UK trade and on foreign direct investment into the UK, with severe consequences for economic growth, employment and real incomes.

Both Brexit and automation pose great challenges for employment and skills at the level of all city regions. However, they also introduce great uncertainty for those trying to plan for inclusive growth¹⁰.

UK policy and strategy context

Although the UK Government has power over the major economic drivers of the Scottish economy through its management of macro-economic policy, economic development and skills are devolved matters.

While some devolution of specific benefits is taking place, the major aspects of the welfare system that impact closer to the labour market, including benefit payments and tax credits, remain under UK Government control.

One of the major UK Government skills interventions in recent years is the introduction of the Apprenticeship Levy which is collected from employers throughout the UK. Scotland's share of the levy is used to support skills, training and employment, encouraging workforce development both in terms of up-skilling of existing employees and resourcing the funding of Scottish Apprenticeships¹¹.

There is anecdotal evidence that some levy payers have reduced their investment in apprenticeships as a consequence of the levy payments. However, Scottish ministers remain fully committed to the 30,000 starts target for Modern Apprenticeships and 5,000 starts for Foundation and Graduate Apprenticeships in Scotland by 2020. There is no expectation that the impacts of the levy will have any bearing on this policy.

The UK Government has produced an Industrial Strategy¹² but it is unclear to what extent this will find application within Scotland. Where there may be connections is to those strands of the strategy which are sector as opposed to geography-focused.

Scottish policy and strategy context

Scotland's Economic Strategy¹³ sets out the Scottish Government's purpose "to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth." It has two key goals:

- increasing competitiveness through enhanced productivity
- tackling inequality through increased participation in employment.

The strategy provides a framework for the achievement of these goals, with actions targeted on four broad priority areas:

- **investing** in our people and our infrastructure in a sustainable way
- fostering a culture of **innovation**, and research & development
- promoting **inclusive growth**, and creating opportunity through a fair and inclusive jobs market and regional cohesion
- promoting Scotland on the **international** stage to boost our trade and investment, influence and networks.

Compared to previous strategies, there is much greater **emphasis on inclusive growth** – the need to generate both sustainable economic growth and a fairer distribution of the benefits of growth - with

recognition that appropriate investment in employability and skills will have a major role to play in achieving this.

The Scottish Government has published a suite of strategies and policies to support the economic development and inclusive growth agendas, all of which can impact upon city regions and sub-regions of Scotland. In addition, there has been a growing emphasis on the role of Scotland's colleges and universities in helping to drive economic growth and promote greater inclusion. The development of a network of regional colleges was designed in such a way as to accelerate this contribution.

Investment in skills can significantly improve the ability of individuals to gain and remain in higher-quality, better paid jobs. With this in mind, there have been changes in the organisational infrastructure for planning, managing and delivering skills services as a result of the 2016 Enterprise and Skills Review¹⁴.

Generally, there is a strong desire on the part of the Scottish Government to promote a much more effective transition into the world of work for Scotland's young people, paying particular attention to those who experience greater disadvantages in relation to accessing skills and employment. DYW is a significant employer-led programme operating through regional groups to drive this

¹⁰ Centre for Cities, City Outlook 2018, Available at: <http://www.centreforcities.org/wp-content/uploads/2018/01/18-01-12-Final-Full-Cities-Outlook-2018.pdf>

¹¹ What you need to know about the Apprenticeship Levy, Available at: <https://www.skillsdevelopmentscotland.co.uk/news-events/2017/april/what-you-need-to-know-about-the-apprenticeship-levy/>

¹² Industrial Strategy: building a Britain fit for the future (2017), Available at: <https://www.gov.uk/government/topical-events/the-uk-industrial-strategy>

¹³ Scotland's Economic Strategy (2015), Available at: <https://beta.gov.scot/publications/scotlands-economic-strategy/>

¹⁴ Enterprise and Skills Review: Report on Phase 2 (2016), Available at: <http://www.gov.scot/Publications/2017/06/4042>

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Economic and labour market context continued

There are also many important processes which have become embedded in the Scottish landscape and which are relevant to skills investment planning at the city region level. Mainly these revolve around outcome agreements with localities, colleges and universities, where the intention is to reflect local and sub-regional skills and other requirements in the way Scottish Government and its agencies invest at these geographical scales.

Devolution of employment services emerged from the Smith Commission¹⁵. Employment is viewed by the Scottish Government as an outcome which needs to be shared more equally across equalities groups in relation to gender, ethnicity, socio-economic disadvantage, and others, as articulated in the 'Fairer Scotland Action Plan'¹⁶. More specifically, the Scottish Government has committed to at least halving the disability employment gap.

A transitional Scottish employment service was introduced from April 2017, with the launch of the new programme, 'Fair Start Scotland', in April 2018. Additionally, the Scottish Government plans to coordinate employment services much more effectively with DWP JobCentre Plus, and with other cognate services such as health, community learning and development, etc. as part of an alignment and integration agenda clearly set out in 'No One Left Behind'¹⁷.

Scotland's Economic Strategy retains a sectoral focus in terms of economic development and skills are seen as a key element of international competitiveness for our key sectors. Skills Development Scotland has led a process of developing Skills Investment Plans for these sectors, and sector skills investments within the Tay Cities region need to build on the intelligence and the Scottish-level actions for these sectors set out in the SIPs. This process can help drive up the productivity and competitiveness of key sectors in the Tay Cities region, as well as tackling any current or impending skills shortages which can hold back the growth of these sectors.

A final aspect of the Scottish landscape is the significant importance placed by the Scottish Government on the contribution that can be made to inclusive growth by third sector organisations, both as direct employers and as providers of key services, and by trade unions, for example in relation to promoting and supporting workplace learning.

Devolution of economic governance – shared Scottish and UK agenda

City deals and regional growth deals

The UK Government, for a number of years, has been developing and implementing a strategic policy perspective around decentralisation of government, principally to city

regions and regional growth areas. The fundamental thinking in terms of this development is the idea that city regions are in a better position than central government to identify the types of policies and programmes that will further the economic growth of their localities. This notion has principally been applied to infrastructure and skills investment.

Tay Cities Deal

In the specific context of the Tay Cities region, at a time of a general decline in resource for public bodies, including local authorities, a City Region Deal offers a potentially significant injection of investment resources principally, but not exclusively, through major infrastructure investment. Local authorities within the Tay Cities region are able to plan and implement substantial infrastructure projects which could significantly enhance transport connectivity across the Tay Cities region with potential employment benefits for many people. There are significant potential skills investments which can complement the infrastructure investment to maximise the value to the Tay Cities region economy, business base, and employment generation, and generate wider benefits through higher earnings and reduced unemployment.

The Tay Cities Deal will be crucial for creating the impetus required to drive

forward, expeditiously and effectively, towards the objectives set out in this strategy.

The deal has potential to secure over 6,000 job opportunities over a 10 to 15-year span and it is vital to note that all the projects in the Cities Deal will be required to contribute to inclusive growth through improved employment and earnings outcomes.

A key element in the Tay Cities Deal proposition is the Skills and Employability Development Programme to deliver Fair Work. This programme aims to reduce skills shortages and gaps and deliver incremental system-wide improvements to ensure inclusive growth. It will do this by boosting the flow of individuals from disadvantaged groups and supporting reskilling into the career opportunities that will be generated through, and as a result of, the investment in the Tay Cities Region Deal.

As part of the offer to the UK and Scottish governments on behalf of the partners in the Tay Cities region, it has been agreed to plan and manage employability services on a regional, as opposed to a local basis. A Tay Cities Skills Governance Group, which draws on a wide range of key stakeholders, has been created and will monitor and evaluate the delivery of the skills elements of the Tay Cities Deal, as well as the Regional Skills Investment Plan, which has a much wider focus than the Tay Cities Deal.

¹⁵ The Smith Commission, Available at: <http://www.gov.scot/Topics/constitution/smith-commission>

¹⁶ Fair Start Scotland, Available at: <https://beta.gov.scot/publications/fair-start-scotland/>

¹⁷ No One Left Behind - Next Steps for the Integration and Alignment of Employability Support in Scotland, Available at: <http://www.gov.scot/Publications/2018/03/5358>

5 Employment and skills demand

Detailed analysis of the employment levels and skills needs and challenges across the Tay Cities region is available in the Regional Skills Assessments^{1,18} which are updated annually and published on Skills Development Scotland's website.

A summary is given here but it should be noted that data from north east Fife cannot be broken out from Fife as a whole and so is not included in the summary.

Business base

The region has a strong heritage and a bright future in key industries and sectors including engineering, food & drink, life sciences, healthcare, tourism, energy (including oil and gas), creative industries, financial services, and digital & multimedia technologies.

The region reflects the Scottish picture in that it is dominated by micro businesses (0 to 9 employees), with less than 1% of businesses having 250 employees or more. Business birth and death rates are below the Scottish average, and only 43% of new businesses survive into a 5th year compared to 46% for

Scotland as a whole.

In broad terms, the sectoral make up of businesses in the Tay Cities region is very close to the Scottish picture, although a little heavier in relation to agriculture, forestry & fishing, construction, accommodation & food services and arts, recreation & entertainment and a little lighter in relation to employment in information and communication, finance & insurance and professional, scientific & technical services.

Sectors

The largest employing sectors across the region are health & social care (31,200) and wholesale & retail (31,000). Education is also a major employer and, when considered along with the numbers employed in health & social care, the region shows a significant dependence on public sector jobs, particularly within Dundee City. However, the aggregate position of 28% employed in these three sectors is the same as the Scottish average.

Substantial numbers of people are also employed in key sectors such as tourism (19,500), construction (15,800) and food & drink (13,000) and the region is increasingly being recognised for emerging industries such as life sciences, energy, ICT/digital and creative industries. In 2017, the total employment level for these four sectors combined was around 14,500 with creative industries accounting for around 40% of these jobs.



Tourism, construction and food & drink supported 48,300 people in the region, with 25,200 job openings predicted in the next decade

5 Employment and skills demand continued

Occupations

Across these sectors the greatest number of job roles, in descending order, are in professional occupations (32,800), elementary occupations (22,100), associate professional and technical occupations (21,800) and sales & customer services (21,800). Together, these four occupation groupings account for over 50% of all job roles across the region.

Qualifications

Higher level qualifications are associated with higher earnings and a lower risk of unemployment. It is also the case that regions with better qualified working age populations are better placed to attract foreign investors. With approximately 8.4% of the working age population in the region having no or low qualifications, similar to the Scottish proportion, there is significant scope to enhance the 'quality' of the labour supply by reducing this proportion over time.

Just over 9% of employees across the region are qualified to the highest SCQF levels 11 to 12 (Masters and Doctorate) while just over 11% are qualified at SCQF levels 1 to 4 (National 1 to 4).

Based on working-age population data, there was a rise in the number of people qualified to SCQF levels 7 (Advanced Higher) to 12, from 38.8% in 2012 to 42% in 2017.

Earnings

Angus, Dundee and Perth & Kinross residents all have average weekly earnings below the Scottish average (£563). Within this:

- average earnings of people **working in** Angus (£499) are lower than those for people working in Dundee (£558) or Perth & Kinross (£530)
- average earnings of people **resident in** these three areas are much closer together at £544 for Angus, £508 for Dundee, and £508 for Perth & Kinross.

Variations in average earnings reflect a number of influences, including the occupational and sectoral mix of jobs and the incidence of part-time working in each of these local authorities.

Travel to work

The region makes up a relatively self-contained travel to work area with almost 90% of the employed residents working within the region:

- around 84% of Dundee's employed residents work in Dundee
- around 59% of Angus's employed residents work in Angus
- around 78% of Perth & Kinross's employed residents work in Perth & Kinross
- less than 3% of employed residents of Angus, Dundee, and Perth & Kinross commute to Fife for work

- around 91% of jobs in the region are filled by residents of Angus, Dundee, and Perth & Kinross
- competition for jobs is strong in Dundee, and 34% of jobs are held by in-commuters
- nearly 6% of jobs in Angus, Dundee and Perth & Kinross are held by Fife residents.

Looking to the future

Employment projections

Within the region it is predicted that there will be a rise of around 2,800 jobs between 2018 and 2028¹⁹. However, this increase is equivalent to yearly growth of only 0.1%, compared to 0.3% for Scotland as a whole. Within this, although full-time employment is projected to increase, part-time employment is projected to rise at a faster rate and employment amongst females is projected to increase while male employment remains flat. It is important to note that these statistical employment projections struggle to take account of the potential downsides for future employment levels due to Brexit and 'digitisation.' In other words, this projection for the decade to 2028 could well be optimistic.

In addition to the above net employment growth, many employees will retire from the workforce due to age or health conditions, move away from the region, or leave the workforce for other reasons, resulting in an anticipated replacement demand equivalent to around 65,700 job openings over the coming decade.

Sectoral demand

Projections to 2028 indicate relatively limited changes to the mix of employment across sectors:

- human health & social work, and wholesale & retail will remain the biggest employment sectors in 2028¹⁹
- construction is expected to show the largest net job growth (1,300 jobs)
- manufacturing is predicted to show a net decline of nearly 2,000 jobs.

In terms of the total requirement for new recruits (the combination of net employment change and replacement demand) by sector over the decade to 2027¹ there are likely to be:

- around 19,000 job opportunities in wholesale and retail
- about 10,500 job openings each in accommodation & food services and human health & social work
- nearly 9,000 job openings in agriculture, forestry and fishing, almost all of which will be in Angus and Perth & Kinross.

5 Employment and skills demand continued

Focusing on the Scottish Government's key sectors, the ones with the greatest total requirements for new recruits are:

- tourism: 10,900 job openings
- health & social care: 10,400 job openings
- food & drink: 8,800 job openings
- construction: 5,500 job openings.

Occupational demand

Total requirements for new employees by occupation over the decade to 2028²⁰ are likely to be high for:

- elementary occupations: clerical and services: 11,100 job openings
- sales occupations: 8,700 job openings
- teaching and research professionals: 7,200 job openings
- skilled trades: 6,700 job openings.

From an education and skills perspective, it is important to understand what is anticipated in relation to occupational levels. It is projected that by 2027¹:

- 34% of jobs will be 'higher level', such as teaching, health and research professionals

- 25% of jobs will be 'middle level', such as administrative posts, skilled trades and technical workers
- 41% of jobs will be 'lower level', such as sales and customer services, and 'elementary' occupations.

These percentages are very similar to the current position in the region. The projections for Fife¹⁸ point to fewer low-level and more mid-level jobs in the future.

Qualification levels

The expectation is that by 2027 there will be a slightly higher proportion of jobs requiring qualifications at high levels, and a corresponding fall in jobs requiring only low or no qualifications. It is important to stress that the changes projected are by no means dramatic.

Over the period 2017 to 2027, the total requirements in terms of job openings will be greatest for people with qualifications at SCQF 7 to 10 (55,900), SCQF 6 (12,000) and SCQF 5 (17,900).



17% of the region's employers reported skills gaps in their existing workforce

5 Employment and skills demand continued

Changing skillset requirements

More widely, the literature on the changing nature of the labour market highlights the skillsets that will be needed increasingly by individuals to satisfy employer needs. These include:

- **agility and resilience** to respond to different employment opportunities (noting that changing jobs will become an increasing phenomenon) and different tasks and demands within jobs as organisations become flatter in structure and more responsive to change
- greater use and application of **IT & digital skills** across all sectors and occupations
- **STEM** skills to respond to the advancements made in the life sciences, digital and engineering sectors
- **enterprise, entrepreneurial and marketing skills**, particularly in the creative and digital sectors where self-employment and contract work are prevalent

- **management and leadership skills** to help organisations of all types to respond effectively to future economic opportunities and uncertainties, identify and adopt new product and process innovations, enhance their ability to utilise and develop the skills of their workforce and so help to raise the region's productivity levels
- excellent **customer service skills** as these are required across almost all sectors, but particularly retail, tourism, health & social care, and early learning & childcare sectors.

Tay Cities Deal jobs potential

The Tay Cities Deal will lead to significant capital investment across the region, together with other job-generating projects. The initial estimate is that it will help generate 6,000 jobs. Bear in mind the potential significance of this in light of the forecast of only modest employment growth in the absence of the Tay Cities Deal.

To maximise the impact of the Tay Cities Deal for employment and skills opportunities for local residents in line with the strategic drive of regional economic strategy, a number of key actions are required – initially to set up a process which:

- identifies deal projects whose effective implementation will require specific actions on skills
- identifies deal projects which offer significant employment potential for local people if they can be appropriately skilled to take advantage of them
- generates a series of timelines for each of these projects to enable the scheduling of appropriate skilling to be organised
- puts in place plans to raise awareness of the opportunities and the skills development capability to help recruit local people into the relevant skills pipeline
- works closely with colleges and other training providers to ensure appropriate skills capacity is in place when needed

- ensures that community benefit procurement is effectively mobilised to work in close synergy with skills developments
- puts in place an effective monitoring system to make sure all of these actions are working effectively for the maximum benefit of local jobseekers.

These actions are incorporated in the key actions aligned to all six strategic goals.

Other potential job generating investments

In addition to, and building upon, the prospective Tay Cities Deal investments, there will be a number of other large-scale capital investments in the region, as well as the major investments at the Dundee Waterfront. For example:

- the development of the V&A creates direct employment opportunities, but is also a major catalyst for increasing demand in the region's wider visitor economy with potentially significant employment impacts on the hospitality, digital and social media sectors
- the potential to develop an International Hub for the offshore decommissioning sector, with the possibility of a formal link with a major Norwegian decommissioning company. This would impact significantly on construction employment in the first instance, before creating direct employment opportunities in the decommissioning processes.

5 Employment and skills demand continued

As with the Tay Cities Deal, every effort should be made to maximise the benefits of these investments for local residents, including those further from the labour market. The process described above to maximise the benefits of the Tay Cities Deal investments should be applied to all major investment activity involving the private and public sectors.

Outcomes

Implementation of key actions in this plan will allow us to maximise the value of our existing workforce by encouraging employers to invest in their existing employees and create more Fair Work. This will enhance employees' skills, raise their productivity and earnings and promote them to higher level jobs, with the knock-on effect of freeing up entry-level jobs for those new to the job market. With the education system and employers working closely together, training and skills provision can be targeted at those areas in most need and which will produce the greatest economic impact.

Creating a clearer message to young people around the economy of the region and the jobs within it, as well as increasing the amount and value of work-based learning, will help build a larger supply of more appropriately skilled new entrants to the workforce. This will also assist in bringing more people successfully through the different stages of education into positive destinations and help to retain talent in the region.

Preventing people entering long-term economic inactivity, reducing economic inactivity rates and

narrowing the employment-rate gaps confronting disabled people, minority ethnic groups and care experienced people will also increase the supply of skilled labour across the region.

Enhancing the skills of people trying to establish their own business, as well as those already running a small business, will encourage new businesses to start up and grow, adding to the number and diversity of businesses across the region as well as the number of potential job opportunities as these businesses start to grow.

The development of a highly-skilled workforce and the creation of a flexible and responsive talent/skills pipeline will enhance the attractiveness of the region to inward investors.

While these actions will have clear impacts on the economy they will also have a positive impact on the population's health and well-being by ensuring that economic growth is shared amongst the residents of the region allowing everyone to benefit from the work carried out.

This work will be achieved through the development of a robust and effective skills governance structure involving all education and skills players in the region working in partnership to facilitate effective regional decision making and ensuring delivery of the key actions.



A priority area is to promote inclusive growth, creating opportunities through a fair and inclusive jobs market and regional cohesion

6 The approach

In the preparation of this document consultations were carried out on a one-to-one basis with over 40 individuals, and workshops were held with representation from a cross-section of private, public and third sector organisations.

The focus of these interactions was on identifying their perception of the key skills issues which the Regional Skills Investment Plan needed to address and the identification of the key actions required to address them.

Employment and skills issues

A wide range of employment and skills issues emerged during the consultation process and workshop discussions. These are organised here under three headings: business and sector needs, skills development and retention, and systems and processes.

Business and sector needs

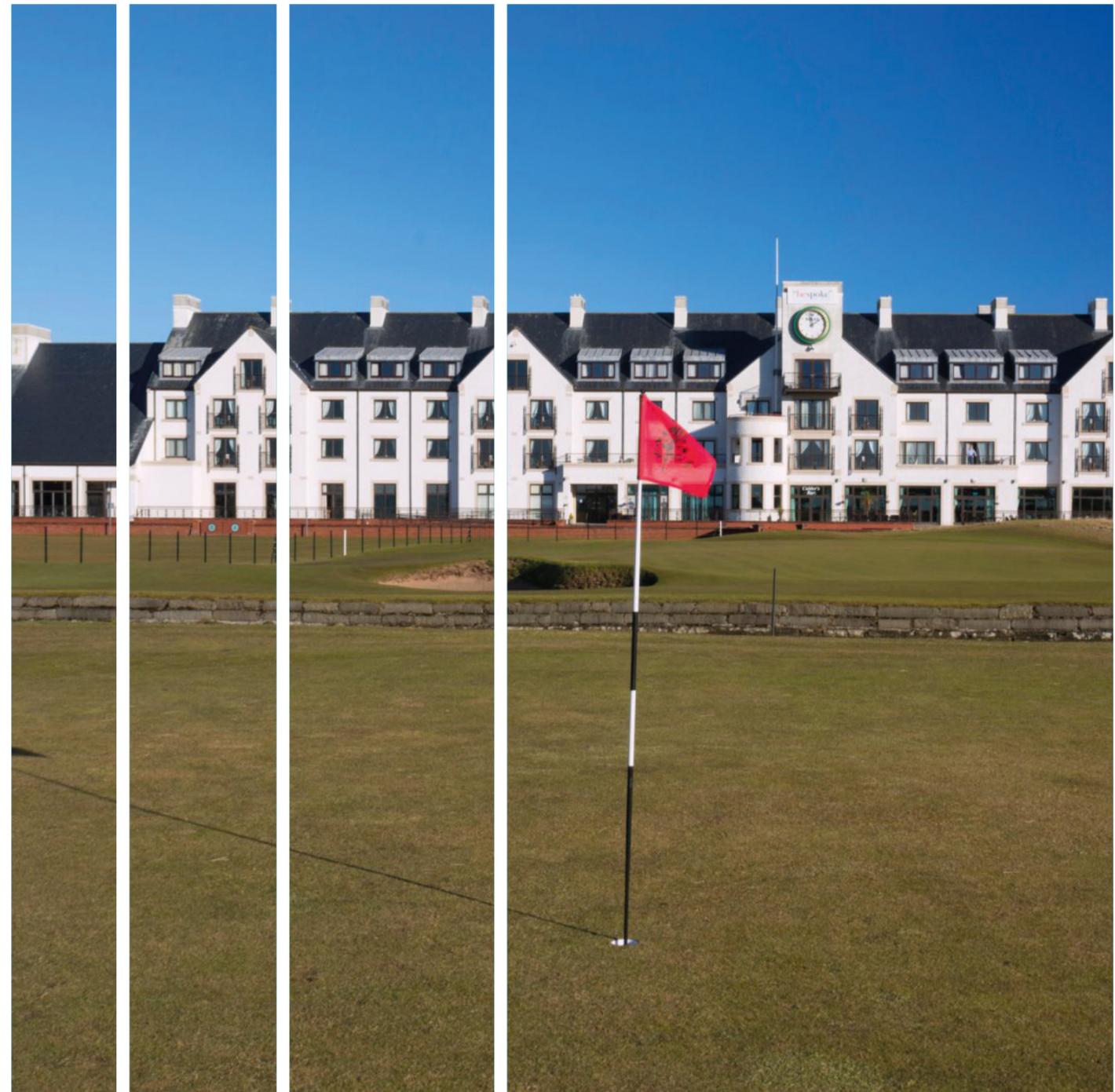
Some sectors have very specific recruitment and retention issues:

- there are significant and persistent problems with recruitment and retention in the hospitality and food & drink sectors. It is feared that these problems will intensify as a result of Brexit. The explanations for these difficulties include challenging working conditions (including long hours,

shift systems and relatively low pay), but also the tendency to regard customer service as an unattractive work proposition. There is also a perception that these sectors do not offer a career in a sense of good opportunities for progression

- the hospitality sector has persistent recruitment problems with regard to chefs, particularly head chefs and those acting in a supervisory role. This is a UK-wide problem
- the life sciences sector is a small employer at this stage, but the requirement is for graduates with existing industry experience who are in very short supply
- there may be perception problems for the energy sector given the heavily publicised redundancies in oil and gas following the downturn in North Sea activity. This may put off potential new entrants
- there is a growing need for people with digital skills across all sectors. One of the problems, which is evident across Scotland, is the low number of girls and young women obtaining the qualifications that would take them onto a digital skills pathway. More generally, there is a lack of understanding amongst young people in schools about what computing skills are required in the workplace
- the region's business schools are not sufficiently proactive in their dealings with the business community, as well as other important employers such as the NHS and local authorities.

These concerns are addressed in the key actions aligned to strategic goals 1 and 2.



The development of a highly skilled workforce and creation of a flexible and responsive talent/skills pipeline will enhance the attractiveness of the region to inward investors

6

The approach continued

Skills development and retention issues

Dundee has persistently high levels of economic inactivity. An inclusive growth push should involve moving a reasonable proportion of the economically inactive into decent employment, helping to support the growth of the economy and reduce the negative impacts of unemployment in terms of household income, health and other undesirable consequences. The challenge is to identify the extent to which changes in the way skills interventions are designed and delivered would impact on reducing economic inactivity.

Many concerns were expressed about restricted access to learning and work in rural parts of the region. It is often not cost-effective for training providers and employability organisations to deliver their services in rural settings. It is possible to envisage solutions around online delivery of skills, but interventions in relation to transport costs and frequency are also required.

Although employability services have traditionally focused on those who are unemployed, increasingly colleges and

universities have placed emphasis on employability skills. This, in part, reflects increased pressure on these organisations to show that their graduates move into work consistent with the level of qualifications attained. There is potential for greater sharing of learning on effective employability approaches across colleges and universities, and with providers of employability services for the unemployed.

There is a perception that a relatively small number of university graduates stay in the region for work once they graduate. Research by the Centre for Cities backs this up with analysis showing over 70% of graduates from Dundee's universities leave the area for their first post-graduation job. This is not unusual for universities situated in regions with reasonably small employment bases. It is not clear what skills interventions could address this issue, although a number of the universities are supporting 'Enterprise' courses for their students which will allow them to remain within the region through setting up their own business.

These issues are addressed in the key actions aligned to strategic goals 2, 4, 5 and 6.

Challenges with systems and processes

Tayside has established a sophisticated and effective approach to deploying community benefits in procurement as a mechanism to secure fair employment and skills gains from a range of different investment activities. This expertise needs to be bed-in and become the norm across the Tay Cities region if the benefits of the Tay Cities Deal and other major investments in the region in relation to employment and skills are to be maximised.

There is insufficient use of online learning in the region. This is important both to help rural learners and businesses acquire new skills and update their existing ones, but also to help smaller businesses to upskill their workers by avoiding lengthy journeys to providers and long periods off the job due to the costs these impose on the business. This could also provide greater learning opportunities and support to disabled people and those with caring responsibilities. There is the potential here to learn through Perth College about how the University of Highlands and Islands goes about this.

There is very limited collective perspective on the effectiveness of different skills investments deployed locally and regionally. There appears to be no system to share this intelligence and a lack of consistent indicators of the value generated by skills investments. If there is to be genuine skills investment planning at the regional level going forward, these issues need to be resolved.

There is a concern that the regional approach will block out flexibility locally to meet local circumstances. Otherwise, doing things differently within the region helps identify more effective ways of working which can then be transferred across the region.

The perception is that joint working across the skills agenda is strong between the frontline staff, but there is a lack of strategic clarity. Arguably, one of the key functions of the Regional Skills Investment Plan is to create this collective strategic purpose and direction.

Although there is a general awareness that Brexit poses threats in relation to labour supply and the funding of employability and other economic development infrastructure through the demise of the ESF and European Regional Development Fund (ERDF), there seems to be no planning for how to mitigate these major risks. The region needs a Brexit resilience plan.

These concerns are addressed in the key actions aligned to strategic goals 3, 5 and 6.

Appendix 1 - Key partners and stakeholders

We'd like to thank the following key partners and stakeholders who gave their time in the development of this plan:

Abertay University	Fife College
Angus Council	Fife Council
Dundee & Angus Chamber of Commerce	Perth & Kinross Council
Dundee & Angus College	Perth College UHI
Dundee City Council	Perthshire Chamber of Commerce
DWP	Scottish Enterprise
DYW Dundee and Angus	SRUC
DYW Fife	University of Dundee
DYW Perth & Kinross	University of St Andrews
Fife Chamber of Commerce	

Photo descriptions

Front Cover	VR at Abertay University, Dundee
Page 7	Growing strawberries in Cupar, Fife
Page 9	Perth Concert Hall
Page 31	Megan Gordon, Engineering Modern Apprentice from Blairgowrie
Page 37	The new V&A Museum in Dundee
Page 41	Childcare Foundation Apprentice Joe Pirrie from Glenrothes
Page 45	Students at Dundee & Angus College
Page 47	First tee at Carnoustie Golf Hotel & Spa

Acknowledgement

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