



GLASGOW
CITY REGION

Glasgow City Region

Regional Skills Investment Plan

2019 – 2024



Foreword

This is a time of real opportunity for Glasgow City Region, one of the largest regions in the UK and Scotland's economic powerhouse. With a combined population of 1.8 million, the region contributes more than £41 billion per annum to the Scottish economy, providing 34% of the nation's jobs and a base for 29% of its businesses.

Our ground-breaking £1 billion City Deal investment in infrastructure, employment and innovation is already making a difference, with more than 8,000 unemployed people supported to secure sustained employment. In time the City Deal is set to generate an additional 29,000 jobs and add £2.2 billion to the regional economy. Building on the City Deal, in 2017 our eight partner authorities launched a joint economic strategy and action plan with ambitious targets to further grow the regional economy by 2035. And more recently, we expanded our partnership to include both the UK and Scottish Governments and key agencies, creating Scotland's first Regional Economic Partnership.

As an enabler of economic growth, skills are a big part of this story. The changing nature of the economy demands different and higher skills across all sectors. To capitalise on future opportunities and promote inclusive economic growth, we must ensure that our skills supply can keep pace with demand, meet the needs of employers and be fit to see off challenges. This Regional Skills Investment Plan is designed to do precisely that, while also seeking to align education, training and employability services.

Our region has one of the most highly skilled labour markets in the UK with more than 42% of the working age population with degree level qualifications. However, we also face real challenges with a reducing working age population, high economic inactivity and 11% of working age adults with no qualifications. These figures vary across the region and while the Regional Skills Investment Plan focuses on common challenges and opportunities, it also recognises distinctive local issues.

The plan seeks to address these challenges through a strong partnership and working to a common mission, outcomes and actions. Key features include aligning education, skills planning and investment; reducing inequalities in earnings and employment; and reducing skills shortages for businesses. We will tackle gaps in education, skills and job outcomes for SIMD zones and reduce the working age population with no qualifications. To gain immediate momentum and create a strong platform on which to build, we have identified a range of short-term actions for delivery in year one of the plan.

The Regional Skills Investment Plan has been co-produced with a number of key partners including our regional colleges, universities and Skills Development Scotland, and it has been designed to support the needs of the City Region economy and the ambitions of government and the Skills and Enterprise Strategic Board. It takes account of a wide range of economic and political scenarios, including Brexit, to ensure that it supports our ambitions for inclusive economic growth. We have designed a robust structure to oversee the plan and make changes required to meet

opportunities, respond to challenges, and to ensure an agile and adaptive skills system for the City Region over the next five years.

I look forward to working with colleagues across the City Region and with wider Regional Economic Partners to implement the collective ambitions set out in this plan and create a skills system which underpins a strong, inclusive, competitive and outward-looking regional economy.



Councillor John Ross,
Glasgow City Region Portfolio Lead for
Skills and Employment

Leader South Lanarkshire Council

1 Executive Summary

A strong, inclusive, competitive and outward-looking economy, sustaining growth and prosperity with every person and business reaching their full potential.

Glasgow City Region Economic Strategy 2017 – 2035

Glasgow City Region (GCR) brings together the eight local authorities of: East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

The Regional Economic Strategy 2017 – 2035 sets out a long term vision to build on the strengths of Glasgow City Region’s economy and to achieve sustained and inclusive economic growth through significantly improving productivity and boosting incomes; strengthening and growing the diverse business base to create more and better jobs; and increasing the working age population, addressing inequality, supporting more people into work and attracting and retaining talent.

The vision reflects the region’s strong starting point as a powerhouse of the Scottish Economy contributing broadly one third of the Scotland’s Gross Value Added (GVA), population, jobs and businesses.

In setting out the vision, aims and objectives of the Economic Strategy, the Leaders of the eight Local Authorities making up the City Region and key partners recognised the importance of skills in growing the City Region economy and pledged to create a skills and employment system to meet the current and future needs of GCR businesses and to support residents, including those currently in work, to access jobs and progression opportunities. It was recognised that this would require a responsive and flexible City Region skills system that works with employers to design courses that deliver employer ready residents.



Our Regional Skills Investment Plan (RSIP) aims to do just that.

The RSIP has been designed with the needs of businesses and residents; the aims of the Regional Economic Strategy and Inclusive Growth; and the changing nature of the economy and future job opportunities at its heart. It has been developed with key partners, principally, Scottish and UK Governments’ and their

agencies, Colleges and Universities and private sector partners. The plan sets out key Strategic Outcomes and Priority Action Areas to achieve an overarching Mission. A short and long term Delivery Programme with targeted activity in year one of the RSIP is designed to kick start the process of reviewing skills investment, planning and delivery for Glasgow City Region and provides a framework for activity in years two to five.



Our Belief

We believe that our Regional Skills Investment Plan will help drive a step change in GCR's skills and employment system for the long term benefit of individuals, communities and employers and at the same time make a substantial contribution towards inclusive economic growth for our City Region.

In developing our approach we have carried out a comprehensive review of the economic and policy context in which the RSIP will operate. Through analysis of the GCR labour market, we have identified the **key challenges that we have to address** and the **opportunities that we must exploit**. In addition, we have **consulted widely** on the **issues we should be addressing** and the **priorities that we need to place on different interventions**.

Our Challenges and Opportunities

Glasgow City Region is one of the highest performing City Regions in the UK with low unemployment and a high skills base. As demonstrated by year on year improvements in many economic indicators such as GVA production, skills, and new business starts, Glasgow City Region has continued to build on these economic strengths. However, despite these successes, Glasgow City Region still has socio-economic challenges that must be addressed, as demonstrated by increases in economic inactivity through health and disability, and a narrowing of the competitive advantage between GCR and other UK City Regions and with Scotland as a whole.

Key Messages: Review of Statistics and Key Trends

To inform this Regional Skills Investment Plan we undertook a review of the socio-economic performance of the City Region, allied with a consideration of broader economic trends. This review generated a number of key messages relevant to the Skills Investment Plan. These are:

Poor Productivity – Following a revision to the geographical areas used to allocate GVA, the historical productivity levels for the Glasgow City Region have been rebased. The GCR's productivity levels now compare poorly with the other major city regions across the UK, ranking below the city regions of Manchester, Liverpool, Cardiff, and Edinburgh.

Labour Market Inequalities Persist – GCR has high proportions of economically inactive people due to long-term sickness and disability, and a generally lower employment rate for working age people compared to Scotland as a whole. Persistence in the gender pay gap alongside lower female participation in STEM and digital occupations, threatens loss of competitive advantage with other city regions across the UK and beyond.

Rise of In-Work Poverty – has been rising steadily for at least the last five years; scope to gain purchase on this problem through more effective interventions to stimulate employer investment in upskilling their workforces, so enhancing their earning capacity.

The Demographic Challenge – GCR working age population set to decline by around 25,000 over the next ten years, which could be exacerbated if there is a reduction in the number of EU workers employed in the City Region; emphasises need to address inequalities in order to make full use of the potential workforce, including those groups with much lower employment rates, such as disabled people and those with no or low qualifications; BME and new Scots; and support to retain or retrain older workers.

Skills Underutilisation Is High – proportion of graduates in non-graduate jobs ranges between 28% and 51% across Scotland. This raises issues about the appropriateness of the educational provision across the City Region and presents an opportunity to make better use of the skilled graduates we have; including addressing the 'leaky pipeline' with regard to jobs in the STEM sector and losing graduates, particularly female, to lower skilled jobs to accommodate caring responsibilities; and recognition of migrant worker qualifications.

Skills Gaps and Skills Shortage

Vacancies – the level of GCR employers reporting skills gaps is above the Scottish average, which implies lowering productivity; similarly a higher percentage of GCR employers report skill shortage vacancies, representing lost opportunity for unemployed people seeking work and graduates with qualifications that do not match employer skills need.

Changing Nature of Skills – as digitalisation increasingly impacts upon the economy and the labour market, new skill sets will be required; more generally, all jobs will require a higher level of digital awareness. The City Region needs to be ahead of these trends to sustain and improve its competitiveness, and must guarantee wide access to the acquisition of these skills to ensure inclusivity.

Brexit – whatever deal emerges from Brexit, there will be challenges in terms of labour demand and supply; potentially the City Region may confront both an increase in redundancies and in skills shortages; effective and well-resourced skills interventions will have a critical role to play in seeing the City Region through a difficult period of readjustment.

Perspectives of Key Stakeholders: Key Skills Challenges and Priorities for Action

High Levels of Inequality – serious concern raised about the persistence of a high level of inequality across the City Region and desire to see a strong focus on tackling inequalities within the RSIP, specifically reducing economic inactivity, tackling the relatively high incidence of working age people with no qualifications and the long-standing poor labour market experiences of the residents of our most deprived communities; case for reallocating some funding from younger to older people of working age and to more fully utilise the capabilities of the Third Sector in relation to engaging with more deprived and disadvantaged communities.

Insufficient Investment in Upskilling and Reskilling Existing Employees – broad view that, in a time of significant change in technologies, greater investment in the existing employed workforce was a necessity; linked to this, the need to upskill and reskill employees at the lower end of the earnings hierarchy, to help reduce in-work poverty, assist progression and reduce inequalities in pay across gender and other key characteristics.

Skills System insufficiently Responsive to Business Needs – feedback from the business community indicated a perception that the skills system is insufficiently responsive to the skill needs of employers and seems dislocated from the current realities of the labour market; additionally, it was hard to see strong evidence of important messages getting out to young people and adults on changing labour market demands and opportunities, and the skills required to access these.

Need for more Resilient Workforce – in a context of increasing uncertainty in the European and wider global context and as future skill needs are very difficult to anticipate in detail, it is suggested that a greater focus is required on the development of more generic and transferable softer skills and the meta-skills associated with Industry 4.0, as well as a broad level of digital awareness; recognised that rarely is funding directed at attainment in these skills.

Lack of Good City Region Intelligence on Skills – strong feeling that despite volume of data available across organisations involved in skills, and significant improvements made in recent years through Regional Skills Assessments, there remained a lack of coordinated intelligence on current and specific skill needs in

particular sectors and localities and a lack of detailed and necessary intelligence on the effectiveness of different types of skills interventions; perceived to contribute to skill shortages and recruitment problems.

Skills System Not Sufficiently Aligned and Coordinated at City Region Level – concern across the spectrum about limited decision making powers around skills investment at the City Region level and need to develop a more aligned and coordinated approach to education and skills across the City Region.

Skills System Needs to Embed Agility and Resilience – concern that the City Region skills system is not set up to deal with uncertainty and may struggle if there are major shocks in the labour market which require significant shifts in curricula over a short period of time; essential to develop a skills system which has much greater agility and resilience to adapt to challenges and opportunities emerging from global technological and economic trends.



Our Regional Skills Investment Plan

Scotland needs a successful Glasgow City Region. The more the GCR Regional Skills Investment Plan can contribute to addressing the challenges and opportunities above, the greater will be its contribution to GCR’s ongoing economic growth and Scotland’s comparative economic performance in a global context.

In broad terms, the RSIP’s contribution will help to:

- raise productivity and competitiveness;
- promote employability and reduce inequality; and
- where possible, make skills investments and design skills interventions which help to drive both of the above.

Our long term Mission is to **create a skills system that is agile, resilient and adaptive to challenges and opportunities**. This Mission is supported by six Strategic Outcomes that set out the **key requirements that must be met** in order to achieve our mission, and seven Priority Action Areas which **form the basis of detailed skills investment decisions** needed to progress the outcomes.

Figure 4.1 in Section 4 sets out the **Mission, Strategic Outcomes and Priority Action Areas** in a single diagram.

Implementing Our Regional Skills Investment Plan

The Regional Skills Investment Plan builds on a long tradition of partnership working in Glasgow City Region. Our Regional Economic Partnership brings together our collective political, executive and business leadership to oversee the implementation of the Regional Economic Strategy and Skills Investment Plan, with our Skills and Employment Group facilitating key partners to deliver the actions through collaborative activity.

Glasgow City Region is home to six of Scotland’s 26 Colleges and six of the nation’s 18 Universities including the internationally famous Glasgow School of Art and the world ranking Royal Conservatoire of Scotland. Between them our Colleges and Universities have 18 main campuses within the City Region and offer an extensive range of courses and qualifications for all ages. As well as providing educational opportunities for Glasgow City Region residents, both our colleges and universities attract students from across Scotland, the rest of the UK and beyond. The map that follows provides a full list of institutions and their locations in the City Region.

We are fully confident that by continuing to work together we can create a skills system for Glasgow City Region which underpins a strong, inclusive and outward looking economy; one that meets the needs of our businesses now and in the future; and one that supports our residents to access jobs and progression opportunities.

East Dunbartonshire ●

New College Lanarkshire ①
www.nclanarkshire.ac.uk
 Kirkintilloch

East Renfrewshire ●

Glasgow ●

Glasgow Colleges' Regional Board
www.gcrb.ac.uk

City of Glasgow College ②
www.cityofglasgowcollege.ac.uk

Glasgow Clyde College ③
www.glasgowclyde.ac.uk

Glasgow Kelvin College ④
www.glasgowkelvin.ac.uk

Glasgow Caledonian University ⑤
www.gcu.ac.uk

Glasgow School of Art ⑥
www.gsa.ac.uk

Royal Conservatoire of Scotland ⑦
www.rcs.ac.uk

University of Glasgow ⑧
www.gla.ac.uk

University of Strathclyde ⑨
www.strath.ac.uk

Inverclyde ●

West College Scotland
www.westcollegescotland.ac.uk
 Greenock ⑩

North Lanarkshire ●

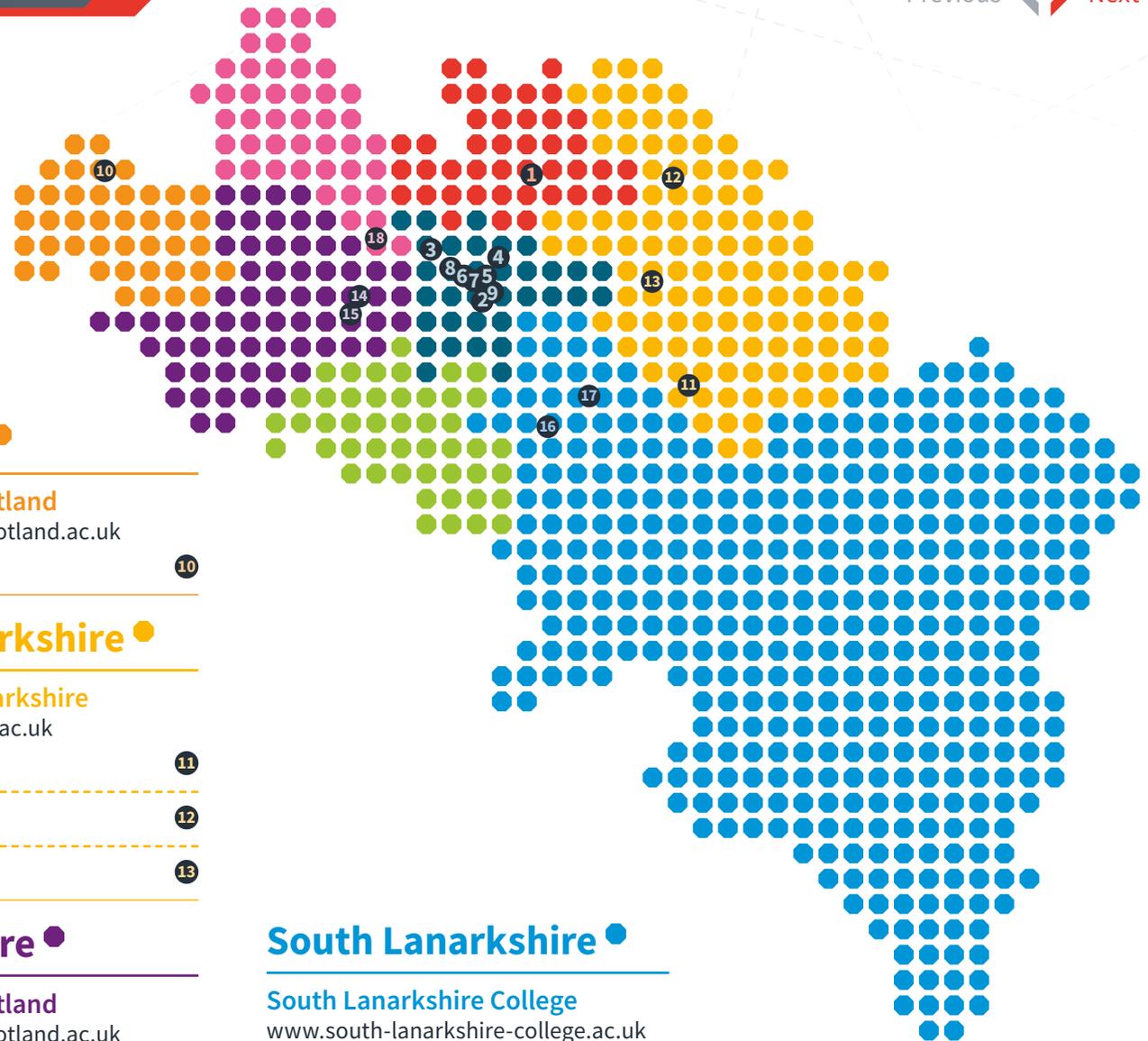
New College Lanarkshire
www.nclanarkshire.ac.uk
 Motherwell ⑪

Cumbernauld ⑫
 Coatbridge ⑬

Renfrewshire ●

West College Scotland
www.westcollegescotland.ac.uk
 Paisley ⑭

University of the West of Scotland
www.uws.ac.uk
 Paisley ⑮



South Lanarkshire ●

South Lanarkshire College
www.south-lanarkshire-college.ac.uk
 East Kilbride ⑯

University of the West of Scotland
www.uws.ac.uk
 Hamilton ⑰

West Dunbartonshire ●

West College Scotland
www.westcollegescotland.ac.uk
 Clydebank ⑱

2 Economic and Policy Context

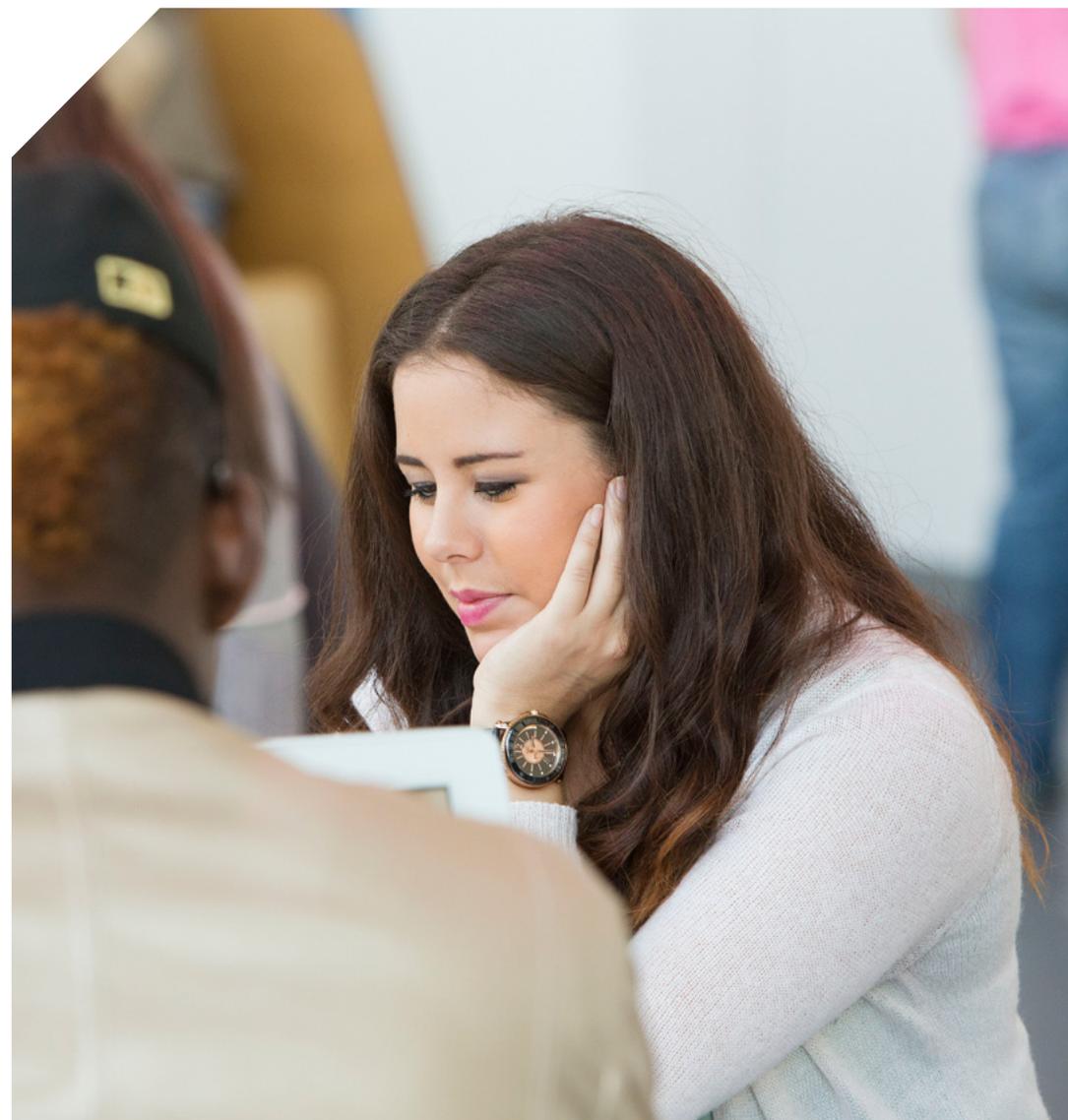
Glasgow City Region is Scotland’s economic powerhouse, home to one third of Scotland’s people and businesses and one of the most productive City Regions of the United Kingdom.

This section sets out the wider strategic and policy context within which Glasgow City Region operates and identifies key implications for the Regional Skills Investment Plan.

Although a functioning economic geography in its own right, with 93% of its workers living within the City Region, Glasgow City Region is not immune to world events and its economic performance is strongly influenced by the reserved powers of the UK Government in areas such as international relations, trade, employment and welfare, and the devolved powers of The Scottish Government in areas such as education, employability, training and aspects of social security.

While the UK and Scottish economies have recovered, in terms of output and employment, from the deep recession that began in 2008, productivity and earnings growth have both failed to ignite with weak growth, well below 2% per annum, projected to continue for the next two or three years.

One of the biggest factors for future economic growth is Brexit. Although the full effects of this will not be felt in the short run and will be dependent on the specifics of the Deal, many economic experts project significant negative impacts on UK trade and on foreign direct investment with severe consequences for economic growth, employment and real incomes.



UK Strategy and Policy Context

Although the UK Government has power over the major economic drivers of the Scottish economy through its management of macroeconomic policy, economic development and skills are essentially devolved matters. However, a number of recent UK Government initiatives cut across devolved policy areas.

Apprenticeship Levy

Introduced in 2017, the Apprenticeship Levy is a tax on UK employers across the UK with an annual payroll bill of over £3 million, including public sector organisations. Paid at the rate of 0.5% of the total pay bill, the tax can be used to fund apprenticeship training.

Within Scotland, around a third of the levy raised is from local authorities, NHS boards, colleges and universities, and other public sector organisations. The amount raised from the levy in Scotland is retained by the Scottish Government to invest in work-based learning. As part of this, a £15 million annual Workforce Development Fund enables levy-payers and companies in their supply chain to access up to £15,000 per organisation to invest in upskilling and reskilling through Scotland's colleges.

There is evidence in England that some levy payers have reduced their investment in apprenticeships as a consequence. However, Scottish Ministers remain fully committed to the 30,000 starts target for Modern and Graduate Apprenticeships in Scotland and 5,000 starts for Foundation Apprenticeships.

Industrial Strategy

Published in November 2017, the UK Government's 'Industrial Strategy: building a Britain fit for the future', aims to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.

The strategy sets out five key policies covering **Ideas** (including a £725 million Challenge Fund incentivising partnerships to address global challenges such as ageing population, mobility or artificial intelligence); **Business Environment** (including Sector Deals and a new £2.5 billion Investment Fund); **People** (includes investment in maths, digital and technical education and creating a new National Retraining Scheme); **Places** (including agreeing Local Industrial Strategies and a new Transforming Cities fund to provide £1.7 billion for intra-city transport); and

Infrastructure (supporting investment in transport, housing and digital infrastructure).

The Industrial Strategy covers all of the UK, yet many of the policy areas identified as drivers of productivity and earmarked for investment are devolved, including skills, housing and transport. The strategy commits to working with partners in the devolved administrations.

UK Shared Prosperity Fund

With Brexit comes the end of European Structural and Investment Funds (ESIF) which have supported economic development, skills and employment activity in the UK since the 1980s. In the current EU budget period, 2014 – 2020, the UK is set to receive €10.9 billion (Euros).

The UK Government is committed to bringing forward a successor to ESIF, referred to as the UK Shared Prosperity Fund (UKSPF), with the explicit objective of **“tackling inequalities between communities by raising productivity, especially in those parts of the country whose economies are furthest behind.”**

It is not clear yet how this fund will be distributed across the four regions of the UK or indeed what it will be able to fund, how it will be administered in each of the devolved administrations and the

requirement for match funding. What is known, from the Ministerial Statement published on 24 July 2018, is that

- the fund will seek to strengthen the foundations of productivity, as set out in the Industrial Strategy;
- the ambition is for a simplified, integrated fund that will ensure investments are targeted effectively to align with the challenges faced by places across the four nations;
- the fund will operate across the UK; and
- the fund will support a national framework in England that works for local priorities identified through Local Industrial Strategies.

The UK Government intends to consult on UKSPF during 2019.

Welfare System

Major aspects of the welfare system, including Universal Credit, remain reserved to Westminster, although the 2016 Scotland Act devolved new powers relating to social security including responsibility over certain benefits.

Universal Credit wraps up six benefits for people who are out of work and for those in work and on low incomes and includes Housing Benefit. Full Service Universal Credit is being rolled out in stages across

the UK and now includes all of the Glasgow City Region.

Benefits devolved to the Scottish Government include five ill health and disability benefits as well as Carers Allowance and five other benefits. These are due to come on stream over the next three years from December 2018. The Scottish Government has said it wants to create a distinctive social security system based on dignity, fairness and respect, which will help to support those who need it, when they need it.

Devolution of Economic Governance – City Deals and Regional Growth Deals

For a number of years, the UK Government 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.

This approach is shared by the Scottish Government. Following the Glasgow City

Region City Deal signed in 2014, there are now jointly funded City Deals or City Region Growth Deals covering Edinburgh and South East Scotland, Aberdeen and Aberdeenshire, Inverness and Highlands, Stirling and Clackmannanshire and Tay Cities. Further City Region Deals are in negotiation between the Scottish and UK Governments.

Scottish Strategy and Policy Context

Many of the drivers for economic growth, including the components required for this Regional Skills Investment Plan, are devolved to the Scottish Government through the Scotland Act (1998) and amendments thereof in 2012 and 2016.

Scotland’s Economic Strategy

Launched in 2015, the Economic Strategy 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*”.

The Strategy has two key goals:

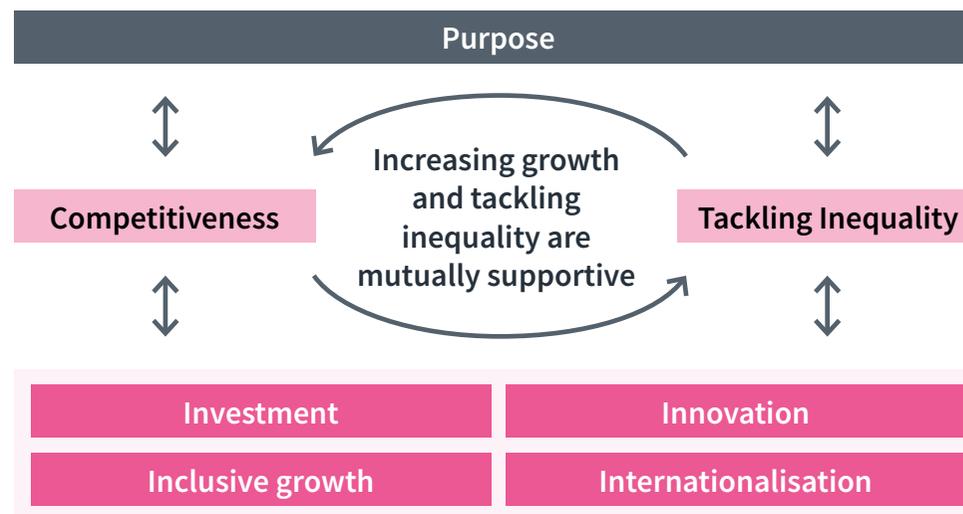
- Increasing competitiveness through enhanced productivity; and
- Tackling inequality through increased participation in employment.

The Strategy provides a framework (see Figure 2.1) 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 and 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.



Figure 2.1: Scotland’s Economic Framework



Inclusive Growth

Throughout the Economic Strategy above and in a range of other Scottish and UK policy documents, there is an increasing emphasis on inclusive growth. There are many definitions of what inclusive growth is and how to measure it, however, in essence inclusive growth is the need to generate both sustainable economic growth and a fairer distribution of the benefits of growth. There is recognition that appropriate investment in employability and skills will have a major role to play in achieving this.

Although brisk growth rates do not automatically generate gains in terms of inclusion, which is why the Scottish Government has raised the strategic significance of **inclusive growth**, there is evidence that high growth combined with a tightening labour market can benefit those groups such as disabled people, ethnic minorities and other equalities groups that experience poorer employment outcomes. This means that we will need to work harder to ensure the opportunities emerging in the economy are better distributed than has been the case in the past

Achieving inclusive growth is a central objective of Scottish Government policy, but also central to the priorities of Glasgow City Region.

The Scottish Government has published a suite of strategies and policies to support the economic development and inclusive growth agendas, all of which impact upon City Regions and sub-regions of Scotland and this RSIP, these include

- a growing emphasis on the role of Scotland's colleges and universities in helping drive economic growth and promoting greater inclusion. The development of a network of **Regional Colleges** and **Regional College Outcome Agreements** was designed in such a way as to accelerate this contribution.
- Scotland's youth employment strategy, **Developing the Young Workforce** (2014), set out a programme to reduce youth unemployment in Scotland by 50% over seven years. Actions included improvements to services at key transition stages, an expansion to the work-based learning offer in Scotland, and the establishment of industry-led regional groups to broker better partnerships between schools and employers.
- The **sectoral focus** in terms of economic development is retained in Scotland's Economic Strategy, and skills are a key element of international competitiveness for our key sectors. **Sectoral Skills Investment Plans** describe the skills challenges

and opportunities across Scotland's key sectors giving a picture of the economic and labour market situation, trends in skills and qualification supply and employers' perspectives on the big skills issues affecting sectoral growth. They are developed with key industry players through a process of labour market and skills supply research and analysis, industry consultation and action planning with industry and partners across Scotland's education and skills system. Use of the plans can help drive up the productivity and competitiveness of key sectors in Glasgow City Region as well as tackling any current or impending skills shortages which can hold back the growth of these sectors.

- **Devolution of employment services** emerged from the Smith Commission (2014). A transitional Scottish employment service was introduced from April 2017, with the launch of the new national programme – **Fair Start Scotland** – in April 2018. Additionally, the Scottish Government plans to co-ordinate employment services much more effectively with DWP JobCentre Plus, and with other cognate services such as health, community learning and development, housing and criminal justice. This is part of a wider agenda for alignment and integration

and the future of employability services in Scotland set out in **No One Left Behind: next steps for employability support** (March 2018). **A Partnership Working Agreement for Employability** between Scottish and Local Government was signed in December 2018 alongside publication of **No One left behind: Review of Employability Services**, which sets out proposals for the integration of various employability programmes into new Local Employability Models to be managed collaboratively between Scottish Government and Local Government from April 2019.

- Employment is viewed by the Scottish Government as an outcome which needs to be shared more equally across a wide range of protected groups in relation to gender, ethnicity, disability and others, as articulated in the **Fairer Scotland Action Plan** (October 2016). More specifically, the Scottish Government has committed to at least halving the disability employment gap set out in **A Fairer Scotland for Disabled People** (April 2018) and reinforced in **Employment Action Plan** (December 2019). People with socio-economic disadvantage have been added to the list of protected groups. **The Fairer Scotland Duty**, which came in to effect in April 2018,

places a legal responsibility on public bodies in Scotland to actively consider and report on how they can reduce inequalities of outcome caused by socioeconomic disadvantage, when making strategic decisions.

Skills investment can be a significant element in improving access to and retention of jobs, and better paid jobs.

- While employment law is reserved to the UK Government, The Scottish Government has developed a range of policies and interventions to promote and support *Fair Work* including setting targets to increase the numbers of people receiving the Real Living Wage. Scottish Government published a *Fair Work Action Plan* in February 2019.
- Tackling Child Poverty is high on the agenda for all of The Scottish Government economic policies and interventions. *Every Child, Every Chance: the tackling Child Poverty Delivery Plan 2018-2022* published in March 2018, sets out ambitious targets to reduce child poverty by 2030. A £50 million Child Poverty Fund includes £12 million for a new *intensive employment support for parents* to help those already in work to build skills, progress through their careers and earn more as well as supporting those who are unemployed to move in to work. An integral part of Fair

Work and Tackling Child Poverty is addressing labour market inequalities faced by women, particularly those who are disabled, from ethnic minority backgrounds, older, from poorer socioeconomic backgrounds and those with caring responsibilities. A *Fairer Scotland for Women: Gender Pay Gap Action Plan*, was published by Scottish Government in March 2019.

Skills investment is seen as central to the creation and achievement of decent working opportunities through addressing inequalities and increasing earnings capacity.

Enterprise and Skills Review

The 2016 Enterprise and Skills Review has proposed major reform of Scotland's enterprise and skills agencies to better align them to delivering Scotland's economic strategy, including the establishment of an *Enterprise and Skills Strategic Board* to oversee their work.

The *15-24 Learner Journey Review* was published in May 2018. This is a key policy area for the Enterprise and Skills Strategic Board. The review recommends:

- The need for *better advice and guidance* for young people around subject choices and career options.
- The need for *more work-based learning opportunities*.

- The need for *shorter learner journeys through education*, by better alignment and articulation of school, college and university pathways.

A five stage *Skills Alignment skills planning model* has been proposed, bringing together investment in universities, colleges and work-based learning to better meet the needs of the Scottish economy. This will see Skills Development Scotland and the Scottish Funding Council working closely together to plan:

- Agreed skills demand assessment
- Joint provision planning
- Integrated processes for progressing institutional Outcome Agreements and commissioning Training Providers
- Co-ordinated Outcome Agreement Execution and training Provider Contract Management
- Joint Review and Evaluation

The Strategic Board's Strategic Plan, *Working Collaboratively for a Better Scotland*, (October 2018) sets out four missions to drive increased productivity and inclusive growth, including Skills for the Future. These recommendations are built upon three principles:

- A demand led skills system that builds upon industry and learner needs;
- Well-informed learner demand; and

- A system that encourages lifelong learning
- It recommends the implementation of the five-stage skills alignment planning model, and defining the *meta-skills* required to thrive in the future economy and asks The Scottish Government for more agile support for *upskilling and reskilling*.

The Scottish Government's *Economic Action Plan* (October 2018) sets out progress on delivering the economic strategy and work towards the outcomes in the *National Performance Framework*. In its skills chapter, it details current action on employment support, further and higher education, training and upskilling and reskilling.

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 also by *trade unions*, for example in relation to promoting and supporting workplace learning.

Glasgow City Region Policy and Strategy Context

Glasgow City Region comprises the eight local authorities of East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire, and emerged to build on the successful partnership established to win and deliver the Glasgow City Region City Deal.

Glasgow City Region City Deal

Our ground-breaking City Deal, the first in Scotland and one of the largest in the UK, was signed in August 2014 by the Member Authorities with the UK and Scottish Governments. The partnership, with Glasgow as the lead authority, was the first to benefit from funding from both the UK and Scottish Governments, with £500 million provided from each for infrastructure investment and the local authorities borrowing a further £130 million.

The £1.13 billion infrastructure fund will deliver 21 projects focusing on improving connectivity and unlocking new sites across the region for commercial, housing and retail development.

A further six innovation and employment projects are supported by £18.8 million funding from BEIS (Department of Business, Energy and Industrial Strategy) and £4.8 million from the Department of Work and Pensions.

The 20 year programme is estimated to deliver £2.2 billion in additional GVA per annum (a 4% uplift) across the City Region; support an additional overall increase of around 29,000 jobs in the region and lever in an estimated £3.3 billion of private sector investment.

The employment projects supported by the Deal ran for three years from 2015 to 2018 and comprised:

- £9 million (£4.8 million DWP grant) ‘Working Matters’ employment programme to support 4,000 individuals in receipt of Employment Support Allowance, assisting at least 600 into sustained work
- £15 million ‘Youth Gateway’ integrated employment programme to work with 15,000 young people aged 16–24, helping 5,000 into sustained work.
- £300,000 ‘In-Work Progression Pilot’ to support the training and development of staff in low income jobs within the care sector.

An initial Skills Investment Plan was developed in 2016 to support delivery of the City Deal.

Glasgow City Region Economic Strategy and Action Plan

Building on the momentum of the City Deal, the Local Authority Partners launched a Regional Economic Strategy (December 2016) and Economic Action Plan (February 2017). These set out an ambitious vision for 2035 and included targets and actions across eight policy areas, including Enterprise, Inward Investment, Tourism and Skills and Employment.

Key objectives of the Strategy include:

- Improving economic outcomes for all through addressing long standing barriers in the labour market such as skills and health, both for those who are currently out of work and those on low incomes; and
- Creating a skills and employment system that meets the current and future needs of Glasgow City Region businesses and supports our residents to access jobs and progression opportunities

Since the Economic Strategy was launched a small team has been created to deliver on the actions across the themes of People, Business and Place through development groups for each policy area.

The map of the region following shows Member Authority boundaries and key towns.

Glasgow City Region Economic Partnership

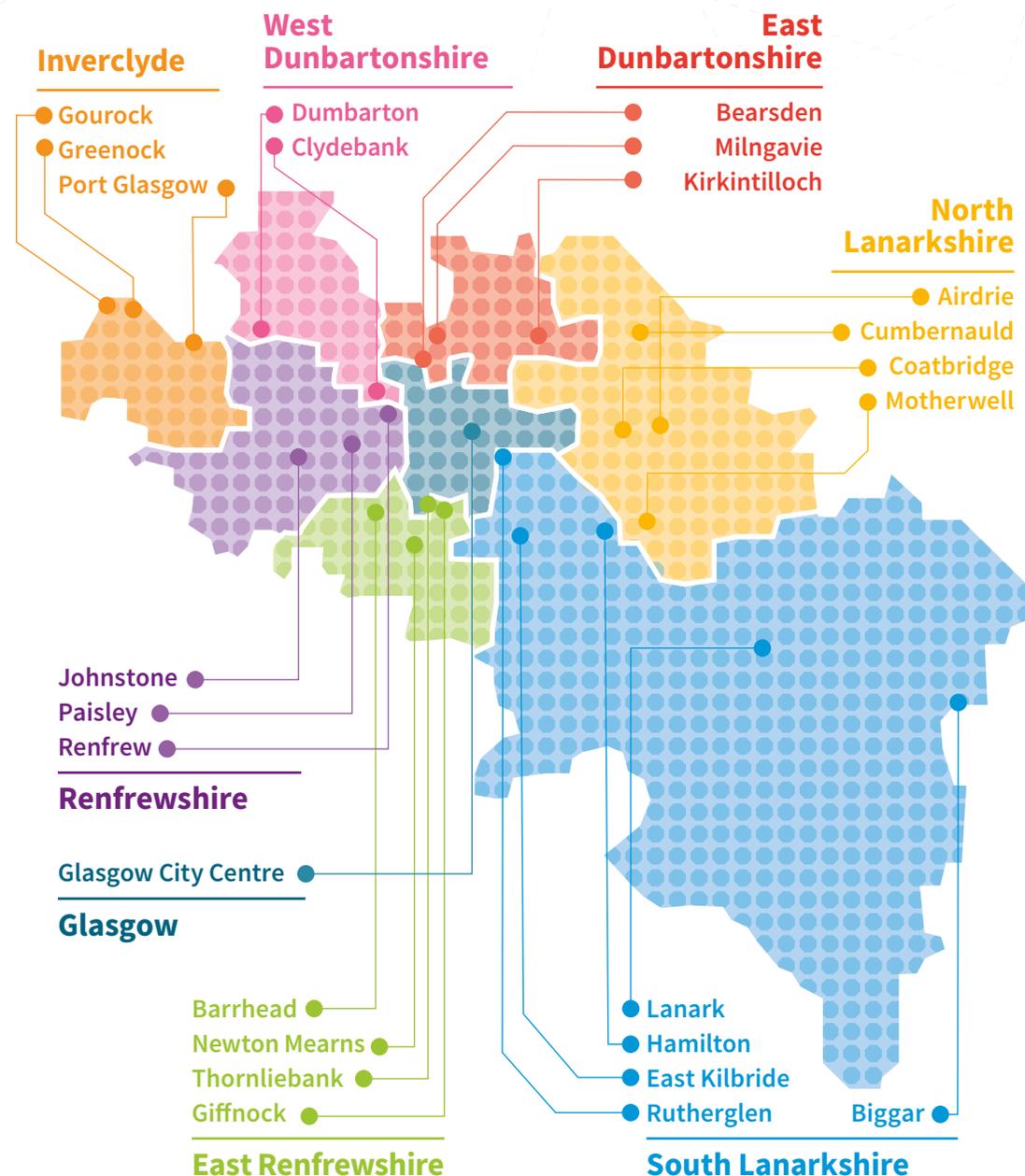
The establishment of Regional Economic Partnerships was a key recommendation of the Enterprise and Skills Review. Glasgow City Region Regional Partnership is the first to be set up in Scotland and met for the first time in October 2018. The Partnership brings together the Chief Executives of the eight local authorities with senior officials from the UK and Scottish Governments, national agencies and business organisations. The initial work programme for the Regional Partnership includes, supporting those furthest from employment and being ready for the changing nature of the economy.

The Partnership has also committed to reviewing the Regional Economic Strategy during 2019 and to developing the next three-year Action Plan. The regional Partnership will have a role in overseeing the Regional Skills Investment Plan.

Key implications for the Glasgow City Region Skills Investment Plan:

- Our labour market will not be insulated from international disruptors such as digital change, Brexit and the fourth Industrial Revolution – we need to build long-term resilience and adaptability into our workforce;
- UK policy decisions on areas such as apprenticeships, industrial strategy and replacements to the European Structural Funds are not currently supporting City Region priorities – we need to be more adept at arguing for and securing our fair share of UK resources;
- Regional policy, continuing to devolve greater levels of governance and investment, is a huge opportunity for us – we need to continue to demonstrate that City Region working offers opportunities to plan and deliver strategically, creating greater returns in terms of GVA and jobs;

- Increasing productivity must continue to be a key priority for us – we need to capitalise upon our industrial strengths, infrastructure and international reputation for talent to grow and sustain our business base and supply chain;
- Inclusive growth must be at the heart of our approach – we need to tackle long-term poverty and disadvantage, and the 10% of our population with no skills, ensuring that no-one gets left behind
- Unlock the existing investment in education and skills – we need to better align the resources in our universities, colleges and work-based learning providers to meet the current and future needs of the City Region and increase the agility and adaptive resilience of the City Region skills system;
- Improve the Learner Journey for 15–24 year olds – we need to be more efficient at progressing our young people to the world of work;
- Guidance and support needs to be available to all ages, not just our young workforce – we need to be able to better support upskilling and reskilling of our workforce.



3 City Region Labour Market

Broad Economic and Labour Market Context for Skills Investment Plan

Before considering the performance of Glasgow City Region in relation to employment and skills indicators, it is important to set out the broader economic and labour market context within which the City Region has been operating.

- The UK and Scottish economies, in line with a number of other European economies, have been on a lower growth trajectory than the historical norm. This is projected to continue for the next two or three years.
- Brexit has already had a dampening effect on business investment due to the uncertainty caused, and irrespective of the deal finally struck, it is likely there will be declines in trade, foreign direct investment and business investment which will impact upon the demand for labour.
- Irrespective of the deal, net migration from EU economies is likely to decline and may transform into net out-migration as citizens of other EU economies leave. Additionally, a tighter migration policy post-Brexit as signalled by the recent Migration Advisory Committee report may lead to further reductions in the supply of labour.
- Recent work by the Fraser of Allander Institute estimates that around 40,000 jobs in the City Region are dependent on exports to the EU. The other risks to the City Region are reduced inward investment and some relocation of business activity to the EU assuming the UK leaves the Single Market.
- The balance of risks is probably more on the side of reduced demand for labour, leading to rising unemployment as the City Region – relative to other City Regions in Scotland – does not have a high dependency on EU workers. The latest figures suggest that around 26,500 jobs in the City Region are held by EU migrants.



Scotland Needs a Successful Glasgow City Region

Glasgow City Region has:

- 34% of Scotland's population
- 34% of Scotland's jobs
- 38% of Scotland's unemployed
- 43% of Scotland's economically inactive working age population who are long-term sick or disabled
- 44% of Scotland's working age population with no qualifications

It is clear that for the Scottish economy to deliver greater inclusive growth over time, Glasgow City Region must be doing the same.

The more the Glasgow City Region Skills Investment Plan can contribute to addressing the above issues, the greater will be its contribution to the City Region's economic strategy and Scotland's comparative economic performance in a global context. The Regional Skills Investment Plan's contribution can in broad terms help to:

- Raise productivity and competitiveness;
- Promote employability and reduce inequality; and
- Where possible, make skills investments and design skills interventions which help drive both of the above.

Glasgow City Region – A Well-Defined Labour Market

In administrative terms, the City Region is made up of eight local authority areas and a smaller number of travel to work areas. However, analysis of Census data indicates that the City Region is a relatively self-contained labour market in travel to work terms

- 93% of jobs located within the City Region are filled by people who are residents of the region.
- 94% of City Region residents work within the region.
- Most of the balance is accounted for by travel to work between the City Region and Ayrshire.

There are some nuances to be considered, however:

- Some local authority areas, principally East Dunbartonshire and East Renfrewshire, are predominantly dormitory areas with most people travelling to Glasgow or other larger local authorities for work
- Some local authorities, principally Inverclyde, are more self-contained with relatively high percentages of residents working within the local authority boundary
- There is a general tendency for travel to work distances to be greater for those in higher paid occupations and/or sectors

- People working part-time and on low wages tend to have very restricted travel to work patterns as travel to work costs will otherwise eat significantly into their weekly earnings.

The needs of this latter group in particular have to be given careful consideration when it comes to assessing the importance of local employment opportunities for promoting employability and improving earnings opportunities.

City Region Performance on Key Indicators

This section considers the performance of the City Region, relative to Scotland as a whole on key economic and social indicators relevant to inclusive growth. Some capture directly skills measurements, but most relate to indicators where skills, broadly defined, exert a potentially significant impact.

Job Density

Job density measures the size of the jobs base relative to the scale of the working age population. It is an indicator of the health of the regional economy in employment terms, and high and growing job densities generate opportunities for reducing unemployment, increasing participation rates of young people

and narrowing gaps in employment opportunities for more disadvantaged groups, such as disabled people. A strong supply of appropriate skills can influence job densities by attracting more investment to the City Region, and encouraging more businesses to stay and grow within the City Region. *The key finding is the City Region's job density deficit relative to Scotland has narrowed dramatically over the 5 years to 2017.*

Average Earnings

Two measures of average earnings are presented in Figure 3.1:

- Average weekly earnings, irrespective of hours worked, stand at nearly £450 per week. This is around 1% higher than the Scottish average with the City Region's position improving in relative terms over the five years to 2017.
- Focusing on average full-time earnings, the figure for the City Region was nearly £550 in 2017. On this measure, the City Region only marginally outperformed Scotland as a whole, but had overturned a small deficit in earnings over the 5 years to 2017.

An encouraging feature is the relative improvement in the City Region's earnings performance relative to Scotland on both measures, possibly reflecting the strengthening of the jobs base noted above.

Figure 3.1: Key City Region Indicators Benchmarked Against Scotland

Indicator	GCR 2012	GCR 2017	2012 Gap	2017 Gap
Job density per 1,000 WA population	655.9	711.0	-11.8	-0.9
Average weekly earnings (£)	400.2	447.2	+4.3	+5.8
Average FT weekly earnings (£)	494.7	548.3	-3.6	+0.9
Employment rate (%)	67.0	71.4	-3.5	-2.9
Unemployment rate (%)	10.1	4.8	+2.0	+0.7
Youth (16-24) unemployment rate (%)	24.3	11.0	+4.0	+1.7
Economic inactivity rate	25.5	25.1	+2.3	+2.6
Economic Inactivity rate – LTS/disabled (%)	31.2	30.7	+2.8	+3.2
Working age with no qualifications (%)	13.3	11.2	+4.1	+4.7
Working age qualified to VQ Level 4+ (%)	37.3	42.8	-0.9	-1.1
16–19 participation rates (%)	N/A	91.4	N/A	-0.5



Employment Rate

The employment rate is simply the percentage of working age (16–64) people in employment. It is the best overall measure of active participation in the labour market. There are obviously issues about the quality of employment, including the incidence of part-time and temporary work, as well as forms of self-employment which are dictated to by some employers rather than choices on the part of individuals – and of course the phenomenon of zero hours contracts, although nationally these account for less than 3% of all forms of employment. Turning to the City Region:

- The employment rate in 2017 was 71.4%. This is 2.9 percentage points below the Scottish figure.
- On the upside, the gap between the City Region and Scotland as a whole had narrowed from 3.5 percentage points in 2012.

This is again consistent with the relative improvement in the City Region’s jobs base over this period. However, *more work needs to be done to bring more of the City Region’s working age population into employment.*

Unemployment Rate

The unemployment rate is measured on the basis of surveys of the population, and not on the numbers in receipt of benefits.

- The unemployment rate for the City Region more than halved from 10.1% to 4.8% over the five years up to 2017. This is the period over which the UK and Scottish economies as a whole began to recover from the recession which began around 2008.
- Over the same period, the gap between the City Region and Scotland as a whole also more than halved – although it remains the case that the unemployment rate in the City Region is 0.7 percentage points higher than the Scottish average.

Youth (16–24) Unemployment Rate

At the outset of the economic recession, the Scottish government placed very great weight on tackling the rising problem of youth unemployment. Quite rightly, this was seen as a major exercise in the prevention of potentially serious long-term unemployment among young people.

- In the five years to 2017, the City Region's youth unemployment rate fell from 24.3% to 11.0%.
- At the same time, the City Region saw a significant fall in its youth unemployment rate relative to the Scottish average – down from 4 percentage points to 1.7.

Although youth unemployment remains high at more than double the rate for working age people, the absolute number of young unemployed people has fallen dramatically.

Participation Rate for 16–19s

The participation rate is a new measure trying to more accurately assess the number of young people not in education, employment or training. It has only recently been introduced, and involves quite complex assessments of the status of young people over the course of time, rather than at a single point time.

- The participation rate for the period most closely aligning with 2017 was 91.4%. This may seem high, but this is a measure of a number of potential active experiences including school, college, apprenticeship, university, other employment and training schemes, and work. The fact that nearly 10% of the City Region's young people are not engaged in any of this diverse range of options is a cause for concern.
- However this is a Scotland-wide problem, as the City Region's participation rate is only 0.5 percentage points below the Scottish average.

Economic Inactivity Rate

Economic inactivity measures the number of people of working age who are not working or actively seeking work. It includes people in full-time education, those with significant caring responsibilities, and people who report they are unable to work due to long-term health issues and/or disabilities. It also includes people of working age who have retired from the workforce for whatever reasons.

- The City Region's economic inactivity rate was 25.1% in 2017, down marginally from 25.5% 5 years previously.
- However, over the five years the position relative to Scotland had deteriorated with the gap rising from 2.3 percentage points to 2.6.

Although the change was relatively modest in both absolute terms and relative to Scotland as a whole, it is disappointing that the relative improvements seen for employment and unemployment are not evident for economic inactivity.

Economic Inactivity Rate (Long Term Sick and Disabled)

As many of those who are economically inactive are engaged in educational activities, which would be generally regarded as fruitful investments in human capital for the City Region, emphasis is often placed on working age people who are long-term sick or disabled as groups of the population with typically much lower income levels and who could potentially benefit from appropriate employment. The high incidence of this reason for economic inactivity first emerged as a significant phenomenon during the severe recession of the early to mid-1980s. Glasgow and Liverpool City Regions have long recorded particularly high figures on this indicator relative to national averages.

Over the period 2012 to 2017:

- The percentage of the City Region's economically inactive who are long-term sick or disabled fell from 31.2 to 30.7% – a very modest change despite a strengthening economy.
- Over the same period, the gap on this indicator between the City Region and the Scottish economy rose from 2.8 to 3.2 percentage points.

This confirms the earlier findings on employment, unemployment and youth participation rates, and shows that the *City Region still has a lot to do to get up to par with Scotland as a whole, and then go beyond this to outperform Scotland on these types of indicators.*



Working Age Population with No Qualifications

Over the decades, and across most of the developed economies, increasing numbers of people have enjoyed enhanced educational opportunities, leading to a significant uplift in the numbers with educational qualifications. However, Glasgow City Region has lagged other City Regions and Scotland as a whole in this regard.

- In the five years to 2017, the percentage of the working age population with no qualifications fell from 13.3% to 11.2%. This is a significant improvement in a short time period.
- However, Scotland as a whole improved at a greater rate over the same period with the result that the gap between the City Region and Scotland rose from 4.1 to 4.7 percentage points.

Again it is a case of Glasgow City Region showing improvement over time in an absolute sense, but still not managing to close the gap with Scotland as a whole.

Working Age population Qualified to NVQ 4 and above

Turning to the other end of the qualification spectrum:

- Over the five years to 2017, the percentage of the working age population qualified at graduate equivalent level or better rose significantly from 37.3% to 42.8%.
- However Scotland as a whole performed better than this, leading to a marginal increase in the City Region’s deficit relative to Scotland from 0.9 percentage points to 1.1 percentage points.



Feedback from Employers

Up to this juncture, the analysis has drawn on broad indicators capturing various features of the economy, employment, the labour market and skills. This section focuses specifically on the perspectives that employers bring to the analysis of the City Region’s skills offer. It draws upon the biennial Employer Skills Survey carried out across the UK. Although the data are not analysed by City Region level, it is possible to compare the three major geographical areas of the City Region with Scotland, where:

- Glasgow includes East Dunbartonshire and East Renfrewshire.
- Lanarkshire amalgamates North and South.
- West includes Renfrewshire, Inverclyde and West Dunbartonshire.

The findings of the 2017 survey are summarised in Figure 3.2.

Skill Shortage Vacancies

Skill shortage vacancies arise where employers are unable to fill vacancies because of no or insufficient applicants with the required skill sets. This imposes a cost on employers as they are unable to deliver required production or service levels, and so lose out on profit and, potentially more damaging, on buyer and consumer goodwill which can reduce the demand for their

products and services. Looked at from a wider perspective, skill shortages represent a lost opportunity for unemployed people seeking work, or graduates from college and university with qualifications that do not match the employer skills need. Figure 3.2 suggests that:

- Less than one in ten employers reporting skill shortage vacancies.
- However, the percentage reporting skill shortage vacancies is higher in each of the three City Region localities relative to Scotland as a whole.
- The percentage of all vacancies falling into the skill shortage category is however 31% in the West and 28% in Glasgow – compared to 24% for Scotland as a whole.

These figures are disappointing given that on labour supply indicators Glasgow City Region has relatively more surplus labour than the Scottish economy. It suggests that there is *scope to realign skills provision to more effectively meet employer needs and at the same time provide greater employment opportunities for jobseekers.*

Skills Gaps

Skills gaps arise where employers report a percentage of their employees are operating below required competence levels for particular jobs. There are a range of simple explanations accounting for this – such as relatively recent recruits who are still learning on the job, or employees who have been required to change the job roles but are still not up to speed with the new responsibilities. In general terms, however, skills gaps reflect situations where employees are operating below the required levels of productivity to help the organisation maximise its effectiveness and productivity, and profitability in the case of private enterprises. Figure 3.2 shows that:

- In all parts of the City Region the percentage of employers reporting skill gaps is above the Scottish average, although the difference is marginal in statistical terms.
- The same conclusion applies in terms of the percentage of all staff with skill gaps, but Lanarkshire is below the Scottish average

Skills Underutilisation

As the term reflects, this involves situations where workers are in roles or carrying out tasks which do not take full advantage of the skill sets and qualifications possessed by them. This may have performance and productivity consequences for employers to the extent that some of these workers are less well motivated because they are not benefiting from the skills development and qualifications which they possess. However, it has wider implications for the effectiveness of the skills system as a whole. If people are being skilled and qualified in areas where they are unable to realise the benefits terms of earnings and employment, this is not good for individuals – but nor is it good for the City Region economy as a whole. Figure 3.2 indicates that:

- 41% of employers in the West of the City Region report staff whose skills or qualifications are underutilised, falling to 38% in Glasgow and 32% in Lanarkshire. The Scottish average is 35%.
- In terms of the percentage of staff whose skills or qualifications are underutilised this is close to 10% in Glasgow and Lanarkshire, and in Scotland as a whole.

In broad terms, Glasgow City Region employers are reporting similar levels of skills underutilisation to those across Scotland as a whole.

Skills Supply

Although many issues have been identified where skills have a part to play in their solution, it is important to record the substantial publicly funded skills effort mounted annually within the City Region. Funding for 2018/19, excluding capital funding is:

- £232 million for the colleges.
- £338 million for the universities, excluding UWS which has a major campus beyond the City Region.
- £61 million for the skills projects, programmes and other services provided by Skills Development Scotland.

SDS's budgets cannot be disaggregated by City Region. However, a substantial contribution is made to City Region skills development through the apprenticeship family and National Employability Programmes.

This excludes the investment in training and skills development made by employers to promote workforce development. This is very difficult to estimate, not least because a key cost to employers is the time their employees spend off the job while undergoing training. Additionally, there is no estimate for employability funding, which will involve a mix of Scottish Government funding through Fair Start Scotland, DWP JobCentre Plus services and funding assembled from various sources,

including European Structural Funds, by local employability partnerships in the City Region. In any event, there would be difficulty in interpreting this funding as a significant percentage is not directed at skills issues.

Broad Messages from Indicators

The review of the set of indicators capturing various dimensions of employment, skills and the labour market points to a number of broad conclusions:

- The evidence on job density and average earnings points clearly to an **improvement** in the position of Glasgow City Region relative to Scotland as a whole
- On a number of other supply-side indicators, however, particularly those relating to the employment rate, economic inactivity and working age people lacking qualifications, there is a **great deal still to be done** and a deteriorating position in relative terms on a number of these indicators.

Given that the supply-side indicators show a continuing position of relative labour surplus, it is a little disquieting to find employers, particularly those in Glasgow, reporting more problems with labour shortages and skills gaps in their workforces than the Scottish average.

Figure 3.2: Employer Skills Survey, 2017

Indicator	Glasgow	Lanarkshire	West	Scotland
% of employers with skill shortage vacancies	8	7	9	6
Skill shortage vacancies as % of all vacancies	28	14	31	24
% of employers reporting skills gaps	18	18	19	16
% of all staff with skills gaps	6	3	7	5
% of employers with underutilised staff in terms of skills/qualifications	38	32	41	35
% of all staff underutilised	9	9	7	9



Looking Forward – Projections for Labour Demand and Supply

This section takes a forward look on both the demand and supply sides of the City Region’s labour market. There are uncertainties with relation to the projections on both sides.

- The demand side projections assume that changes in employment and the labour market will conform to past patterns and trends – but there are major uncertainties that can lead to significant breaks with the past, including Brexit and digitalisation.
- The supply side is traditionally based on firmer ground as there are robust projections for the level and age breakdown of the population. However, the major uncertainties here is what happens to migration post-Brexit.

Labour Demand by Occupation

Although the public discourse on the future of employment assumes a greater emphasis on higher skill levels and the occupations that require these, the projections to 2028 are more complex than this.

- There is a strong projected *growth in management and professional occupations, and in skilled trades such as construction.*
- However strong *growth* is also projected for *sales and customer service* jobs and a range of *‘elementary’ occupations.*
- A modest decline in demand is projected for people working in metal trades, as well as operatives working in semi-skilled jobs, principally in manufacturing.

Much more significant than the growth in or decline of broad occupational areas is the notion of *replacement demand.* Even if an occupation is in decline, due to workers retiring, migrating or simply leaving the occupational area altogether, there will be many vacancies to be filled over the next decade. Consider ‘elementary’ clerical jobs as an example.

- In ten years’ time there will be 4,000 fewer jobs in this occupational area.
- Over the course of the next ten years, there will be 48,000 jobs which need to be filled due to replacement demand.

Labour Demand by Sector

In relation to sectors of the economy:

- Significant employment *growth* is anticipated in *professional, scientific and technical activities, construction, and administrative and support services*.
- Major declines in employment are projected for *manufacturing and public administration*.
- In relation to the Scottish government's *key sectors*, growth is projected in financial and business services, health and social care, childcare and tourism – but with modest declines in energy, engineering, food and drink, life sciences.

Labour Demand by Job and Qualification Levels

Looking forward a decade:

- 43% of jobs are projected to be high-level, 30% middle level and 27% low-level.
- In terms of qualifications for the jobs over the next decade due to replacement demand and net growth, 67% of the jobs will require qualifications at HNC and equivalents or above. Only 10% of the jobs will have no qualifications requirements.

Labour Supply

The employment projection for 2028 is for a *net increase of only 38,000 jobs*, and this does not factor in any negative impacts due to Brexit. This sets the requirement in terms of increased labour supply, putting to one side the level and type of qualifications attained.

The working age (16–64) *population is projected to decline by 25,000* over the period 2017–2027. This suggests there may be a problem in terms of the overall labour supply. However, it is important to note the erosion of 65 as a hard retirement age, partly due to changes in state retirement pension, but also the impacts of collapsing private sector employer pension schemes. Additionally the population has generally grown healthier over time, allowing more people to work for longer than previous generations. The 65 to 74 age group is now the fastest growing element of the UK working population. Across the City Region, there are now 21,000 employed in this age band, up by 34% the last five years.

The big area of uncertainty relates to *migration* as a source of labour supply for the City Region. For 2017/18, 26,500 EU migrants were employed within the City Region – 3.3% of total employment. This makes the City Region much less at risk of labour supply loss than other city regions across Scotland – principally

Edinburgh and Aberdeen city regions. UK figures are now showing a decline in the number of EU migrants employed in the labour market – but this is not yet showing in figures for Scotland. The number of EU migrants employed in Scotland rose by 32,700 between 2015/16 and 2017/80.

On balance, the City Region may experience more pressing issues around labour supply over the course of the next ten years, but this requires an optimistic stance on employment and labour demand post-Brexit.

An additional consideration is that the *potential tightening of the City Region's labour market could stimulate significant progress on some of the current shortcomings* identified in the statistical analysis benchmarking Glasgow City Region against Scotland. For example, *bringing the City Region's employment rate up to the Scottish average would add 29,000 people* to the labour supply, hopefully increasing significantly their incomes at the same time. Additionally, as demonstrated clearly in the statistical benchmarking exercise, there is scope to reduce unemployment and increase the employment rates for the long term sick and disabled, those with low or no qualifications and other disadvantaged groups thereby *promoting growth and securing gains in terms of inclusion*.

Implications of National and Global Labour Demand and Supply Issues

In this final section we consider labour demand and supply issues generated by national and global trends. It is fair to say that the City Regions globally most adept at managing and indeed exploiting these trends will find themselves at a significant competitive advantage in terms of their economies, and their ability to attract and retain talent.

Rise of In-Work Poverty

It is now well-established that in Scotland, and the UK more generally, in-work poverty has been on the rise for the last five years or so. The latest figures for Scotland report that 65% of children in relative poverty and 58% of working age adults are in households with one more earner. This reflects a combination of the difficulties in accessing fair work and the failure to upgrade benefits, including working tax credits, in line with inflation. The Skills Investment Plan needs to both support productivity growth and tackle inequalities to take forward inclusion. This requires a sharper focus on in-work employability and skills interventions to help stall and then reverse the rise in in-work poverty.

Demography

In broad terms, the demographic trends through to the 2040s facing Scotland are as follows:

- Under 16's remaining relatively flat.
- 16 – 64 age group is declining.
- 65+ age group increasing.

Recent statistical evidence from across the globe shows that there has been a significant downward shift in fertility rates, which then underpins very similar trends to those identified for Scotland. What we confront is not unique to Scotland by any manner of means. At the City Region level, we need to think much more profoundly about the implications of this for our education and skills system, for our services and for the nature and future of our economy.

Skills Underutilisation

The statistical evidence for Scotland suggests that anywhere between 28% and 52% of graduates are underutilised in their employment role. The findings for the UK as a whole are similar in terms of scale, and likewise for a number of OECD economies. The evidence from the Employer Skills Survey also provided evidence on this for Glasgow City Region. This tends to be viewed as a problem – and clearly it is for the individuals who have undergone education and training

but are not reaping the anticipated rewards. If indeed the City Region is moving to a position where labour shortage replaces labour surplus as the norm, the underutilisation of skills within the region can be turned to advantage by facilitating the redeployment of underutilised skills to parts of the City Region labour market where they will be used. More generally, skills investment planning needs to be much more sensitive to the needs of the employer marketplace, and much more flexible and responsive in meeting new demands as well as reducing capacity where skills are not being as well utilised.

Gender, STEM and Digital Skills

There is now widespread awareness of the importance of STEM and digital skills as jobs and sectors evolve. There is now a significant body of evidence at the Scottish and UK levels that female participation in school, college and university courses in the STEM and digital areas equates to only approximately 25%. This means that one in four potential labour market entrants with these skill sets is essentially discounted. The implication is that a prolonged demand for these skills within the City Region would lead to significant labour shortages and loss of competitive advantage to other City Regions across the UK

and beyond which have been able to significantly raise female participation in the relevant subject areas. The response needed here is in the early years of the education process to attract more females into STEM (STEM: Education and Skills Strategy, October 2017); and address losing graduates due to issues around inequalities in workplace practices.

Digitalisation

There is now a general acceptance that digitalisation will transform the occupational landscape. From GPs to conveyancers, and from shop assistants to welders – and across a range of other occupations – many jobs will disappear or be radically transformed. There is little argument that this will happen, and indeed is already happening. However, there is less certainty about the timescales and the extent of change within these timescales. Clearly all of this will impact significantly on national and regional skills systems across the globe. The skills systems that are able to demonstrate great *agility*, and are able to *respond quickly* as change comes fast upon them, will prove to be the most *resilient* and also the most effective in supporting their economies and working populations. Glasgow City Region needs to be one of the places that has developed this type of agile and responsive skills system.



Skills 4.0

Industry 4.0 will be much more digitally enabled, and the likelihood is that the nature of the skill sets required within global economies and the city regions to underpin competitiveness will be far removed from what is the current conventional requirement. Work carried out by Skills Development Scotland has sought to identify these new *meta-skills*, and describe them in some detail. The major requirement now is to develop a fuller understanding of how most effectively to create these skills not only in the young people coming through our school system, but also in the existing workforces which may need to transform quickly to retain and/or create a competitive edge in a global marketplace.

Brexit

Finishing with the most immediate threat in the broader landscape, it is likely that whatever Brexit deal is agreed – including ‘No Deal’ – there will be in the UK, its regions and city regions two broader impacts in the relatively short run.

- **Redundancies** will increase in those sectors most exposed to the EU for trade. There may also be relocations of existing UK businesses, moving part or all of their operations to the EU. So in broad terms there will be a reduction in demand for labour.

- Paradoxically, there may also be **labour shortages** as a significant number of EU workers return to their home economies or move to other EU economies.

This will create a challenge for Glasgow City Region, as well as for other competitor UK city regions. There is an opportunity here to move quickly by assembling much more resource to support the well-established **PACE** process for responding to redundancies to maximise the redeployment of the existing workforces. At the same time, it will be essential to develop significant training and retraining resources that can be targeted at the labour shortages resulting from return migration by EU migrants. The **Transition Training Fund** developed in the north-east of Scotland to cope with the downturn in oil and gas is a good model for what could be done. **Planning needs to begin now if the City Region’s response is to be ready for effective deployment if and when needed.**

Glasgow City Region must excel in its response to all of the above challenges if it genuinely has ambitions to be a globally competitive and fully inclusive City Region.



4 Mission, Strategic Outcomes and Priority Action Areas

Purpose

The purpose of this section is to create a platform for the more detailed Delivery Programme and to support the implementation of the overall Skills Investment Plan.

The platform consists of:

- a long-term Mission which will drive the design and delivery of the Skills Investment Plan;
- Strategic Outcomes against which the effectiveness of the Skills Investment Plan will be assessed, and which will need to be met if the mission is to be achieved; and
- Priority Action Areas which will form the basis of detailed skills investment decisions and actions needed to progress towards the strategic outcomes.

The Strategic Context

Earlier sections set out in some detail the policy and strategic context for the Glasgow City Region Skills Investment Plan, as well as a statistical analysis benchmarking employment and skills indicators for the City Region against Scottish levels. At the start of this section, it is helpful to locate the Skills Investment

Plan within the wider *Glasgow City Region Economic Strategy 2017–2035*.

There are three important elements relevant to the development of the Regional Skills Investment Plan:

- The core *aim* which is sustained and inclusive economic growth through
 - significant uplifts in *productivity* and *incomes*;
 - *more and better jobs* created by strengthening and growing a diverse business base; and
 - *increasing labour supply* by supporting more people into work, and attracting and retaining talent;
- Developing a *skills system* with a key role in supporting people, business and other key organisations to *reach their full potential*; and
- To achieve the above;
 - *Improving connectivity between skills strategies* at the City Region and the Scottish levels.
 - Moving to a position where more employment and *skills investment decisions are made at the City Region level*.
 - Ensuring that *skills provision is better aligned to business needs*.



Key Messages: Review of Statistics and Key Trends

A key part of the work process for the development of the Regional Skills Investment Plan involved consultation with a wide range of regional stakeholders. This included the Public, Private and Third sectors.

Poor Productivity

Following a revision to the geographical areas used to allocate GVA, the historical productivity levels for the Glasgow City Region have been rebased. The GCR's productivity levels now compare poorly with the other major city regions across the UK, ranking below the city regions of Manchester, Liverpool, Cardiff, and Edinburgh.

Labour Market Inequalities Persist

Although the City Region has made good progress in recent years in relation to the underlying economy, this has not yet transmitted itself in significant terms to long-standing problems such as the high proportions of economically inactive people due to long-term sickness and disability, and the generally lower employment rate for working age people compared to Scotland as a whole.

Rise of In-Work Poverty

Figures for the City Region are difficult to obtain on a robust basis. However the

Scottish evidence shows unequivocally that in-work poverty, including the number of children in poverty, have been rising steadily for at least the last five years and now stands at unacceptable levels. There scope to gain purchase on this problem by introducing more effective interventions to stimulate employer investment in upskilling their workforces, so enhancing their earning capacity. This will also help employers to grow, and will help the City Region to grow inclusively.

The Demographic Challenge

The City Region's working age population will decline by around 25,000 over the next ten years. This potential loss of labour supply could be exacerbated if there is a reduction in the number of EU workers employed in the City Region. This makes it all the more important to make full use of the potential workforce, including those more disadvantaged groups with much lower employment rates – such as disabled people and those with no or low qualifications, BME and new Scots. This will help sustain economic growth and make it more inclusive.

Skills Underutilisation Is High

Across Scotland, the proportion of graduates in non-graduate jobs is high, with estimates ranging between 28% and 51%. This raises issues about the appropriateness of the educational provision across the City Region.

However, there is the potential to make better use of the skilled graduates we have, particularly at time when the number of working age people is in decline. This includes addressing the “leaky pipeline” with regard to jobs in the STEM sector and losing graduates, particularly female, to lower skilled jobs to accommodate caring responsibilities; and addressing the issue of of migrant workers not having their qualifications recognised therefore working in jobs below their skill level.

Changing Nature of Skills

As digitalisation increasingly impacts upon the economy and the labour market, new skill sets will be required. These will include highly technical skills such as those required in the finance sector to design and engineer new products and customer interfaces. More generally, many jobs will require a reasonable level of digital awareness. In addition to this, a more generic set of meta-skills is coming to the fore. The City Region needs to be ahead of these trends to sustain and improve its competitiveness, and must guarantee wide access to the acquisition of these skills to ensure inclusivity.

Brexit

Whatever deal emerges from Brexit, there will be challenges in terms of labour demand and supply. Potentially the City

Region may confront both an increase in redundancies and in skills shortages. Effective and well-resourced skills interventions would have a critical role to play in seeing the City Region through a difficult period of readjustment.

Overview

Skills investments and interventions are not the solution to these problems but they must form a major part of the contribution to a solution.

Given this, actions to tackle these problems need to sit at the centre of the Regional Skills Investment Plan.



Perspectives of Key Stakeholders: Key Skills Challenges and Priorities for Action

A key part out of the work process for the development of the Regional Skills Investment Plan involved consultation with a wide range of key stakeholders across the City Region. This included the public, the private and the third sector.

In the public sector, the consultations involved the local authorities, agencies such as Scottish Enterprise and Skills Development Scotland, DWP JobCentre Plus, colleges and universities, and the Scottish Government. Over 20 consultations were carried out on a one-to-one basis, and a major consultation event was held where participants were given presentations on the purpose of the Skills Investment Plan and the performance of Glasgow City Region relative to other city regions and Scotland on a wide range of economic and skills related indicators.

The consultations generated a number of key skills challenges, some of which the Skills Investment Plan should seek to address. Some of these challenges have already been highlighted on the basis of the wider review of trends and the statistical comparisons between the City Region and Scotland as a whole. As a large number of challenges were identified, these have been organised into groups.

High Levels of Inequality

There was concern about the persistence of high degrees of inequality across the City Region. Although skills interventions alone cannot solve these problems, there was a desire to see a strong focus on tackling inequalities within the Skills Investment Plan. This would need to involve reducing economic inactivity among those with long-term sickness and disability issues, but also tackling the relatively high incidence of working age people with no qualifications and the long-standing poor labour market experiences of the residents of our most deprived communities and ensure that skills interventions deployed are effective. Additionally, there was a view that whereas there were still employment problems for some groups of young people, particularly those failing to secure a good educational or employment

outcome by the late teens/early 20s, there was now a case for reallocating some funding from younger to older people of working age. Finally, it was felt that the capabilities of the Third Sector in relation to engaging with more deprived and disadvantaged communities were not being fully utilised.

Insufficient Investment in Upskilling and Reskilling Existing Employees

There was a broad view that, in a time of significant change in technologies, greater investment in the existing employed workforce was a necessity. Linked to this is the need to upskill and reskill those employees at the lower end of the earnings hierarchy, to help reduce in-work poverty, assist in the retention and progression of unemployed people finding work and to reduce inequalities in pay across gender and other key characteristics. At the same time, there is the potential to increase productivity and competitiveness in the business base.

Skills System insufficiently Responsive to Business Needs

Feedback from the business community indicated a perception that the skills system was insufficiently responsive to the skill needs of employers. From their perspective, educational and

skills provision still seemed somewhat dislocated from the current realities of the labour market in terms of curriculum. Additionally, it was hard to see strong evidence of important messages getting out to young people and adults on changing labour market demands and opportunities, and the skills required to access these.

Need for More Resilient Workforce

In a context of increasing uncertainty in the European and wider global context, there is a sense that, just as businesses and other organisations need to build in resilience, so it must be with the City Region's workforce. As future skill needs are very difficult to anticipate in detail, this suggests a greater focus on the development of more generic softer skills and the meta-skills likely to be associated with Industry 4.0, as well as a broad level of digital awareness. The difficulty here is how to generate these more generic skills on a much more effective and sustainable basis. In some part, this reflects the fact that rarely is funding directed at attainment in these skills, and funding drives behaviour as we know. The Skills Investment Plan needs to address this full on.

Lack of Good City Region Intelligence on Skills

Despite the volume of resources available across all the organisations involved in skills, there seem to be a lack of detailed and necessary intelligence on skill needs, and on the effectiveness of different types of skills interventions. There was clear recognition that Skills Development Scotland had made significant contributions to improving the situation, particularly through Regional Skills Assessments. However, there remained a lack of coordinated intelligence on current and specific skill needs in particular sectors and localities. The suspicion was that this was giving rise to skill shortages and recruitment problems. Additionally, the lack of collective intelligence on what was working well, or not so well, in relation to skills interventions probably meant that the money could be spent more effectively going forward.

Skills System Not Sufficiently Aligned and Coordinated at City Region Level

There was concern across the spectrum of key stakeholders about the fact that limited decision making powers around skills investment resided at the City Region level. However, it was well understood that, even with these powers,

it would be essential to develop a more aligned and coordinated approach to education and skills across the City Region. Essentially, active collaboration must replace competition and reluctance to engage if the City Region is to develop a skills system that will work effectively for it in a competitive national and global environment for the next few decades. The City Region needs to divert its competitive impulses to taking on other city regions across the UK and beyond.

Skills System Needs to Embed Agility and Resilience

These are very challenging and uncertain times. A number of stakeholders had concerns that the City Region skills system is not set up to deal with uncertainty and may struggle if there are major shocks in the labour market requiring significant shifts in curricula over a short period of time. As planning for specific future skill needs is extremely difficult, with repeated major failures in this approach over the last 50 or 60 years and across many economies, it is essential to develop a system which has much greater agility. This is a system where major shocks can be dealt with quickly and appropriately. Agility not only serves well the employing community and workforce, as well as the wider population dependent on the services

delivered, it helps maintain the integrity of the skills system itself and ensure its resilience in the face of major change. Skills Investment Plan should work to create such a system.

Skills Investment Plan: The Building Blocks

This section sets out the key building blocks of the Skills Investment Plan, and these are the foundation for the more detailed Delivery Programme which follows. The priority action areas are based on the key messages from analysis of the data, key trends and stakeholder views discussed above.

Skills Investment Plan: Mission

The purpose of the mission is to create a central long-term driver to help with the design and delivery of the Regional Skills Investment Plan, but also to retain focus on what the City Region needs to achieve through skills investment over the long term.

Rather than create a mission internally focused around skills, the decision was made to view skills as one of the key support columns for the Glasgow City Region Economic Strategy 2017-2035 and to reflect this in the Mission.

Our Mission is to

Create a skills system which underpins a strong, inclusive, competitive and outward-looking economy. The system will be agile and resilient, adapting to challenges and opportunities emerging from global technological and economic trends.

As noted, the central aspects of the mission around economy are largely drawn from the Regional Economic Strategy. However, key aspects of the mission focus on the need to create a skills system which has both **agility and adaptive resilience**. There was a view coming through the consultation phase that, insofar as the City Region has a skills ‘system’, it is slow to react to economic and labour market changes, and could be much better coordinated across its different components.

Skills Investment Plan: Strategic Outcomes

The strategic outcomes set out a number of requirements which must be met if the mission is to be achieved. In large measure, the strategic outcomes reflect a number of the broad areas where statistical evidence suggests that the City Region currently underperforms relative to Scotland as a whole. As noted earlier, Scotland needs a successful Glasgow City Region – but so do the current and prospective working age population and the business community. Skills have a central role to play in continuing to support the development of the economy, and in tackling long-standing inequalities across different groups of the population in different localities within the City Region.

The strategic outcomes which will help drive the design and delivery of the skills investment plan for the next five years and beyond as the Plan adapts and evolves are detailed in the box opposite.

One of the key features of the strategic outcomes is that they are all **measurable** to a high degree.

On a point of detail, baseline measurements will need to be taken, followed up by ideally annual assessments of progress towards the strategic outcomes. The design of measures to cater for Strategic Outcome 1 will be a little more challenging, but this can and must be done.

Strategic Outcomes

1. Alignment and co-ordinated working at the City Region level across education and skills bodies and geographies is the norm for skills planning, investment and provision
2. Percentage of employers reporting skill shortages and skills gaps is below the Scottish average, and Glasgow City Region is in the top quartile of the UK core City Regions
3. Percentage of working age population with no qualifications – or economically inactive due to health or disability – is below the Scottish average, and their employment rates are above the Scottish average
4. Productivity, job density, percentage of standard jobs and average earnings are above the Scottish average, and in the top quartile of the UK core City Regions
5. Inequalities in pay and employment access by gender, disability, ethnicity, and care experienced and other protected characteristics are below the Scottish average
6. Gaps in education, skills and employment outcomes between residents of the poorest 10% SIMD areas have halved relative to the City Region



Skills Investment Plan: Priority Action Areas

In order to make good progress towards achieving the strategic outcomes, seven broad priority action areas have been identified. These action areas will impact directly upon the strategic outcomes. Priority Action Areas are:

1. **Ensure sufficient local and appropriately skilled people** are available to deliver effectively the range of City Deal projects but also to maximise the local employment benefits from improved transport, and the new job creation flowing from the City Deal projects on their completion.
2. **Design and fund interventions and use more effectively procurement and other levers**, to secure a major expansion in skills development for existing employees.
3. Develop a **suite of new skills actions focused on improving the inclusivity element of inclusive growth**, leading to a reduction in the full range of labour market inequalities and in-work poverty, and improved results in terms of job access, quality and sustainability for unemployed people further from the labour market.
4. Develop and deliver skills interventions to address problems and grasp opportunities, if any, at City Region level arising from **Brexit**.
5. Improve skills interventions to **support businesses to move up the value chain**, improve productivity and competitiveness, create more Fair Work and grasp opportunities for internationalisation.
6. Build the **evidence base and analytical capacity** to underpin City Region level skills planning and investment to exploit fully skills interventions that will address City Region needs and opportunities – including building intelligence and evidence-based interventions on critical emerging needs around **digital and meta-skills**.
7. Conduct a full review of funding and other mechanisms prior to bring forward an action plan to **promote greater education and skills alignment and collaboration at City Region level**, but also **increase the agility and adaptive resilience of the City Region skills system**.

Each of the above Action Areas are supported by a detailed Delivery and Implementation Programme set out in Section 5.

The Delivery Programme comprises a one-year Implementation Plan for 2019 – 2020 and objectives for a longer term integrated skills delivery programme for years 2020 – 2024.

Figure 4.1 sets out the Mission, Strategic Outcomes and Priority Action Areas in a single diagram.



Figure 4.1: Mission, Required Strategic Outcomes, Priority Action Areas 2019 – 2024

Mission for 2035						
<p align="center">Mission for 2035</p> <p align="center">Create a skills system which underpins a strong, inclusive, competitive and outward looking economy. The system will be agile and resilient, adapting to challenges and opportunities emerging from global technological and economic trends.</p>						
Required Strategic Outcomes						
<p>1. City Region alignment and working across education and skills bodies and geographies is the norm for skills planning, investment and provision</p>	<p>2. Reduce percentage of employers reporting skill shortages and skill gaps. Glasgow City Region below Scottish average; and in top quartile of UK core city regions</p>	<p>3. Reduce percentage of working age population with no qualifications; and/ or economically inactive due to health or disability to below Scottish average Increase GCR employment rate above Scottish average</p>	<p>4. Increase productivity; increase job density; increase percentage of standard jobs; and increase average earnings above Scottish average. GCR in top quartile of UK core city regions</p>	<p>5. Reduce inequalities in pay and employment access by gender, disability, ethnicity, care experienced and other protected characteristics to below Scottish average</p>	<p>6. Halve gaps in education, skills and employment outcomes between SIMD top 10% and City Region average</p>	
Priority Action Areas for 2019–2024						
<p>1. Ensure sufficient locally and appropriately skilled people to deliver City Deal projects; and maximise benefits of improved transport and access to end use jobs</p>	<p>2. Design and fund interventions and more effectively use procurement and other levers to secure major growth in workforce skills development</p>	<p>3. Develop suite of skills actions focused on inclusivity and inclusive growth; reduce full range of labour market inequalities and in-work poverty; and tackle issues of people further from the labour market</p>	<p>4. Develop and deliver skills interventions to address problems and grasp opportunities at City Region level arising from Brexit deal</p>	<p>5. Support businesses to move up the value chain; improve productivity and competitiveness; create more Fair Work; and capitalise on opportunities for internationalisation</p>	<p>6. Build capacity and evidence to underpin GCR-wide skills planning and investment to address GCR needs and opportunities, including intelligence on new key needs such as digital and meta-skills</p>	<p>7. Review funding and other mechanisms to bring forward an action plan to promote greater education and skills alignment and collaboration at City Region level; increase agility and adaptive resilience of City Region skills system</p>

5 Delivery Programme 2019 – 2024

This section sets out the rationale and impact of planned activities in each of the priority action areas to support delivery of the six strategic outcomes.

The Regional Skills Investment Plan has been developed during a time of significant uncertainty regarding the demand for skills and labour and ongoing review in relation to the planning, investment and delivery of skills and employability services in Scotland.

Our Delivery Programme for 2019 – 2024 is therefore designed to be flexible; capable of responding to changing priorities, opportunities and challenges; and contributing to the review of the wider Regional Economic Strategy.

The programme is structured around the seven priority action areas identified in the preceding section with activities contributing to the delivery of the six strategic outcomes and actions in Regional Economic Strategy and Action Plan 2017.

We have identified a range of short-term actions that we will undertake in year one of the Plan, 2019 – 2020. These include a mixture of policy, planning and delivery activities, generating early outputs and creating a platform on which to build a longer term integrated skills programme for years 2020 – 2024.

This Delivery and Implementation Programme has been developed with key strategic partners, including the Scottish Government Fair Work and Skills Directorate, Skills Development Scotland, Scottish Enterprise, City Region Colleges and Universities and the City Region Economic Delivery Group and relevant Portfolio Groups.

The whole of the Regional Skills Investment Plan has been endorsed by the Regional Economic Partnership and validated by the City Region Cabinet.



Priority Action Area 1

Ensure sufficient local and appropriately skilled people to deliver City Deal Projects, and to maximise the benefits of improved transport and access to end use jobs.

Rationale

The City Deal Programme will generate an additional 29,000 end use jobs and will create a further 15,000 temporary jobs during construction.

No structured skills or employment programme aligned to City Deal Projects.



Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
<p>1.1 Work with Glasgow City Deal Programme Leads and Support Groups to build a comprehensive timeline of labour requirements by skill and volume and better align skills and employment activity</p>	<p>Process for generating information on employment and skills requirements established</p> <p>Skills development and employment planning linked to City Deal Projects implemented</p> <p>Cenefits Community Benefit Monitoring System implemented</p> <p>Evidence Report of Glasgow City Region medium to long term labour requirements and demand</p> <p><i>Reduce % employers reporting skills gaps (SO2)</i></p>	<p>GCR Skills and Employment Portfolio Group</p> <p>City Deal Lead Officers and Support Groups</p>
<p>1.2 Improve Skills Alignment to better align college and university provision with labour market evidence and industry needs</p>	<p>Develop a 5-year Skills Training plan for the Glasgow College Region</p> <p>Set number local people trained and employed on City Deal Projects</p> <p>Updated skills and training supply</p> <p><i>Reduce % WA population with no qualification (SO3); City Region alignment and working is the norm for skills planning, investment and provision (SO1)</i></p>	<p>Skills Development Scotland</p> <p>Glasgow Colleges' Regional Board</p>
<p>1.3 Grow the number of Glasgow City Region residents starting in relevant apprenticeships</p>	<p>Minimum 9,000 apprenticeships starts across GCR; subject to demand</p> <p><i>Increase Qualifications (SO3); reduce gaps (SO6)</i></p>	<p>Skills Development Scotland</p> <p>City Region Colleges and Universities</p>
<p>1.4 Review Community Benefit Clauses to better support skills development and align to employability programmes.</p>	<p>50% increased use and take up of targeted Community Benefits</p> <p><i>Reduce labour market inequalities (SO5)</i></p>	<p>GCR Skills and Employment Portfolio Group</p>

Planned Activity 2020 – 2024

- 1.5** Integrated skills and employment programme to meet skill demands
- 1.6** Create opportunities for upskilling and reskilling
- 1.7** Link skills programme to Community Benefits opportunities identified through Cenefits
- 1.8** Develop and implement proactive job brokerage service for new entrants and to support progression
- 1.9** GIS mapping of end job opportunities and transport links
- 1.10** Work with the GCR Transport Portfolio and Regional Transport Strategy to ensure affordable and sustainable public transport options are available to support job entry

SO reference to Required Strategic Outcome

Priority Action Area 2

Design and fund interventions and more effectively use procurement and other levers to secure major growth in workforce skills development.

Rationale

Limited use of Community Benefits clauses to promote skills and target employment inequalities.

Poor linkage of procurement levers to local/regional skills and employment pipelines both for new entrants and workforce development.



Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
<p>2.1 Review current menu of community benefits and develop ask for greater focus on targeted recruitment, apprenticeships and support for work-based learning</p>	<p>Develop and establish GCR procurement guidelines that</p> <ul style="list-style-type: none"> – align to Scottish Government wealth creation pilot; – leverage impact on socio-economic benefits; – strengthen links with workforce development; and – increase the use and focus of community benefit clauses. <p>Revised menu for Community Benefits <i>Reduce employment inequalities (SO5)</i></p>	GCR Skills and Employment Portfolio Group
<p>2.2 Build upon and grow Flexible Workforce Development Fund to support upskilling and reskilling within the City Region workforce</p>	<p>Provide upskilling training to at least 200 levy paying employers</p> <p><i>Reduce % employer reporting skills gaps (SO2)</i></p>	Skills Development Scotland Glasgow City Region Colleges and Universities
<p>2.3 Develop a City Region approach to maximise the use of community benefit clauses throughout public sector procurement</p>	<p>Step change in the use of community benefit clauses</p> <p><i>City Region Community Benefit Framework (RES 7.3)</i></p>	GCR Skills and Employment Portfolio Group

*SO reference to Required Strategic Outcome
RES Action refers to Regional Economic Strategy Economic Action Plan 2017*

Planned Activity 2020 – 2024

- 2.4** Review Workforce Development offering and funding across the City Region
- 2.5** Work with College Regions and other providers to develop a range of skills interventions to enable more ‘earn and learn’ options
- 2.6** Develop a Skills Compact and single GCR employer offer to promote progression, increase sustainability and secure growth in workforce skills
- 2.7** Establish a wealth creation approach within Glasgow City Region
- 2.8** Develop and implement targeted interventions by sector to promote and support in-work progression

Priority Action Area 3

Develop a suite of skills actions, focused on inclusivity part of Inclusive Growth, to reduce full range of labour market inequalities and in-work poverty, and tackle issues of people further from the labour market.

Rationale

Paradoxes in City Region economic performance – relatively high growth and 2nd highest level of working age population with degree level qualification; 25.1% economic inactivity due to long-term health and disability and 11.2% Working Age adults with no qualifications. Employment rate is lower for people with disabilities and other disadvantaged groups including care leavers.

Increasing levels of in-work poverty.

Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
3.1 Introduce a Glasgow City Region Fair Work Strategy and Living Wage; develop a GCR Fair Work Accreditation Scheme	Strategy and Accreditation Scheme launched <i>Increase standard of jobs and average earnings (SO4)</i>	GCR Skills and Employment Portfolio Group
3.2 Introduce a Glasgow City Region Youth Guarantee focused on priority groups and areas	<i>Reduce regional disparities in Participation Measure – 95% of school leavers enter employment, training or education (RES 3.4)</i> <i>Reduce labour market inequalities and gaps between SIMD areas and regional average (SO5, SO6)</i>	GCR Skills and Employment Portfolio Group
3.3 Work with the GCR Education Collaborative to expand offer for vocational training and Foundation Apprenticeships	2,000 Foundation Apprenticeships available to all senior phase pupils; subject to demand <i>Improved education and skills alignment and working across City Region (SO1); reduce labour market inequalities and gaps between SIMD areas and regional average (SO5, SO6)</i>	Skills Development Scotland West Partnership (Glasgow City Region Education Improvement Collaborative) City Region Colleges and Universities
3.4 Implement City Region Intensive Employability Programme for Parents to help tackle Child Poverty; collaborate on local employability models and prepare for greater devolution of resources in 2020/21	Agreement and roll-out of Local Employability Model within the City Region Commencement of GCR Parental Employability Support (PES) Programme <i>Reduce labour market inequalities (SO5, SO6); improve alignment and GCR working across geographies (SO1)</i>	GCR Skills and Employment Portfolio Group
3.5 Review and expand opportunities for widening access and develop appropriate sponsorship and support framework	Implementation plan for SFC ‘Blueprint for Fairness’ across the City region <i>Increase the number of people from disadvantaged backgrounds entering and completing FE/HE Opportunities (SO5)</i>	GCR Skills and Employment Portfolio Group City Region Colleges and Universities Scottish Funding Council

SO reference to Required Strategic Outcome RES Action refers to Regional Economic Strategy Economic Action Plan 2017

Planned Activity 2020 – 2024

- 3.6 Undertake an Equalities Impact Assessment of the RSIP and implement actions
- 3.7 Develop and implement Single Employability Offer and GCR Recruitment Incentive for targeted groups and those further from the labour market as part of our Skills Compact with employers to promote progression, increase sustainability and secure growth in workforce skills
- 3.8 Commission specialist employment services for people with health barriers to employment and others disadvantaged or experiencing exclusion in the labour market and develop tailored interventions to tackle in-work poverty
- 3.9 Develop materials for young people (school pupils, students and graduates), under-employed, workless individuals and career changers to help them understand the routes into and through GCR’s key sectors and occupations
- 3.10 Collaborate with Scottish and UK Governments to utilise post-EU Structural Funds and secure resources for Skills Investment and Employability in order to establish a regional Flexible Skills Investment Fund
- 3.11 Develop and implement a GCR Equalities Framework and Impact Assessment; and establish GCR Poverty Panel and processes for poverty-proofing policies

Priority Action Area 4

Develop and deliver skills interventions to address problems and grasp opportunities at City Region level arising from Brexit deal.

Rationale

EU migrants make up 3.3% of GCR employment – net migration is likely to decline and tighter migration policies may lead to decline in labour supply; estimated 40,000 jobs in the City Region are dependent on exports to the EU with risk of redundancies in sectors most exposed to the EU for trade



Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
<p>4.1 Improve our understanding of EU migrant labour in GCR employment by sector and geographic focus and implement targeted skills interventions to mitigate risks</p>	<p>Report published <i>Mitigating skills interventions incorporated in RSIP (SO1)</i></p>	<p>GCR Intelligence Hub Scottish Enterprise Skills Development Scotland</p>
<p>4.2 Collaborate across the City Region to ensure a qualified workforce to meet the needs of early learning and childcare expansion</p>	<p>Continue to deliver enhanced levels of teaching activity in professional Early Learning and Childcare training qualifications at SCQF levels 7–9; subject to demand Increase ELC MAs by 10% per annum; subject to demand <i>Reduce WA population no qualifications (SO3); reduce employment inequalities (SO5) and reduce gaps in SIMD areas (SO6)</i></p>	<p>GCR Intelligence Hub Scottish Enterprise Skills Development Scotland</p>
<p>4.3 Capitalise upon the strategic importance of the National Manufacturing Institute for Scotland and develop a Skills Academy</p>	<p>Skills Academy plans launched and implemented <i>Greater alignment and working across education and skills bodies and geographies (SO1)</i></p>	<p>Scottish Government University of Strathclyde Skills Development Scotland</p>

SO reference to Required Strategic Outcome

Planned Activity 2020 – 2024

- 4.4** Develop an integrated skills programme with key sectors
- 4.5** Create opportunities for upskilling and reskilling
- 4.6** Develop specialist support package for people made redundant by Brexit deal
- 4.7** Work with the Scottish and UK Governments to ensure that post-study work visa policies allow us to retain talent and grow our regional economy

Priority Action Area 5

Support businesses to move up the value chain, improve productivity and competitiveness, create more Fair Work and capitalise on opportunities for internationalisation.

Rationale

Skills gaps and underutilisation contribute to lower productivity and limit opportunities. Improved productivity helps to increase competitiveness and maximise opportunities for internationalisation. Difficulties in accessing fair work leads to increased poverty and inequalities.



Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
5.1 Establish a Skills for Financial Services hub to support the City Region’s increasing international recognition in this sector	New training provision developed for residents to progress to employment in the financial services sector; subject to demand <i>Increase WA qualifications and reduce skills shortages (SO2, SO3)</i>	Glasgow Colleges’ Regional Board Skills Development Scotland
5.2 Support the skills needs within the City Region’s Tourism Strategy and its ambitious growth plans	Review skills needs and develop the curriculum offer for Tourism related qualifications by Glasgow City Region Colleges <i>Increase WA qualifications (SO3), reduce skills shortages (SO3)</i>	City Region Colleges Scottish Funding Council
5.3 Work with the GCR Enterprise Portfolio to develop an integrated Enterprise and Employer offer aligned to skills gaps and shortages and to support business growth opportunities	Integrated offer developed and implemented <i>Reduce skills shortages (SO2), increase productivity (SO4), reduce inequalities (SO5) and reduce gaps in employment outcomes (SO6)</i>	GCR Skills/Employment and Enterprise Portfolios
5.4 Implement City Region Fair Work Strategy	Publication of City Region Fair Work Strategy <i>Improve standard of jobs (SO4) and reduce inequalities (SO5)</i>	GCR Skills and Employment Portfolio

SO reference to Required Strategic Outcome

Planned Activity 2020 – 2024

- 5.5 Increase alignment between skills and enterprise through establishing and implementing a single GCR Enterprise and Skills Hub
- 5.6 Work with GCR Enterprise Portfolio to align skills and enterprise offer and to develop a suite of programmes and interventions to support business development and economic growth
- 5.7 Work with Further and Higher Education to review programme offers aligned to skills gaps and to develop graduate programmes aligned to skill shortage vacancies to reduce skills underutilisation
- 5.8 Create opportunities for upskilling and reskilling

Priority Action Area 6

Build capacity and evidence to underpin City Region wide skills planning and investment to address City Region needs and maximise opportunities, including intelligence on new key skills needs such as digital and meta-skills.

Rationale

Disaggregated skills landscape and no investment planning at the City Region level.
Need for a more resilient labour market to ensure on-going competitiveness.



Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
<p>6.1 Support the development of the Glasgow City Region Intelligence Hub and work with the Hub to establish a City Region approach to horizon scanning for future employment and skills needs</p>	<p>Intelligence Hub established with links to national, regional and local data sources</p> <p><i>Improved understanding of new skills needs including digital and meta-skills (SO1, SO2)</i></p>	<p>GCR Intelligence Hub</p> <p>GCR Skills and Employment Portfolio</p>
<p>6.2 Support and work with the Digital Glasgow strategy to promote the growth of the City Region as a hub for digital technologies; develop supportive skills interventions</p>	<p>Design a suite of digital skills interventions aligned more closely to needs of digital technologies sector</p> <p><i>Increase WA Qualifications (SO3)</i></p>	<p>City Region Colleges and Universities</p> <p>Scottish Funding Council</p>
<p>6.3 Develop complementary and integrated employability support interventions to promote and enable take up of digital skills by targeted groups</p>	<p>Establish criteria and referral mechanism to increase e referrals to digital skills provision</p> <p><i>Increase qualifications (SO3), reduce inequalities (SO5) and reduce Skills and employment gaps (SO6)</i></p>	<p>GCR Skills and Employment Portfolio</p>

SO reference to Required Strategic Outcome

Planned Activity 2020 – 2024

- 6.4** Work with our skills providers to ensure integration of meta-skills to all vocational learning opportunities
- 6.5** Work with our skills providers and industry leads to build career route ways and increase opportunities for advanced digital skills
- 6.6** Work with the Intelligence Hub to continue to build capacity and evidence for skills planning

Priority Action Area 7

Review funding and other mechanisms to bring forward an action plan to promote greater education and skills alignment and collaboration at a City Region level, while also increasing agility and adaptive resilience of the regional skills system.

Rationale

Disaggregated and non-aligned education and skills landscape; no investment planning at the City Region level.

GCR skills system constrained by existing funding mechanisms and is not agile or resilient to meet new global skills needs.

Action Plan 2019 – 2020	Outputs and Outcomes	Lead Partner
7.1 Undertake a review of existing skills funding and other mechanisms	Action plan to promote greater alignment and increase agility of the City Region skills system <i>Better alignment and working across City Region (SO1)</i>	Intelligence Hub with GCR Skills and Employment Portfolio Enterprise and Skills Strategic Board
7.2 Contribute to the Scottish Funding Council review of national college funding arrangements	National funding arrangements which take account of Glasgow City Region needs. <i>Better alignment and working across City Region (SO1)</i>	Scottish Funding Council with City Region Colleges and Universities
7.3 Develop our Glasgow City Skills Alignment Pilot for greater coordination of SFC outcome agreement funding with SDS commissioning activity	Greater coordination of the Glasgow Regional Outcome Agreement and SDS commissioning activity in Glasgow from 2020–21 onwards <i>Better alignment and working across City Region (SO1)</i>	Skills Development Scotland and Glasgow Colleges' Regional Board
7.4 Develop a Skills Partnership Concordat for the City Region to support delivery of RSIP	Concordat developed and signed by key partners <i>Better alignment and working across City Region (SO1)</i>	GCR Skills and Employment Portfolio

SO reference to Required Strategic Outcome

Planned Activity 2020 – 2024

- 7.5 Share lessons from the Glasgow City Skills Alignment Pilot and roll-out to remaining College regions
- 7.6 Work towards integration and alignment of College Regional Outcome Agreements and programmes
- 7.7 Further integrate education and training services to help meet the employment demands of the City Region
- 7.8 Seek and secure additional resources, including post-EU Structural Funds, in order to establish a regional Flexible Skills Investment Fund which can respond to future economic development opportunities and challenge
- 7.9 Work with our GCR Colleges and Universities, funding and qualification agencies to introduce meta-skills to all vocational programmes and qualifications and to develop an accreditation system for meta-skills
- 7.10 Work with government, funding bodies and qualification bodies to establish financial levers to promote more adaptive and resilient learning programmes

6 Implementation and Monitoring

The Regional Skills Investment Plan is central to the delivery of the Glasgow City Region Regional Economic Strategy and the achievement of Inclusive Regional Economic Growth. As such, the RSIP will be overseen by the Regional Economic Partnership with individual Partners accountable for actions in the Delivery Programme.

Robust governance structures already exist to oversee and deliver the long term vision, actions and ambitions of the Regional Economic Strategy and Economic Action Plan. Governance of the Regional Skills Investment Programme will sit within these structures and the structures of a wide range of organisational partners that both influence and are influenced by the Glasgow City Region Regional Skills Investment Plan.

No single organisation is responsible for all aspects of skills planning or investment. Figure 6.1 illustrates the City Region governance structure for the RSIP and also the range of organisations that influence and are influenced by the Plan many of which are also key delivery partners. The Regional Economic Partnership, comprising Chief Officers

from the constituent Member Authorities and key Scottish Government agencies as well as senior staff from both the UK and Scottish Governments and the Private Sector, provides strategic oversight for the delivery of the Regional Economic Strategy and Action Plan, driving forward growth of the regional economy and actively promoting collaboration and partnership towards delivery of the City Region's shared economic priorities.

In relation to the Regional Skills Investment Plan, the Regional Partnership will

- have overall responsibility for ensuring that the RSIP's vision, strategic outcomes and actions are delivered;
- oversee an annual review process that will assess progress and measure impact of the RSIP actions;
- agree and implement any changes to the RSIP if insufficient progress is being made; and
- promote collaboration.

On a day-day basis, responsibility for implementing the RSIP will sit with the City Region Skills and Employment Portfolio and will be supported by actions under the People Theme of the

Regional Economic Strategy. A Portfolio Group comprising employability leads from the eight constituent LAs as well as senior officers from key stakeholders, is responsible for the delivery of Skills and Employment actions from the Regional Economic Strategy including the Regional Skills Investment Plan and will establish specialist subgroups, as required, to develop policy and to oversee and review actions.

Progress on RSIP and other Skills and Employment actions are reported through the City Region Economic Delivery Group, the Regional Partnership and City Region Cabinet.



Implementation Plan

Development of the Regional Skills Investment Plan has been undertaken in partnership with a wide range of strategic stakeholders and delivery partners. Consultation events and interviews held in October 2018, helped to produce a draft Plan which was approved by the City Region Chief Executive’s Group on 29 November 2018 and the City Region Cabinet on 11 December 2018.

The final Regional Skills Investment Plan and Implementation Plan was adopted by the Regional Partnership on 28 February 2019 and approved by the City Region Cabinet on 9 April 2019.

The RSIP contains a five-year Delivery Programme, however, we do not underestimate the complexity of implementing a plan that covers eight Local Authority areas and contains three College Regions (eight Colleges), six Universities as well as national programmes and multifarious national, regional and local policies.

Our long term mission is to create an integrated education and skills system which is agile, resilient and adaptable to meet challenges and opportunities emerging from global technological and economic trends and which underpins a strong, inclusive, competitive and outward looking City Region economy.



Key implementation milestones to achieve this mission are set out as follows:

Key Milestones:

- Regional Skills Investment Plan adopted by key stakeholders and 2019/2020 Delivery Programme implemented – April 2019
- Formal Launch of Glasgow City Region RSIP – May 2019
- Joint planning with 3 College Regions to review and develop Regional Outcome Agreements in line with RSIP – by June 2019
- Joint planning with City Region Universities to review and develop HE offer in line with RSIP – by June 2019
- Joint planning with West Partnership to review and develop links with senior phase learner journeys in line with RSIP – by June 2019
- Develop City Region Skills Concordat and agree key indicators against which partners will measure the impact of the RSIP actions – by September 2019
- Review Delivery Programme and agree year 2 Action Plan – January 2020
- Investment proposals developed to meet gaps – January 2020
- First year progress and year 2 Action Plan reported to Regional Partnership and City Region Cabinet – March/April 2020
- Skills Investment Planning at City Region Level from April 2021

RSIP Governance and Delivery Partnership

Figure 6.1



Acknowledgements

List of consultees

City Deal Lead Officers Group	Greater Glasgow and Clyde NHS
City Deal Support Groups	Inverclyde Council
City of Glasgow College	New College Lanarkshire
City Region Portfolio Groups	North Lanarkshire Council
Department of Work and Pensions	Renfrewshire Council
Developing Young Workforce Glasgow	Scottish Funding Council
Developing Young Workforce Lanarkshire	Scottish Government
Developing Young Workforce West	Skills and Employment Portfolio Group
East Dunbartonshire Council	Skills Development Scotland
East Renfrewshire Council	South Lanarkshire College
Enterprise and Skills Strategic Board	South Lanarkshire Council
Glasgow Caledonian University	The Poverty Alliance
Glasgow Centre for Population Health	University of Glasgow
Glasgow Chamber of Commerce	University of Strathclyde
Glasgow City Council	University of West of Scotland
Glasgow Clyde College	West College Scotland
Glasgow Colleges’ Regional Board	West Dunbartonshire Council
Glasgow Council for Voluntary Services	West Partnership (Glasgow City Region Education Improvement Collaborative)
Glasgow Kelvin College	

Glasgow City Region Regional Partnership

- East Dunbartonshire Council
- East Renfrewshire Council
- Glasgow Chamber of Commerce
- Glasgow City Council
- Glasgow Economic Leadership Board
- Inverclyde Council
- North Lanarkshire Council
- Renfrewshire Council
- Scottish Enterprise
- Scottish Government
- Skills Development Scotland
- South Lanarkshire Council
- Transport Scotland
- UK Government
- West Dunbartonshire Council

City Region Skills and Employment Portfolio

- Department of Work and Pensions
- East Dunbartonshire Council
- East Renfrewshire Council
- Glasgow City Council
- Glasgow Colleges’ Regional Board
- Greater Glasgow and Clyde NHS
- Inverclyde Council
- North Lanarkshire Council
- Renfrewshire Council
- Scottish Government
- Skills Development Scotland
- South Lanarkshire Council (Chair)
- West Dunbartonshire Council
- West Partnership (Glasgow City Region Education Improvement Collaborative)

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