

## Audit scope

# Investing in skills



AUDITOR GENERAL 

Prepared by Audit Scotland

May 2021

### Background

Equipping people with relevant skills can help them to progress to more fulfilling, secure and well-paid work, which in turn has wider social benefits. A skilled workforce is also central to sustainable economic growth. Skills and training are a key part of the Scottish Government's economic recovery plans, in response to Covid-19.

Post-school skills provision in Scotland is mainly delivered through colleges, universities, apprenticeships and other work-based learning. The main Scottish bodies responsible for ensuring individuals can access the skills that Scotland's

economy and its employers need are Skills Development Scotland (SDS) and the Scottish Funding Council (SFC). They work under the strategic direction of the Scottish Government and spend around £1.5 billion per year on post-school education and training.

Research carried out prior to the Covid-19 pandemic suggests that Scotland's labour market faces a combination of skills gaps, skills shortages and skills underutilisation. The Scottish Government, SDS and the SFC recognise the need to shift to a more demand-led skills system that better responds to the current and future needs of employers and individuals.

The Covid-19 pandemic and associated economic impacts have created additional challenges for Scotland's skills system, with the loss of jobs expected to exacerbate the difference between skills demand and supply. Other challenges include the impacts on the working age population of demographic change and leaving the European Union; skills shortages in key economic sectors; and the need to recruit and reskill the workforce to respond to the climate emergency and advances in digital innovation.

Scotland's skills system has seen significant developments in recent years. The Scottish Government's Enterprise and Skills Review in 2016 led to the creation of the Enterprise and Skills Strategic Board in 2017. One of the board's objectives is to align the skills planning roles of SDS and SFC to ensure people and businesses are equipped with the right skills to succeed in the economy. This workstream is known as skills alignment.

### What will the audit look at?

The audit will assess how effectively the Scottish Government, SDS and the SFC are working together to ensure the skills system responds to the current and future needs of people and businesses in Scotland. It will examine the extent to which governance arrangements and strategic plans support an integrated approach to skills planning and how much the Scottish Government spends on skills provision.

The audit aims to provide clarity on the strategic skills landscape and investment in skills, and an independent evaluation of governance arrangements, partnership working and progress with skills alignment. It will also consider the agility of the skills system to respond to risks, including the impact of Covid-19.

The audit will not address the provision of skills through compulsory school education, or employability programmes such as Fair Start Scotland and Work Able Scotland. Neither will it analyse the effectiveness of individual skills initiatives or specific institutions delivering them.

### How will we carry out the audit?

We will carry out interviews with key staff in the Scottish Government, SDS and the SFC, and other relevant stakeholders.

We will review key documents, including strategic plans, board minutes and papers, and budget documents, and will analyse financial information.

### What impact will the audit have?

Skills are fundamental to Scotland's economic recovery and growth. Increasing numbers of people may need skills support as the impact of Covid-19 on employment rates and specific sectors of the economy continues to be felt.

It is therefore essential that the skills system is functioning effectively to support people into employment with the skills that businesses need.

We will assess the effectiveness of the current skills planning system and identify what is working well and where there is scope for improvement. Where appropriate, we will make recommendations to help the Scottish Government, SDS and the SFC make further progress with skills alignment and support continuous improvement in the skills system.

### Timetable and contact

We are currently aiming to publish our report in December 2021.

If you have any questions, or would like more information on the audit, please get in touch with Douglas Black, Audit Manager, on 0131 625 1856 or at [dblack@audit-scotland.gov.uk](mailto:dblack@audit-scotland.gov.uk)

