

Our Capital, Our Workforce: Employer Skills Survey Report

Edinburgh College - 2024

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Foreword



Five years ago, when Edinburgh College last carried out a formal skills survey of local employers, the skills need of our region looked very different to today. This should hardly be surprising. The pandemic which followed the publication of our 2019 report, represented perhaps the greatest labour market disruption in living memory. However, it's easy to forget that in the summer of 2020 the fears for the future (in terms of employment and the economy) were of economic scarring, whole industries that may not survive or recover, and the resultant prospect of widescale unemployment. At that point, few foresaw that the pandemic would, instead, be followed by a period of much tighter labour markets, with employers struggling to fill positions and skills shortages affecting nearly every sector, hampering the pace of economic recovery.

With this changed context in mind, and some evidence that labour market tightness is finally easing, now feels like a relevant time to refresh our understanding of the skills needs of our region, and the views of our employer partners within it. This report, drawing on survey responses from – and interviews with – employers across Edinburgh, East Lothian and Midlothian, aims to provide a snapshot of the current skills needs of our region, an insight into the workforce challenges employers are having now (and foresee in the future), and a discussion of how we at Edinburgh College are orientating ourselves to support employers in our region to thrive into the future.

What comes through strongly from our results is that the last five years have precipitated an even greater pace of change in the nature of work and the future skills needs of our economy. It suggests that the need to upskill our workforce and to drive up economic productivity through innovation has never been greater.

Unfortunately, where upskilling is concerned, our research confirms that the axing of the Flexible Workforce Development Fund was a blow not just for the college sector but for employers across the region, who look set to reduce workplace training in response to this policy shift. This, along with a growing desire among employers to engage with the college sector in innovation, suggests that how Government can effectively support and fund colleges to work with employers in these areas should be given careful consideration as part of the reform process in light of the Withers review.

The consequences of not investing in skills are grave. The drive to net zero offers the prospect of a green re-industrialisation of Scotland, but this prospect will only become a reality if we ensure we respond quickly to the evolving skills needs of the green industries as they develop. Technology too, means that our economy's skills needs are evolving rapidly. Virtual Reality (VR) and Augmented Reality (AR) technology continues to diffuse and disrupt and the rapid development of Artificial Intelligence (AI) offers the prospect of huge advances in productivity. Both however require significant upskilling if their promise is to be realised and their potential benefits reaped.

As a college it is incumbent on us to keep pace with these changes. Our vision for the future is shaped by a clear focus on our people, our sense of place, and our combined performance, the three themes that underpin our new strategy. Ensuring that we build on our proud track record in these areas and continue to support employers in our region with a pipeline of highly skilled, work-ready graduates, is a goal that cuts across all of these themes and is central to the College's mission.

I'd like to thank all partners who gave their time to participate in this research. I look forward to engaging with you all around the results and working together towards our shared goals for the region's future economic prosperity.

A handwritten signature in black ink that reads "Audrey Cumberford".

Audrey Cumberford MBE FRSE
Principal and CEO
Edinburgh College

Executive Summary

Our research suggests:

- Although indications are that labour markets are “cooling”, skills gaps continue to cause issues for employers across the region, with 88% of employers saying some of their vacancies are hard to fill due to difficulties finding applicants with the required skills, knowledge and/or experience.
- Where hard-to-fill vacancies are concerned, specialist skills or knowledge required for the role, is the main thing employers are struggling to find, but there are also employers struggling to find applicants with the necessary resilience, as well as teamworking, and leadership skills.
- Recruitment challenges and skills gaps are affecting certain industries far more than others.
- Employer confidence that skills gaps will prove easier to plug in the future remains low – with only 35% of employers confident that their organisation will be able to recruit the right people for the vacancies they need to fill in the upcoming year.
- The primary impact of recruitment challenges and skills gaps for employers is to increase workload for other staff, with 42% of employers reporting this as a consequence of hard-to-fill vacancies.
- Recruitment challenges and skills gaps may also be having an adverse impact on regional productivity and economic growth, with 4% of employers saying hard-to-fill vacancies are causing them to withdraw from offering certain goods and services, 10% saying they are causing them to delay developing new good or services and 8% saying they are causing them to lose business or orders to competitors.
- The ending of the Flexible Workforce Development Fund will have a significant adverse impact on levels of on-the-job training, with 39% of employers surveyed (who utilised the fund) saying they will do less workforce training as a result of the decision to end the fund, and only 19% saying they will fund more workplace training themselves to make up for the lost funding.
- Apprenticeships remain attractive to employers – with a high proportion (47%) of employers responding to the survey already employing apprentices, and a high proportion (77%) of those who don't saying they would potentially consider doing so in the future.
- Innovation is an increasing focus for employers, with 14% saying expertise in innovation is a skill that needs improving within their current workforce.

Methodology

The results and analysis presented in this report are based on primary research conducted by the College’s Policy, Research and Business Intelligence Unit.

The primary data collection tool was a 30-question survey, sent out to employers across the region. The survey contained a mix of questions that asked employers to reflect on skills-related issues, such as their recruitment (including any hard-to-fill vacancies), the skills needs of their workforce, the types of training and upskilling opportunities they provide for staff, and their engagement with apprenticeship programmes.

The survey was distributed directly to employers the College already works with and to others indirectly through industry body partners, such as the Edinburgh Chamber of Commerce, Midlothian and East Lothian Chamber of Commerce, Prosper Scotland, the Federation of Small Businesses (FSB), and the Institute of Directors (IOD), who all supported with distribution.

As can be seen in the graphics below, survey responses came from employers representing a wide cross section of industries, business sizes and types and, collectively, respondents provided a reasonably representative sub-sample of employers across the region. Combined, the employers who responded to the survey employ over 16,786 people, equivalent to nearly 4% of the Edinburgh, East and Midlothian region’s total workforce.

Figure 1
Employers by sector

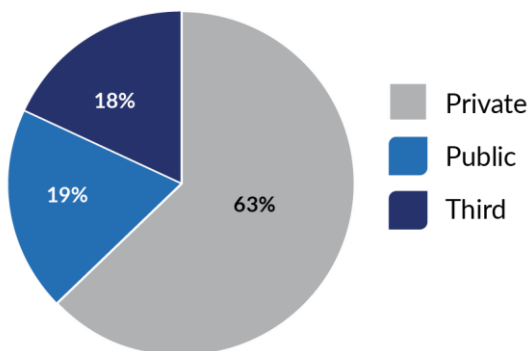


Figure 2
Employers by size

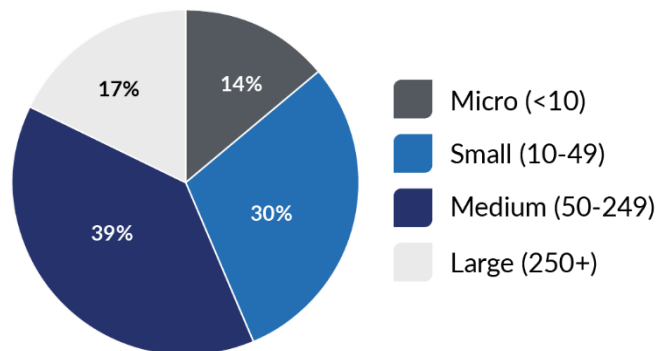
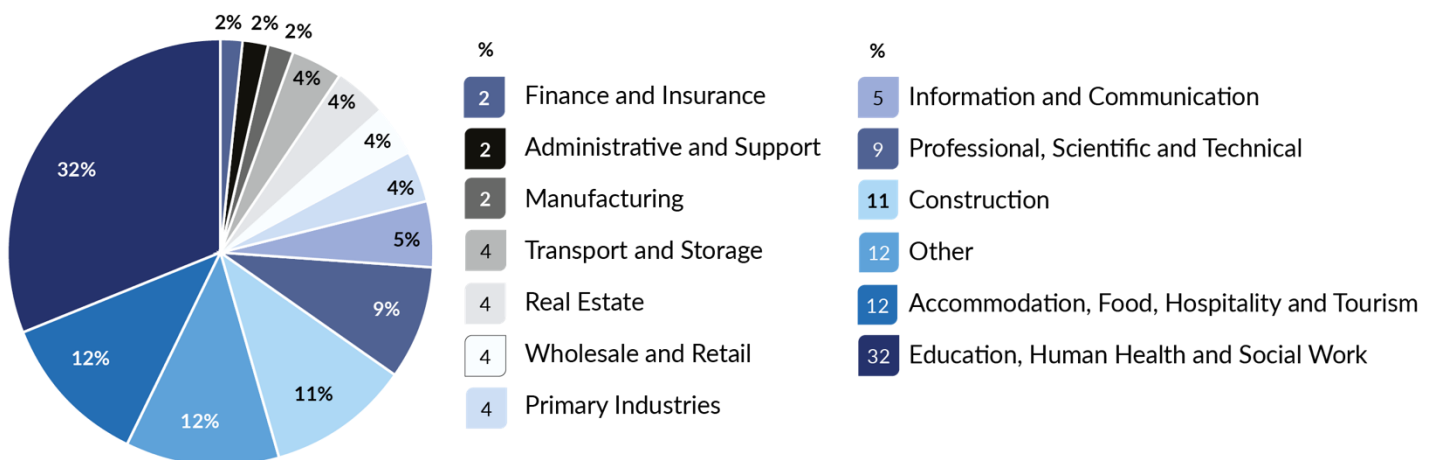


Figure 3
Employers by industry sector



To develop a more in-depth picture of some of the issues explored, survey data was supplemented by a small number of semi-structured interviews with selected employers. Employers were selected to represent a range of industries and company sizes, and consideration was given to ensuring scope to explore a range of differing survey responses in more depth (see table 1 for a summary of employers selected for interview). Employer interviews were recorded, transcribed and then analysed using Qualitative Content Analysis.

Table 1 - Overview of Employers Selected for Interview

Company	Company size (employees), (national)	Public/ Private/ Third	Industry
Employer A	0-250	Third	Social Care
Employer B	1000+	Private	Legal/ Real Estate
Employer C	250-1000	Private	Construction

Our Findings: Recruitment

Overview

- 72% of organisations surveyed currently have vacancies.
- Combined, survey respondents had 703 vacancies in their organisations, equivalent of 1 vacancy for every 23.89 employees, a vacancy density of 4.19%.
- 88% of employers say that some vacancies are hard to fill due to difficulties finding applicants with the required skills, knowledge and/or experience.

Shortage occupations

Our survey asked employers in which particular job roles, if any, they had difficulties in retaining and recruiting staff. Figure 4 below shows the roles employers identified.

Figure 4
Occupational shortages



Some of the main positions mentioned by survey respondents as being difficult to recruit to are mapped by sector and level in table 2 below.

Table 2: Map of shortage occupations by sector and type

Sector	Managerial	Professional (university)	Skilled technical	Trades	Front-line staff
Primary				▪ Gas safe engineer	
Manufacturing			▪ Production		
Construction		▪ Surveyor ▪ Business Development	▪ Fire and Security Engineer ▪ Audio visual installation technicians	▪ Plumbing and heating engineers ▪ Electrician ▪ Commercial gas ▪ Joinery	▪ Admin ▪ Janitorial
Wholesale and retail			▪ Data roles ▪ Digital roles		▪ Customer service
Transport and storage			▪ Engineering	▪ Car mechanics	▪ Driver
Accommodation, Food, Hospitality and Tourism					▪ Chefs ▪ Waitering ▪ Admin ▪ Tour Guides ▪ Bar staff ▪ Housekeepers ▪ Receptionist ▪ Spa Therapist ▪ Kitchen Porter
Information and Communication	▪ Production Managers				
Finance and Insurance		▪ Accounting technician			
Real Estate		▪ Surveyors ▪ Marketing ▪ Lawyers	▪ IT		▪ Secretarial
Professional, Scientific and Tech		▪ Scientists ▪ Engineers	▪ Field Technicians		▪ Fundraising
Admin and Support					▪ Sales roles
Education Human Health and Social Work		▪ Senior Academic roles ▪ Marketing	▪ Nurses		▪ Caseworker ▪ Catering ▪ Support workers ▪ Domestic staff ▪ Early Years support workers ▪ Development Officers ▪ Support Practitioners ▪ Early years practitioners, childcare practitioner, domestics staff, nursery practitioners, ▪ Admin ▪ Group exercise teacher
Other	▪ Site Managers	▪ Surveyors ▪ Business Development, Commercial/Stakeholder Engagement ▪ Analysts with language skills, sales/ brand protection specialists ▪ Learning development leader	▪ Production roles ▪ Video editors		▪ Fundraisers

Several things come through particularly clearly from this question. Firstly, it's clear that engineers and engineering type roles (such as technicians) are proving particularly challenging for employers to fill. Secondly, it's clear that those looking to hire people in skilled trades, are also struggling to recruit. Finally, our research shows that employers are struggling to recruit to a number of frontline service and support roles, such as chefs, social care staff, and nursery assistants.

The interviews allowed us to explore these challenges in more depth, and shone a light on the particularly acute challenges within certain specific industries and roles. Employer C gave their perspective on the recruitment challenges in the Construction and Facilities Management industry. They mentioned that electricians, joiners and carpenters were in very short supply and explained their recruitment situation as follows:

“ *There's not enough qualified tradespeople in certain trades. I'm sure this is not going to be news to you. We struggle to recruit. We've got an ageing workforce with these skills. We don't have enough people coming in to apprenticeships or having the skills, so going out to the market there's a limited amount of people in the central belt of Scotland, or just the whole of Scotland, to fulfil these tasks. And it's not as if you can just train someone up quickly, we need someone who's done the four-year apprenticeship and had all the other experience, so very difficult.*

Probed on this issue, and particularly the question of whether recruitment had become easier or harder over the past five years, the same employer added:

“ *Harder. Definitely. It's a battle. It really is a battle.*

Employer A also spoke of challenges recruiting for key roles in the Health and Social Care sector. They spoke of issues around high staff turnover and the increased challenges of recruiting staff from overseas post-Brexit:

“ *Yeah, these [the vacancies that were present at the time the interviewee filled in the survey] have been filled but don't worry there'll be more coming. I was just hearing of another person leaving. We tend to recruit from overseas so historically our model of recruitment has been through European countries anyway. We get a lot of German students who come to us for a year as part of their national service, maybe stay for two years. But a lot of people who come from European countries who want to expand their English as well as being part of Employer A. But, as with most Health and Social Care organisations post Brexit, it's fell off a cliff. Recruiting Scottish residents, I mean we maybe get one or two but it's just not a recruitment thread that ever gets very fruitful.*

Interview evidence, however, also added some nuance to our findings around the extent and nature of vacancy incidence in the region. Employer B, for example, had vacancies but noted that most of these were not necessarily longstanding or hard to fill:

“ I wouldn't say that they're longstanding vacancies, I don't think we have any roles that we're finding particularly difficult to fill other than specific niche ones.

Instead, vacancies, in that case, had more natural explanations (business growth, career progression and project-based work that requires the workforce to grow and shrink periodically):

“ We have some, what we call flex vacancies, so those are for lawyers or paralegals that they're on a flexible contract basically, so if we've got a big project coming on or we need to second people we get them in there. So that accounts for some of the vacancies. Some are due to the fact that roles like our admin roles we recruit quarterly for. And so, because we develop and people progress, that's quite a high churn role. We do have a focus on development which is great, but the drawback is people come in at that entry level role, they kind of build their skills and then they'll move around the business so we're constantly recruiting admins, which is why we do that on a quarterly basis, so that will account for some of the vacancies.

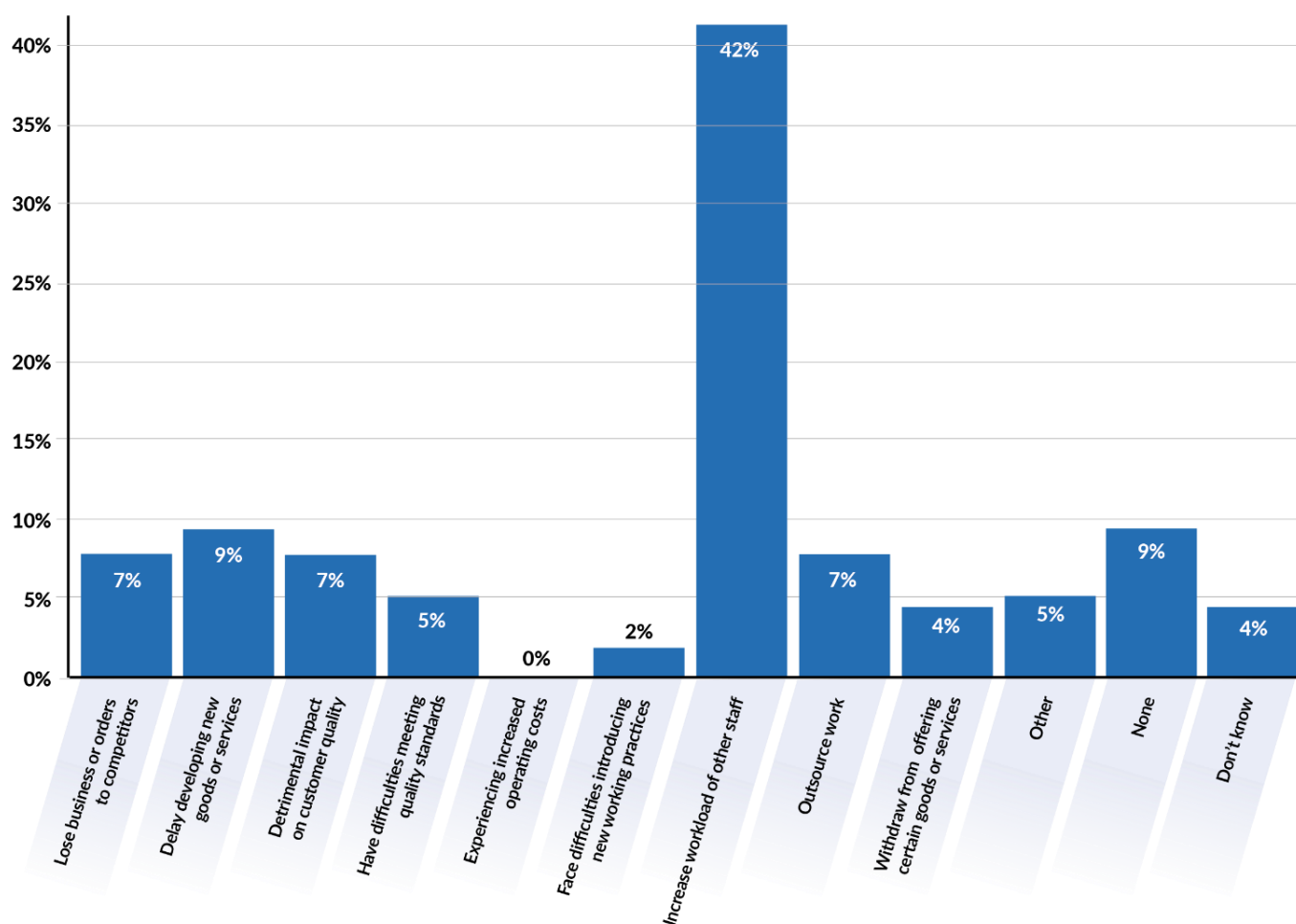
The above suggests that while recruitment challenges are generally widespread, the acuteness of those recruitment challenges varies between industries and sectors. Moreover, even in sectors where recruitment challenges are generally more acute, it is often particular roles within these sectors where more deep-rooted recruitment challenges are found.

Impact of hard-to-fill vacancies

Where hard-to-fill vacancies did exist, employers in the survey were also asked to reflect upon the impact these were having and detail some of the knock-on effect on business performance. Figure 5 below summarises the findings of this question.

Figure 5

Impact of hard-to-fill vacancies



The survey results from this question suggest that recruitment challenges caused by skills shortages are potentially having a profound effect on the performance of many businesses and the individuals working with them.

The primary effect identified in the survey, by some margin, was “increasing the workload of existing staff”. This was backed up by interview evidence. Employer C spoke of the impact on staff having to work additional hours to cover for vacancies:

“ I think it’s difficult. In terms of the existing staff, the people sort of left, well they’re obviously generally taking on more, so it might be for existing tradespeople they’re having to do overtime which, is not what people want to do. There’s this image that everybody wants loads of overtime, it’s not. People want work-life balance, they want to be able to spend time with their families. It can mean that they are – we have sort of like on-call – so we have reactive situations where people need to be on-call more because we don’t have the number of staff that we would normally have carrying out these sorts of roles.

Another consequence of high vacancies that came out in interview, was that a high vacancy incidence, or challenges recruiting, can make it challenging for companies to expand, and ultimately constrain an organisation’s growth plans, as Employer C alluded to:

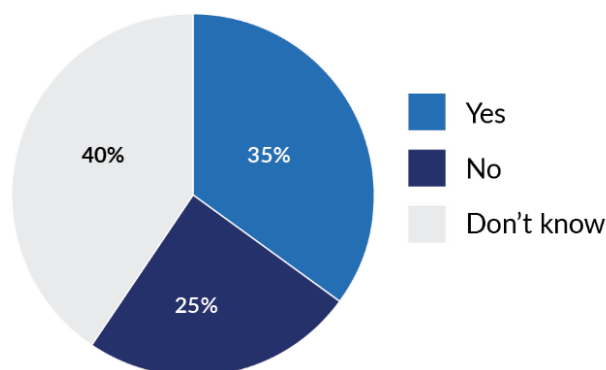
“ It makes us focus – I suppose we have to think about taking on new work, how we’re going to resource it, instead of being comfortable thinking “we will be able to resource that”. So, we can sometimes think “really, are we able to take on new work with new clients at the moment?” Which is really disappointing. It’s just not a nice position to be in in terms of what we want to do.

Confidence for the future

Where recruitment challenges were concerned, a mixed picture emerged when employers were asked whether or not they were optimistic about the future. As can be seen in figure 6 below, less than half of respondents felt confident that their organisation will be able to recruit the right people for the vacancies they need to fill in the upcoming year, with a sizeable proportion unsure what the future holds in this regard.

Figure 6

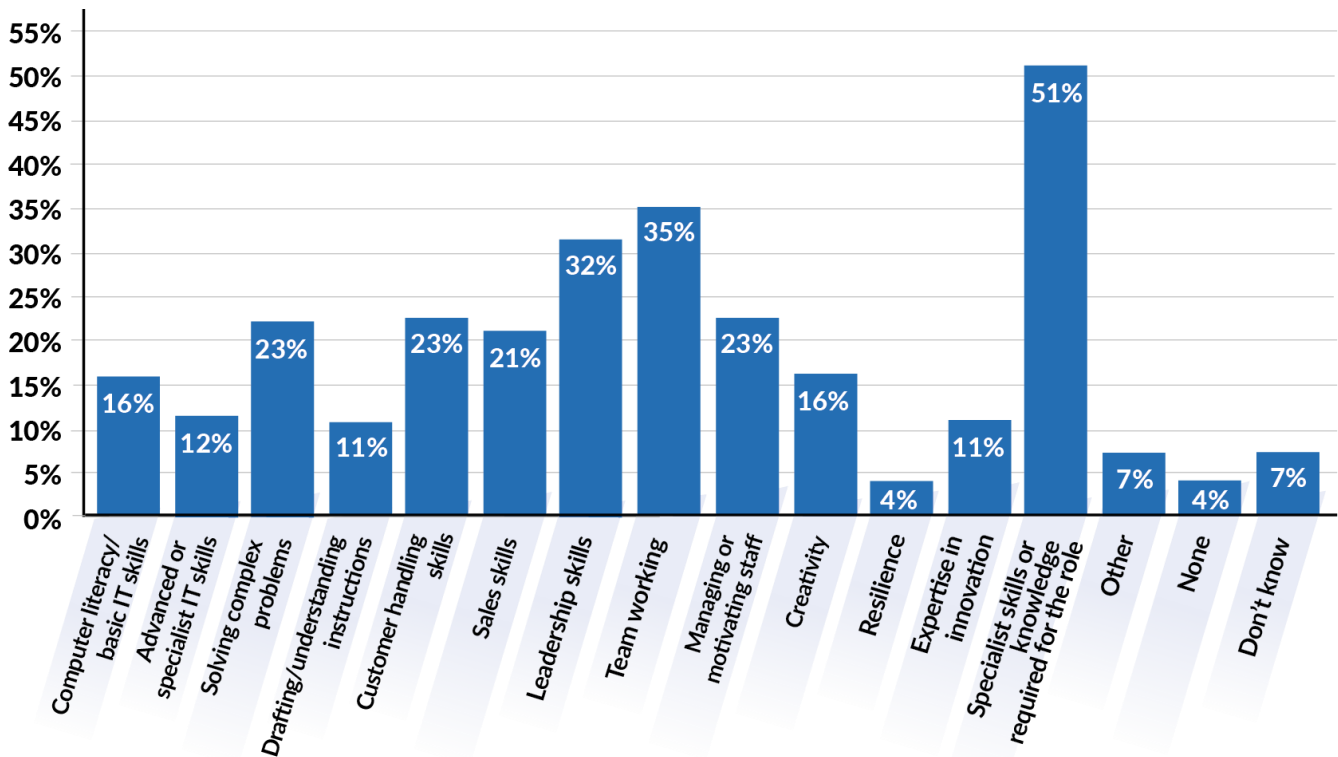
Do you feel confident that your organisation will be able to recruit the right people for the vacancies you need to fill in the upcoming year?



Shortage skills

Employers were also asked to reflect on the specific skills that they found difficulty obtaining from applicants for any hard-to-fill vacancies. The results can be seen in figure 7 below.

Figure 7
Skills missing in hard-to-fill vacancies



Perhaps unsurprisingly, employers were most vexed by difficulties they had in finding people with the specific skills/ knowledge needed to fulfil the role, with 51% of employers listing this as a challenge. However, some other broad, transferable skills also appeared to be in short supply. A number of these surrounded leadership, including “leadership skills” (31.5%), “managing or motivating staff” (22.8%) and “solving complex problems” (22.8%). A broad range of cross-cutting, soft, transferable, and meta skills, such as team working (35%), were also identified by employers in this question.

Discussion

It is worth considering the alignment of our findings in this section with national attempts to measure vacancy rates and skills gaps, including through employer surveys. The UK Government's national Employer Skills Survey (2022), for example, found that a quarter of employers in Scotland had a vacancy at the time of the survey, with Edinburgh and the Lothians recording the highest incidences of vacancies at 32% (Scottish Government, 2022). Our survey found a significantly higher vacancy incidence, with 72% of employers surveyed currently having vacancies.

In terms of explaining this discrepancy, there is an obvious methodological consideration that must be borne in mind. Namely, that as employer participation in our survey was voluntary, it is possible that those employers who had vacancies or were experiencing skills shortages were more likely than those who didn't to fill it in. That point aside, our findings lend credence to the notion that vacancy incidence in the Edinburgh and Lothians region remains high. This finding chimes with a range of other measures. At a national level, Skills Development Scotland (SDS, 2024b) analysis, for example, suggests that while job postings across Scotland were down 29% in April 2024 compared with April 2023, the figure (40,300 job postings) remains considerably above the number recorded in April 2021.

The UK employer skills survey also looks at "vacancy density". That is, the number of vacancies as a percentage of total employment. It found the vacancy density for Scotland was 4.8% in 2022 (roughly equivalent to approximately 5 vacancies for every 100 people employed) (Scottish Government, 2022). Interestingly, our survey, found a slightly lower vacancy density (of 4.19%) among employers completing the survey, meaning that this particular group of employers have 4.19 vacancies for every 100 people employed, perhaps supporting the conclusion that the labour market has cooled somewhat in recent months.

In terms of sectors, the UK Skills Survey found that in Scotland the highest vacancy incidence was in the Health and Social Work and Public Administration (44% for each), followed by Education (38%) (Scottish Government, 2022). Our survey, aligned with these findings in that these sectors had high vacancy rates in our survey. SDS's research on job postings provides a slightly more granular analysis of the types of roles that are in highest demand, with sales roles, care workers, programmers and software developers all in high demand in their (April 2024) research (SDS, 2024b). All of these roles were also highlighted as hard-to-fill by employers completing our survey.

Related to this, the fact that our survey found that engineering and engineering-related roles are among the most challenging for employers to fill, aligns with future employment projections from SDS. Their regional skills assessment predicts the Edinburgh, East and Midlothian region will require 18,500 more Science and Technology professionals by 2033 (SDS, 2024). The Forth Green Freeport project, which the College engages closely with, also has the potential to stimulate further demand for engineering skills, and especially those related to emerging green technologies.

Beyond engineering, science and technical roles, the research also showed employers struggling to fill some skilled trade occupations, as well as frontline positions in areas such as Social Care and Hospitality. In this, our research aligns with a range of recent research that has shown these sectors struggling to adjust to rising demand, shifting demographics and labour market tightening.

Our findings also highlighted that employers have had difficulty obtaining a range of cross-cutting and meta-skills from applicants for hard-to-fill vacancies. Among these were computer literacy/ basic IT skills (15.8%), teamworking (35%) and solving complex problems (22.8%), highlighting the importance of the College's continuing efforts to embed these skills across the curriculum.

Perhaps our most concerning finding in this section, however, related to the impact of recruitment challenges on employers, their existing workforce and the service they are able to provide, as Employer A explained:



Because of financial reasons, we can't use agency anymore. We've had to pull back on any kind of relief or bank work for financial reasons. Which means, if we have posts unfilled, we're working on minimal staff. And that is going to mean, by definition, that, for the people who use our service, they have less options. If you have one member of staff supporting four people, that member of staff can't support people to go in different directions. So, it means that someone misses their football training, it means someone misses meeting their friend in the café because we don't have the support workers to be able to go with them. So, it has a very noticeable, big, fast impact on the lives of the people we support.

And then for our staff that's very stressful for them because it means they're doing more lone working. It means new members of staff don't have as many opportunities to work with good role models. It just means that people are spread more thinly.

Expanding this point, the results of our survey, lead to questions on how skills shortages and resultant recruitment challenges may be hampering the region's overall economic performance. While the brunt of the impact of skills shortages appears to be felt by the existing workforce, through an increased workload of the sort described above, a number of survey respondents reported that the knock-on effects of hard-to-fill vacancies are felt in key aspects of their business performance. For example, some employers also list "delays in developing new goods or services" and "withdrawing from offering certain good or services" as consequences of hard-to-fill vacancies. Others still, mention that hard to fill vacancies are causing them to "lose business or orders to competitors". Interview data appeared to back this up, with a number of those interviewed suggesting that recruitment issues were, to some extent at least, a constraining factor when the company was considering tendering for new work. These findings suggest that hard-to-fill vacancies, beyond putting extra pressure on existing staff, may also have wider economic implications through the impact they are having on the productivity of individual companies and important sectors of the region's economy.

The Edinburgh City region is Scotland's most productive (SDS, 2024), and its performance in this respect is strong relative to comparator cities across the UK, with GVA (Gross Value Added) per hour worked 15% higher than the UK average (UK Government, 2023). However, if a significant number of employers are reporting "delays in developing new goods or services" as a result of hard-to-fill vacancies, this suggests these vacancies may be impacting firms' capacity to innovate. Similarly, if the competitors our employers report "losing business or orders" to are overseas suppliers, this would suggest the need to reflect, and potentially conduct further research, on how labour market issues and skills shortages impact the region's productivity, competitiveness and overall economic performance.

Edinburgh College's role in tackling recruitment issues

Edinburgh College has an important role to play in ensuring skills supply and demand align in the region's labour market, and in addressing key skills shortages of the type described above.

To this end, the College maintains a broad curriculum portfolio, aligned to local labour market needs, and continues to train a large number of people in areas linked to key regional growth areas. In the academic year 2022/23, for example, the College enrolled 11,563 students on programmes related to Health Care, Medicine and Health and Safety, 1,729 on Engineering programmes, 2,148 on Construction programmes and 1,220 on programmes in Catering/ Food/ Leisure Services and Tourism.

In recent years, the College has also invested in enhancing and future-proofing our facilities in key areas of employment growth. In 2022, with funding support from Scottish Power Energy Networks and the Energy Skills Partnership, the College opened a new Renewables and Energy Efficiency Training Centre at our Granton Campus. The facility is home to a range of equipment that will be used in the construction and house building sector now and in years to come, such as air source heat pumps, ground source heat pumps, solar PV panels and rainwater harvesting equipment. The Centre therefore allows students, apprentices and industry professionals to learn how to use cutting edge equipment and develop skills required to build low energy homes, and to modify existing homes to become more energy efficient. The Centre represents a key element of the College's response to the engineering and technical skills challenge discussed above, as well as supporting the region's ambitions around net zero through ensuring a supply of highly skilled workers.

The College's curriculum portfolio also continues to evolve alongside our facilities in this area. The Renewables Centre, which is available to support local and national employers and businesses to upskill their staff, is used to deliver a range of courses designed to give participants the skills to install ground and air source heat pumps, as well as courses giving participants the skills to install and maintain any of the common solar hot water thermal systems in the UK safely and efficiently. These courses are mapped to the National Occupational Standards.

As with renewables, Social Care is an area where the College has recently invested in enhanced, future-proof facilities, with the opening in recent years of two new state-of-the-art digital care hubs: one at our Sighthill Campus and another at our campus at Milton Road. These Digital Care hubs are aimed at equipping students with the transferrable skills required to fulfil successful careers in areas including health and social care, dental and pharmacy, with a particular emphasis on technology-enabled care. These investments therefore also reflect a broader focus on transferable and meta skills across our curriculum portfolio, that speaks to the identified need for these in employers' survey responses.

Our Hubs contain replica medical wards with a patient room, toilet, and wet room facilities; infection control and decontamination areas; a reflection room; and a care at home room. In addition, our Sighthill Digital Care Hub houses an award-winning Virtual Reality (VR) room designed to give students an immersive experience which demonstrates how a patient with dementia experiences day-to-day life. Students also have access to realistic patient simulators with true-to-life responsiveness, in a variety of care settings, enabling them to develop patient testing and care skills.

In this area too, our facilities and curriculum are aligned to support the creation of a pipeline of work-ready graduates for these growing sectors. Our Digital Care Hubs host the Edinburgh College and University of Edinburgh Social Care Academy – a programme which provides an agile pathway to a career in health and social care specifically for school pupils. During this programme, pupils study units in digital skills for health and social care, mental health, the human body, and infection prevention and control. After successfully completing the

programme, pupils can progress on to further studies with the College or university or advance into employment. Like the Renewables Centre, our Digital Care Hubs are also available for employers to upskill their staff.

The findings of our research underline how the College's decision to invest in facilities that future-proof these key areas of provision, aligns with its role in ensuring skills supply and demand are in sync in the region. In the coming months, the College will continue to engage with employers and partners to ensure it continues to support them to address the recruitment and skills challenges they are facing, and plays a key role as a skills enabler for the Edinburgh city-region.



Our Findings: Workforce Development

Overview:

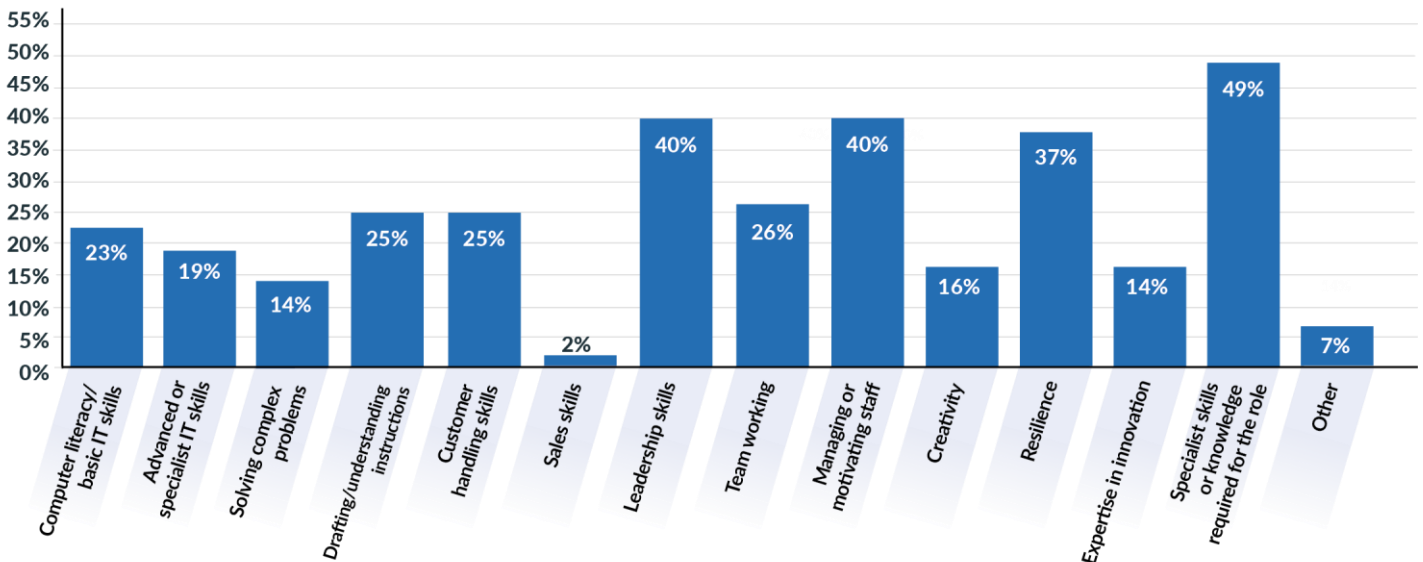
- All employers surveyed identified areas where they felt the skills of their current workforce needed improving.
- A high proportion of employers (49%) felt that the “specialist skills and knowledge required for the role” of their *current* workforce needed improving.
- Some 82% of employers surveyed have arranged or funded some form of on- the-job or off-the-job training and development for employees over the past 12 months.
- When arranging training, the vast majority of employers (70%) prefer a mix of online and in-person training.

Upskilling needs of the current workforce

As well as looking at skills they found to be in short supply when recruiting, employers were asked to reflect on the upskilling needs of their current workforce. Figure 8 shows the results of this question.

Figure 8

Skills missing in the current workforce



The results suggest that employers' perceptions of the upskilling needs of their current workforce largely mirrored the skills they are struggling to find in potential applicants discussed in the previous section, with specialist skills and knowledge related to the role by far the biggest area.

Digital skills were something that came through more strongly in interview as a development need. It was emphasised by more than one interviewee that the upskilling need in their industry wasn't always high-level digital skills, but often more basic courses that allowed workers to interact more productively with company systems, as Employer C explained:

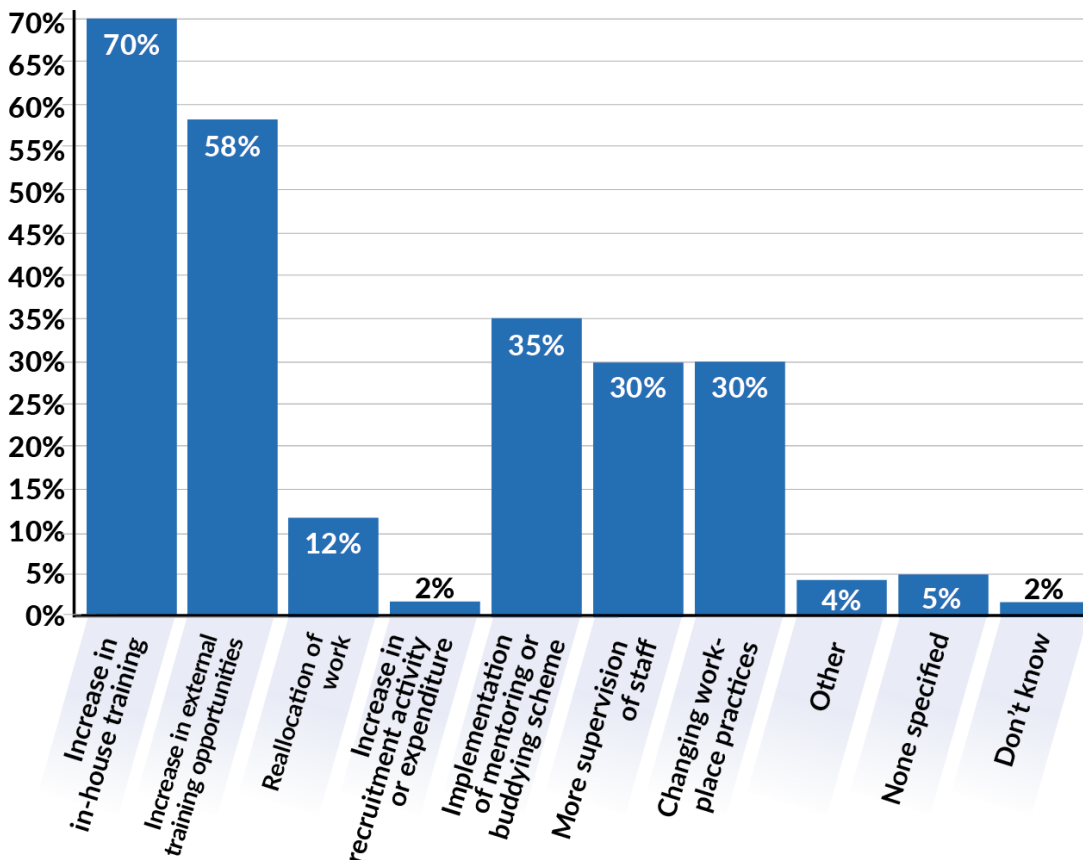
“ Generally, I think digital skills, is certainly one (an upskilling need of the current workforce)... We've actually used Edinburgh College to run very simple computing courses – it's literally switching on a computer, attaching photographs to an email – it can be from that to using complex systems linked to our business, but also Power BI for people doing reporting, it's across the whole sort of spectrum. We're not equipped to do that, and we've found that the colleges provide the courses that allow us to dip in and dip out, with small amounts of people as required, and that's something we'd like to see more of, is just being able to access that when we need it.

Steps employers are taking to upskill staff

Employers were then asked to select, from a range of options, the steps they are currently taking to upskill their current workforce. The results of this can be seen in figure 9 below.

Figure 9

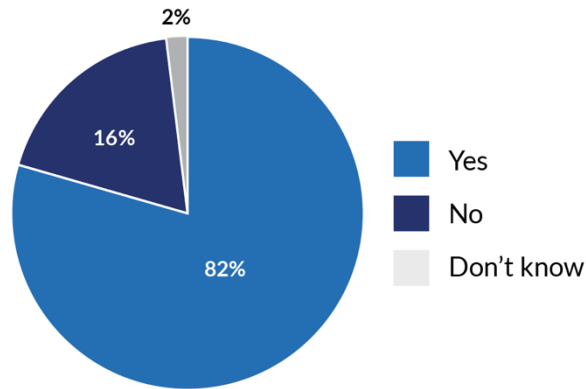
Steps employers are taking to upskill staff



As can be seen, training (whether in-house or external) was the main way employers were addressing skills shortages in their current workforce. When asked, some 82% of employers surveyed have arranged or funded some form of on-the-job or off-the-job training and development for employees over the past 12 months (see figure 10 below).

Figure 10

Employers that have arranged on or off the job training over the past 12 months



Our survey also probed on the types of training employers had arranged both at management and non-management level. The findings are shown in figures 11 and 12 below.

Figure 11

Types of training non-management

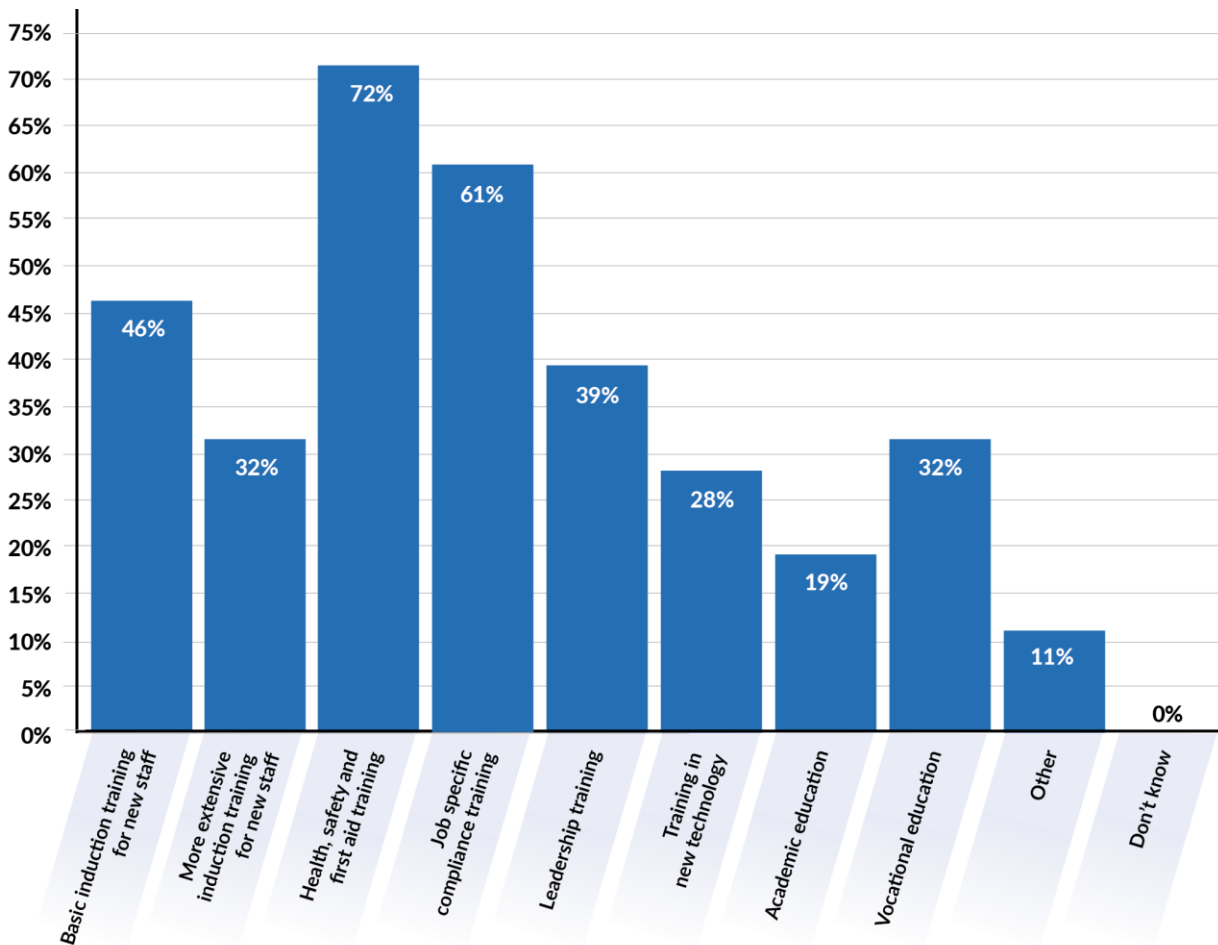
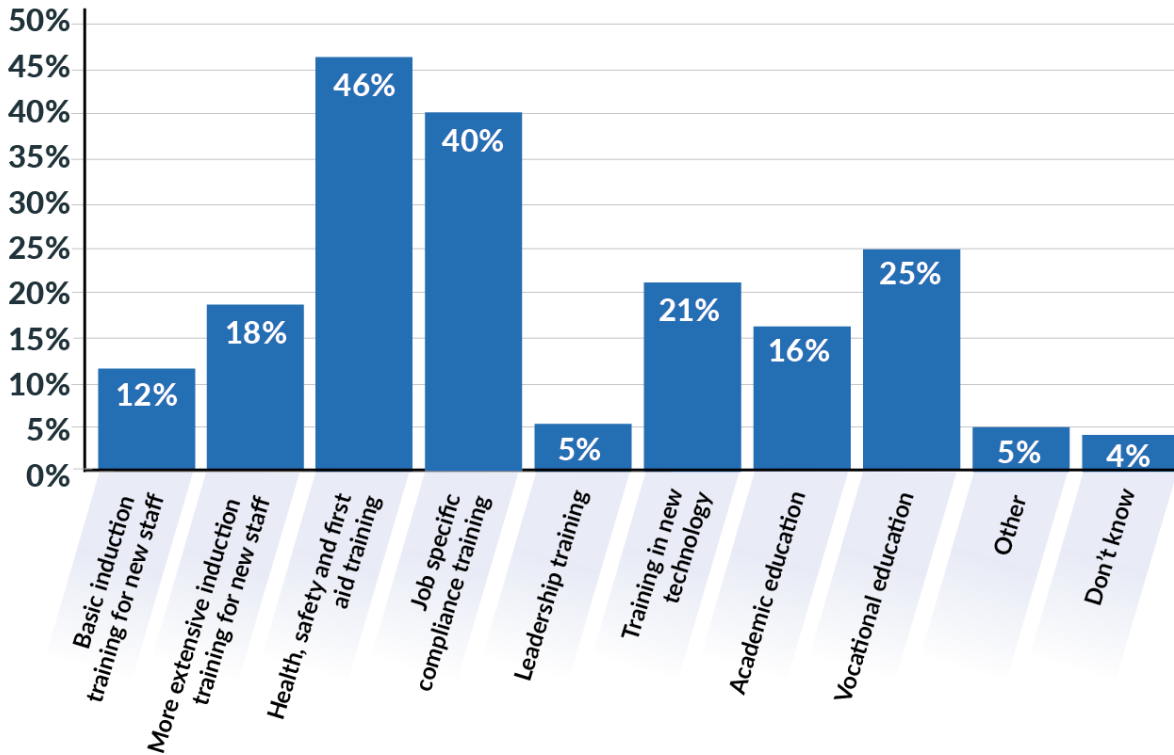


Figure 12

Types of training management



While there is a broad similarity between the types of training arranged at the both levels, there are also some notable differences, such as in those undertaking academic training and training in new technology (both higher at a non-management level). The interviews provided some richer detail on the wide range of training employers had arranged for their current workforce, particularly training accessed through Edinburgh College:



We accessed a lot of soft skills training, as well as leadership and management training, excel training. We've put people through admin and HR qualifications as well.

– Employer A

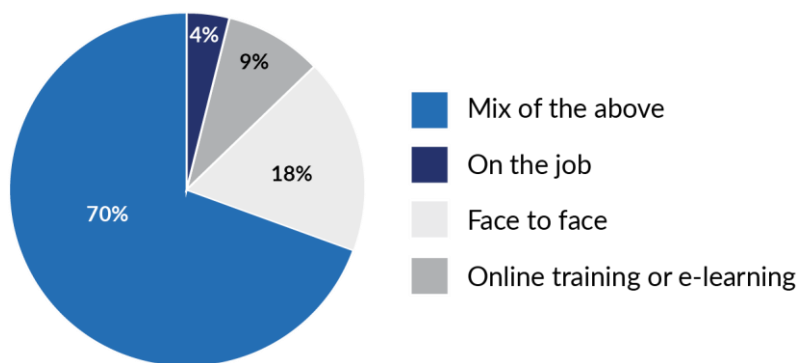
I can tell you what we signed up for... coaching and mentoring, dealing with difficult situations, delegation skills, supervisory skills, time management, negotiation skills, project management skills, emotional intelligence, influencing skills, becoming an effective leader. – **Employer B**

Approaches to upskilling

Where training was concerned, employers were asked to signal their preference for the mode of delivery. The results of this are shown in figure 13 below.

Figure 13

Training modes



What comes through clearly is that employers overwhelmingly prefer a mixed delivery method, suggesting that while online training has become more prevalent post-pandemic, employers still see value in at least an element of face-to-face delivery.

Interview evidence supported this conclusion. Indeed, this was one of the clearest conclusions to be drawn from the research. When asked why this was their preference, interviewees gave slightly different responses but there were some clear common threads that emerged around flexibility, cost, time-saving, employee preference, and the perception, simply, that some courses work well online, while others are perceived to work better in-person, as explained by Employer C:

“ It’s just different people’s experiences on different courses. Some worked really well – we have a mobile workforce who’re very used to using teams or zoom – all over the country and getting everyone together is quite a big expense for us. So, if it’s an hour’s training or a couple of hours, they’re able to do it from home or we have people doing it from vans, we have the whole lot. So that is quite useful, sort of coming in to do a quick training course, it’s less cost in terms of time and money for ourselves. But then we’ve found other courses work better in person, so sometimes management ones where you’re learning from other people’s experiences, people are a bit more willing to share experiences face to face rather than over teams, it’s a mixture. And then we did have, doing excel, we discovered we needed in person because there were just too many things to be corrected, so having the mixture of different courses, I think, helps.

Employer B emphasised that, for them, it is not only about providing hybrid options but having training and development opportunities and materials in a range of formats:



It also covers different people's learning preferences and we've been tasked with providing more options for the way that we deliver training so it isn't all just going to be in-person or over Teams or hybrid, maybe people want to do an eLearning module or watch a video, or maybe some people just want to read a one or two pager, just with guidance notes. So, it's about having that variety and, like I say, just-in-time resources so even if it's bitesize videos so that people who are time-poor, they can still get that knowledge in that they need without feeling that they've got to commit to an hour-long or two-hour-long training session.

Discussion

The results suggest that employers' perceptions of the upskilling needs of their current workforce largely mirrored the skills they are struggling to find in applicants discussed in the previous section. Perhaps most surprising in this respect is that a high proportion of employers surveyed (49%) felt that the "specialist skills and knowledge required for the role" of their current workforce needed improving.

There were also other ways that the skills needs of the current workforce, as reported by employers, closely matched the skills gaps they reported that they were struggling to fill via recruitment. In particular, a number of cross-cutting, transferable and meta-skills were identified by employers as in need of development within their current workforce. Management and Leadership skills were also identified by a large proportion of employers as in need of development within their current workforce.

Aside from recruitment, our research suggests that training – whether in-house or external – is still seen, by employers, as the primary means by which to address these skills gaps in their organisation and mitigate their adverse effects, with a very high proportion (82%) of employers surveyed having arranged or funded some form of on- the-job or off-the-job training and development for employees over the past 12 months.

Looking at the results of this question in parallel with the more detailed question around the types of training arranged at management and non-management level, however, opens up the possibility that much of the training being arranged by employers may be basic induction training, or health and safety or compliance related, all of which scored more highly than, for example, training in new technology. Indeed, against the backdrop of rapid technological advances, particularly AI, the fact that training in new technology was arranged by just 21% of employers (for staff at management level) and 28% of employers (for staff at non-management level) was perhaps a surprising finding of our survey.

Finally, reflecting the post-pandemic shift, an overwhelming majority of employers now prefer a mix of online and in-person delivery where employee training is concerned. These results would suggest that, in this respect, workforce upskilling is following the direction of travel of mainstream courses, with a "general move towards active blended learning as the default mode" (SFC, 2024). For the College, this suggests that continuing to have a comprehensive portfolio of upskilling courses that can be delivered in a blended learning format is important to meet the needs of employers.

Edinburgh College's role in Workforce Development: A Case Study

Edinburgh College delivers a range of courses and programmes aimed at tackling skills shortages in key areas and supporting individuals to upskill and advance in their career. An example of this is the Women in Digital and Data innovation. The course, supported by Equate Scotland and the Data Lab Community, facilitates access to higher education and training and supports women into employment in tech and related roles.

The course is part of the Data Education in Colleges initiative, a collaboration between Edinburgh, Fife, Borders, and West Lothian colleges funded by the Data Skills Gateway programme, that aims to establish a Data Science skills progression pathway from SCQF levels 3 to 8. This pathway also offers opportunities for higher education at Edinburgh Napier University or direct employment as well as promoting digital, meta and transferable skills, whilst also ensuring intersectional equality is promoted and supported across the technology sector.

The course caters to two distinct groups of learners; women seeking to improve their effectiveness in their current work roles (SCQF 7) and women aspiring to specialise in the field of data science or analysis (SCQF 8). Through the course, a large cohort of women have achieved the SQA-recognised Professional Development Award (PDA) in Data Science. This course not only focuses on imparting essential skills like Data Analysis and Visualisation, but also emphasises the development of transferable skills such as numeracy, digital literacy, and meta skills like collaboration, critical thinking, and communication.

As well as this course, through its portfolio, the initiative provides a consistent, joined-up approach across colleges serving as a benchmark in integrating digital skills into education. Moreover, as digital literacy and data science expertise become increasingly sought-after, the initiative provides a model for effectively bridging the skills gap, equipping learners with the digital and data competencies needed in a rapidly evolving job market, and ensuring Scotland's workforce is equipped to meet the challenges and opportunities of the digital age.

Our Findings: Future Investment in Workplace Training

Overview

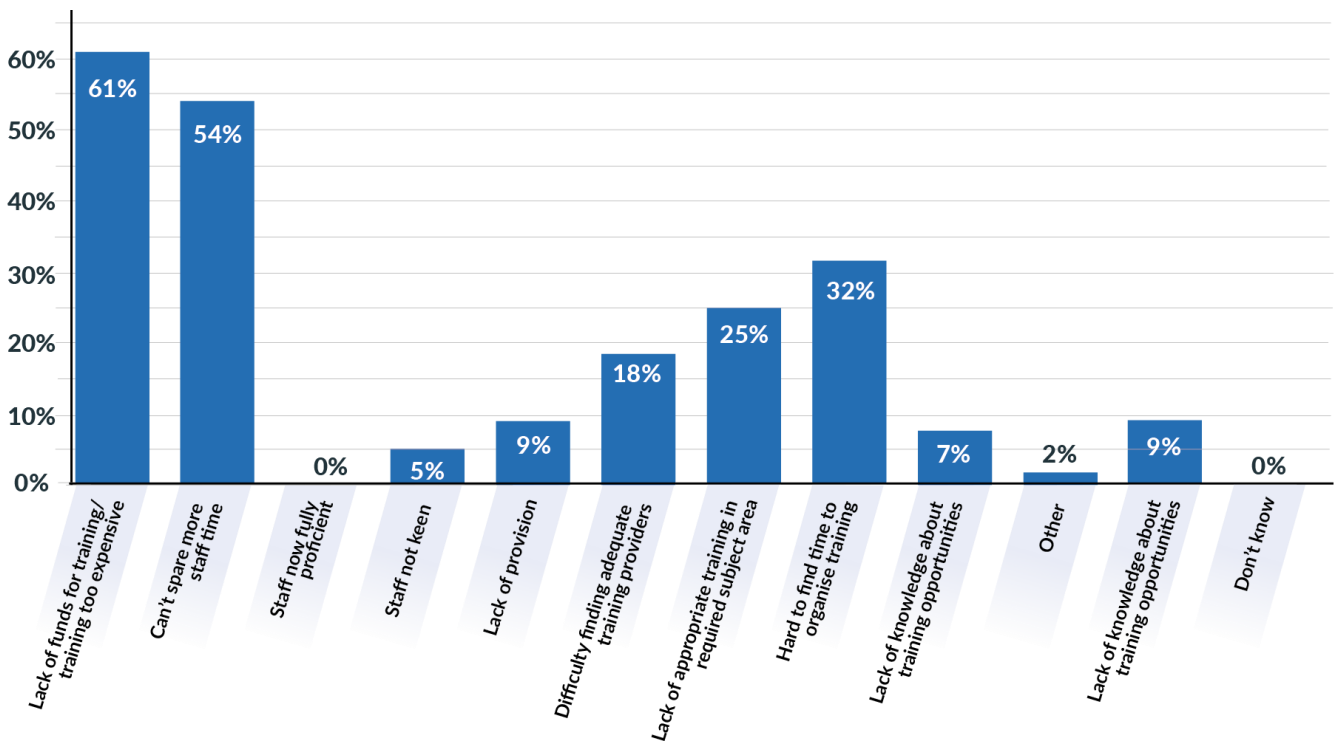
- Lack of funding for training is the biggest barrier to employers providing more training with 61% saying this is a reason they don't provide more.
- This has changed since our 2019 survey. Then, lack of staff time was the biggest barrier to employers providing more training.
- A high proportion of employers surveyed (51%) paid the apprenticeship levy and a high proportion (42%) also made use of the FWDF.
- A large proportion (39%) of employers who undertook training through the FWDF, indicated they would do less workforce training as a result of the fund's abolition, and only 19% indicated they would fund more training themselves to make up for the cut funding.

Barriers to doing more training

Employers were asked to reflect upon the barriers that prevented them from undertaking more workforce training. The results can be seen in figure 14 below.

Figure 14

Training barriers



Two issues came through strongly as those that currently prevent the employers surveyed from undertaking more workforce training: lack of funds and lack of staff time for training. In other words, perhaps unsurprisingly, time and money are (in broad terms) the biggest issues in this area. This point also emerged in interviews. As Employer A explained:

“ There’s lot of training I would like to access. The main factor is the funding if I’m honest. I could give you a list of training that I would love to access at Edinburgh College that I know Edinburgh College would deliver very well. Just this morning I was in a meeting where we were discussing supervision training that Edinburgh College had delivered in that past. That was incredibly impressive and is still talked about years later in our organisation. But I can’t afford that right now.

However, funding and time were not the only issues mentioned by employers surveyed where barriers to training were concerned. A significant number of employers also highlighted a difficulty in finding appropriate training or training providers for their requirements. This issue was picked up to some extent in the semi-structured interviews but, though some areas were suggested, further research is required to map gaps in training provision perceived by employers more widely.

The Apprenticeship Levy and the Flexible Workforce Development Fund

The research also looked to understand the impact of policy (and policy changes) related to workforce training. Survey respondents were first asked whether or not they were levy payers, and thereafter whether they accessed the Flexible Workforce Development Fund.

The Apprenticeship Levy is a UK Government tax paid by all employers with a wage bill of more than £3m per year. Employers meeting this criterion must pay 0.5% of their monthly wage bill as a monthly levy tax. Scotland's share of the revenue from the levy (estimated at around £239m in 2019/2020 (the last year for which this figure is available) (Scottish Parliament, 2023 and Scottish Government, 2019) is used by the Scottish Government to fund apprenticeships and some other forms of skills training.

The Flexible Workforce Development Fund (established in 2017 and funded through Scotland's share of the apprenticeship levy) allowed employers to access up to £15,000 of employee training delivered by colleges, and the Open University. The lack of restrictions on what type of training employers accessed, enabled them to address priority skills gaps in their organisation, often working in partnership with colleges to design bespoke solutions to address the skills challenges they were facing. The fund (which was supported by a £20m annual government investment at its peak in 2020/2021) was also open to smaller companies (i.e. non-levy paying employers), who were able to access up to £5000 of training annually through the fund. After six years, it was announced in December 2023, that the Fund will not be available from 2024/25.

The breakdown of survey respondents who pay the apprenticeship levy and accessed the FWDF respectively can be seen below.

Figure 15
Levy payers

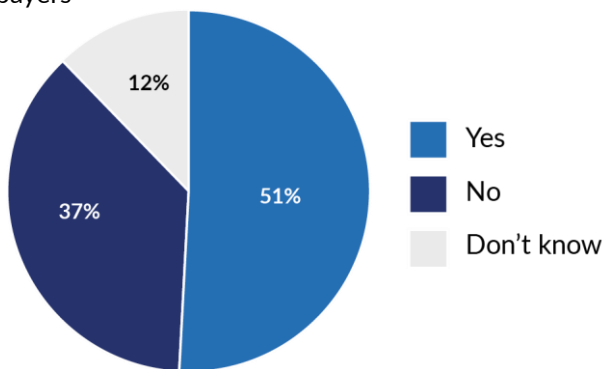
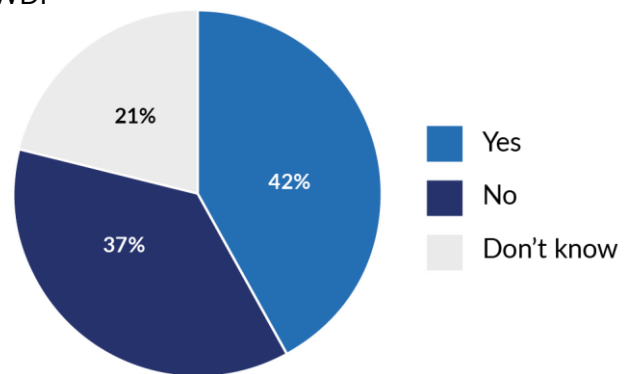
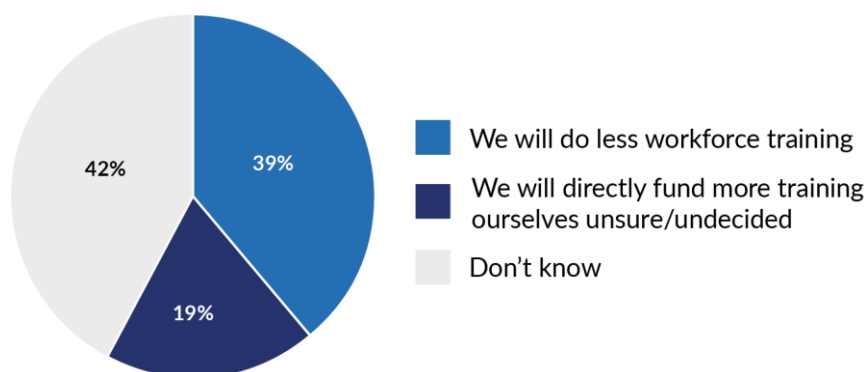


Figure 16
FWDF



The vast majority of respondents to the survey pay the apprenticeship levy, and just under half utilised the Flexible Workforce Development Fund. Those respondents who had previously accessed the Flexible Workforce Development Fund were then asked how the fund's abolition would impact their future workforce upskilling plans. The results can be seen in figure 17 below.

Figure 17
FWDF abolition



The results suggest that the abolition of the FWDF will have a significant impact on workplace training in the region, with more than a third of those surveyed saying they will now do less training, and only 19% saying they will self-fund more training to account for the loss of the FWDF.

Our interviews gave more detail on the impact of the abolition of the FWDF and confirmed this is a big issue for many employers:

“ The FWDF that's a biggie, that's a constant chat when you meet up with other training people. – **Employer A** ”

These interviews also confirmed our survey findings that many employers are still digesting how to respond to the Fund's abolition. As Employer A suggests, the fact that employers have lost out on this training fund but are still required to pay the apprenticeship levy that had been used to fund it, is a point not lost on employers:

“ And obviously we need to work out, because we're still paying our levy. We need to work out what we're going to do about that because it doesn't look like it's going to come back any time soon, does it? ”

When asked the impact the removal of the Fund would have on workforce training in their organisation, Employer A said:

“ Falling off the cliff is kind of how it feels. Obviously, our income comes from providing support for people with learning disabilities. And there's very little capacity in the funds we get for training. I mean, its 0.001%, we're talking kind of pennies. There's no way that we can think about.... I mean we loved all the soft skills stuff that Edinburgh College delivered, it was great. But we can't prioritise that over people's care needs. ”

For larger employers, like Employer C, the end of the FWDF was not likely to put an end to all training and development, but it was likely to see a reduction in what was offered. More precisely, it seems that the end of FWDF will see companies return to focussing on core compliance training, removing some of the “extras” that the FWDF allowed them to invest in. As Employer C explains:

“ I’d say realistically, we’re a big organisation, we will still continue with training but not as much, it just won’t happen..... We will still do some training with our supply chain but not to the same extent, and I suppose not to the...I suppose the added extras, the wellbeing, the added health and safety stuff, it’s the compliance stuff that you have to do, more than the things that are – I suppose – the added extras that give people a wee bit of insight into maybe a career at a different level, or gaining a lot more skills to widen their experience in their current role.

Employer B was something of an outlier in this area in that, for them, as a large organisation, the funding offered through the FWDF was not as crucial to their learning and development plans and, in fact, they were already considering how to reshape their engagement with the FWDF for the year ahead, even if funding had been available:

“ Yeah. To be honest, because we had such a busy period, the recommendation from the L and D to the partnership was that we wouldn’t take advantage of the funding this year just because we noticed a dip in the people who had signed up to the courses to the ones who had actually attended. And that was just down to work pressure on the day, you know, they fully intended to do it and I think because we were restricted on when we could offer the courses, it meant that everything was on offer within the space of three months..... So what we were going to propose – if the funding was available next year – we’d have a much closer look at the prospectus and just be a bit more savvy about what we’re offering so that maybe we don’t offer quite as many courses – still a good variety – but fewer so that people can really pick what is relevant to them, what they want to focus on and actually follow through on what they say they’re going to do, so that they do actually attend the courses.

Interview data therefore suggests the impact of the end of FWDF on in-work training and upskilling may be felt unevenly across the economy, with larger companies, and companies in certain industries, able to maintain some training and development opportunities, while some (potentially smaller) organisations, and organisations in certain sectors of the economy, could see workforce training opportunities “fall off a cliff”.

Discussion

In a letter to the Scottish Government prior to last November's Budget, Prosper, a representative body for Scottish Business, suggested: "Scotland's future prosperity – and the ability of every individual to realise their full potential – depends on us being competitive in developing people's skills and attributes" (Prosper, 2023). This view, that human capital is fundamentally important to a country's economic prospects, is borne out by considerable academic evidence. Work-related training has been shown to contribute to higher workforce productivity which, in turn, can drive economic growth.

These benefits of human capital accumulation, explain why, as part of the National Performance Framework, the Scottish Government has an indicator that measures (and seeks to increase) the proportion of those in employment who undertake some form of workplace training. More specifically, the indicator measures the percentage of employees who received on-the-job training in the last three months (Scottish Government, 2024).

Scotland's performance against this indicator improved by two percentage points (from 23.5% to 25.5%) in the year from 2021 to 2022, with an estimated 617,900 people undertaking training in the last three months of 2022. Indeed, this figure has shown steady improvement since 2017 (the first year of FWDF) and is also currently higher than the equivalent UK figure of 24.2% (Scottish Government, 2024). However, viewed in longer term perspective, the number of people undertaking workplace training remains lower than in 2007 (when 27.6% of those employed undertook some form of workplace training in the previous three months) (Scottish Government, 2024).

The question of why companies do not invest in more training is a long-running one. However, much academic evidence points to this as a potential area of market failure. As the Institute for Fiscal Studies (IFS) puts it "there are solid economic reasons to suppose that, left to its own devices, the market will deliver lower levels of training than is socially optimal." They offer some suggestions as to why this might be the case: "Borrowing constraints can make it difficult for individuals and employers to invest in training. Uncertainty about the returns to training can make individuals unduly reluctant to invest in potentially useful training. And the full (societal) benefits of training are likely not factored in when individuals and firms make investment decisions. These market failures justify a range of government policies aimed at stimulating investment in education and training." (IFS, 2023).

The FWDF was a policy instrument designed to address that market failure, with employers obliged to pay the apprenticeship levy and, in return, able to access the Fund (as well as apprenticeships and other skills interventions). Nationally, 23,486 people (around 1 in every 100 Scottish workers) received training through the fund in 2021/2022 (Colleges Scotland, 2023). A 2023 Scottish Government report evaluating the fund's performance found "there to be a clear and strong continuing rationale for the Fund. Not only for the role it can continue to play in supporting inclusive economic growth, but also in supporting COVID-19 recovery" (Scottish Government, 2023). The evaluation recommended the establishment of multi-annual funding for the FWDF.

The results of our research suggest the decision to, instead, cut the FWDF will have a negative impact on workforce training in Scotland. A large proportion (39%) of respondents who accessed training through the fund, report that they will do less workforce training as a result of its abolition, with only 19% saying they will fund more training to replace the loss of the fund (the remaining 42% are unsure how they will respond to the end of the fund). This lends credence to the idea of market failure where workforce training is concerned, with employers cognisant of skills gaps in their organisation but perhaps unconvinced by the return on investment from funding more training or, as some employers suggested in interview, struggling to justify spend on training at a time of tight budgets affecting frontline service delivery.

This employer perspective on the loss of the Fund was explored in more detail in the semi-structured interviews. Some referenced payment of the apprenticeship levy as exacerbating their disappointment at the fund's abolition. In its pre-budget letter, Prosper suggested that employers "want clear visibility of what their [apprenticeship] levies are delivering for them" (Prosper, 2023). Related, a recent survey from the Institute of Directors, found that among levy paying employers "67% were either unsure of, or critical towards, the value for money presented by the levy" (IOD, 2024). Our interview findings would appear to support both of these views.

Taken together, our findings cast doubt on the wisdom of the decision to cut the FWDF, especially at a time of huge shifts in the nature of work, of tight labour markets, and of skills shortages in many industries. It raises questions about the impact the decision will have on Scotland's economy (an economy which was expected to have grown just 0.2% in 2023)¹, and which is hampered by the longstanding challenge of low productivity growth.

Instead, our findings suggest there is a need to revive or reshape the FWDF either at a national or a local level. In this regard, one suggestion is to seek some form of match-funding from employers as a condition of accessing government upskilling funding. While this idea may have some merit, our research highlights some potential issues of pursuing this approach. Particularly, our research suggests that certain sectors, often do not have the financial resource to even partially fund training. However, this doesn't mean training isn't important for these sectors, a point Employer A articulated when describing what the impact of reducing training and development opportunities on the output of their organisation:

“ I mean what I live and breathe is training and development. So obviously my answers are going to be rather biased because this is what I know and love and I believe that training and development is key to the quality of care. That if you strip out the training and development then you, by default, reduce the quality of the care you are able to provide. And I think it's very extreme when you're talking about specific areas like moving and handling or medication administration or managing distressing behaviours. It becomes within 6 months, if you pull training on that, it becomes very apparent that you have a workforce that aren't skilled in managing these.

This would point to the need to think very carefully about how any employer contributions to new forms of upskilling funding are structured to take account of differing capacities to pay for training across sectors and industries.

Edinburgh College Supporting Employers to Invest in workplace training

Through the Flexible Workforce Development Fund, Edinburgh College delivered training to more than 10,000 people in the seven years from the Fund's inception in 2017 to its abolition in 2024, equivalent to around 1 in 43 workers across the entire Edinburgh, East and Midlothian region (SDS, 2024). In 2023/2024, the final year of the Fund, the College delivered training for more than 200 companies (both SMEs and large companies) across the private, public and third sector.

Although a wide array of training was delivered through the fund, in response to the diverse needs of individual employers, a considerable amount of training was delivered in areas related to soft skills gaps identified by employers in our survey, such as Management and Leadership, as well as training aligned to areas of key hard skills shortages, such as Digital and Data Skills, Green Skills and Engineering.

Despite the challenge presented by the decision to end the FWDF, Edinburgh College is continuing to support employers to access training. In particular, the College's Enhanced Skills portfolio of cross-curricular programmes is supporting companies to tackle workforce challenges and productivity issues and as well as supporting them to scale-up, decarbonise, innovate and internationalise. Through this approach, the College continues to play a key role in addressing the urgent skills gaps of our rapidly changing economy.



Our Findings: Apprenticeships

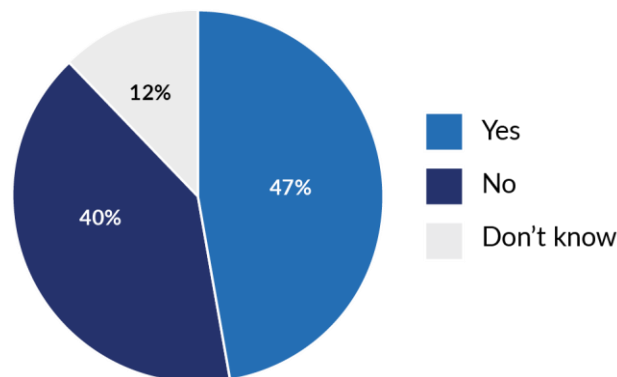
Overview

- 47% of employers surveyed currently employ an apprentice.
- 77% of those surveyed who do not currently employ an apprentice would potentially consider working with EC to employ an apprentice in the future.

Value of Apprenticeships

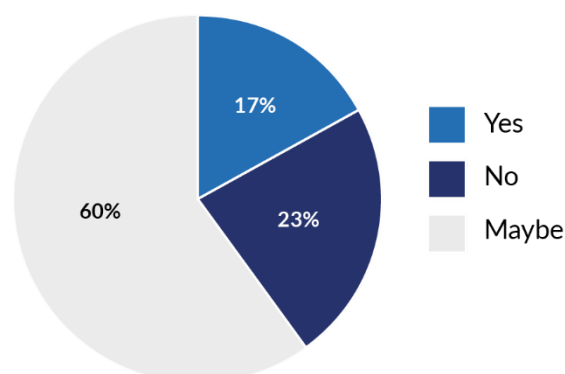
In our survey, employers were first asked whether or not they currently employ an apprentice. The result can be seen in figure 18 below.

Figure 18
Apprenticeship proportion



Our survey also asked those who did not currently engage in the apprenticeship system, whether they would consider doing so in the future. The results can be seen in figure 19 below.

Figure 19
Consider apprentices



As shown above, our research suggests that even where employers do not currently employ an apprentice, there is considerable appetite to engage with the apprenticeship system in the future.

Interview data drew out some more detailed employer perspectives on apprenticeships and the apprenticeship system. Particularly, Employer C emphasised the foundational importance of apprentices to that company – and that industry’s - future workforce:

“ They’re our new blood coming in, they’re our workforce, they’re the people coming in, they’re our future engineers that are going to maintain the skills within the industry. We need them. There’s just no other option. That’s how people learn the skills. There isn’t an option to become an electrician or a joiner going to university, it needs to come through the apprenticeship programme and that’s why we need more and more people coming in and choosing that as a career.

The same employer emphasised that it wasn’t just in trades they valued apprentices but also in other support areas of the business. They stressed that their organisation see apprentices as adding value to the organisation quicker than might be expected:

“ So, we do need apprenticeships coming in from a trade perspective but we also find that the other apprenticeships – we’ve recently got people doing digital skills apprenticeships, business and admin – and they come in and they add value pretty quickly to an organisation. You know, a young person coming in, adds value very quickly.

Employer B also hinted at the role apprenticeships can have in terms of meeting company goals around social mobility:

“ So, in terms of the value they add, you can’t really put a price on that to be honest. It’s something that we’ve been investing in and we’ve been supporting since it came in. We are quite forward-thinking in terms of what we want to do around social mobility so it’s helpful in that respect. And, like I said, we’ve just had the first cohort qualify this year so it’s something we want to continue doing.

Barriers to taking on more apprentices

Our interviews also touched on employer perspectives about the barriers to taking on more apprentices. Some key themes came through in this regard. Employer responses drew the link between workforce challenges discussed earlier in the interview and the challenge of supporting more work placements, in terms of staff having capacity to support placements and apprentices.

This potentially points to a vicious cycle where recruitment challenges and high vacancy incidence leads to less training and apprenticeship opportunities, which in turn exacerbates skills challenges at a sector-wide level. However, further research would be required to establish the existence of this dynamic.

Discussion

Nationally, some 16% of employers employ an apprentice (Scottish Government, 2022). While, this perhaps suggests our sub-sample of employers was disproportionately engaged with the apprenticeship system, that national figure rises to 43% of organisations with more than 100 employees (Scottish Government, 2022).

A recent evaluation of Return on Investment (ROI) associated with post-16 education and training in Scotland conducted by London Economics on behalf of the Scottish Government found sound return on investment for employers who hired Modern Apprentices. In particular, the study estimated the net benefit to employers associated with MAs at Level 3 as £63,500 for men and £6,600 for women (London Economics, 2022). With this in mind, the fact that a high proportion of employers surveyed employ (and value) apprentices, and that among those that don't a high proportion indicated they would consider working with the college to deliver Foundation, Modern and Graduate Apprenticeships in the future should perhaps be no surprise.

There are also some similarities in our (somewhat limited) findings on the barriers to employing apprentices, with the detailed analysis of this question in the National Skills Survey. In particular, “structural reasons” for not employing apprentices accounted for 62% of the reasons given by employers for not employing an apprentice in the National Skills Survey (Scottish Government, 2022).

The point raised by Employer B, that apprenticeships support that organisation's approach in terms of social mobility, speaks to the demographics of apprenticeship programmes in Scotland. More than twice as many of those who started a Modern Apprenticeship in 2023/2024, came from SIMD decile 1 (the most deprived 10%) compared with SIMD decile 10 (the least deprived 10%) and, more broadly, the Modern Apprentice cohort has an over-representation of those from deprived backgrounds (SDS, 2024c).

Overall, our research found strong employer endorsement of (and demand for) apprenticeships. In particular, our survey data found high engagement with the apprenticeship system and our interviews found strong support for expanding apprenticeship opportunities. Our research suggests employers see the apprenticeship system not just as something which can support them to plug skills gaps and develop their future workforce, but also a key avenue through which they can play their part in making Scotland a fairer, more equal society.

It's worth noting that, in this respect, the views of employers in our region appear to align with the views of the public. In a recent poll-based study on the value of university education, researchers at Kings College London found that while 39% of the public feel that opportunities for young people to go to university should be increased, almost double that number (76%) feel that apprenticeship opportunities for young people should be (King's College London, 2024).

Edinburgh College's Apprenticeship Offer

Edinburgh College delivers around 2,000 apprenticeships each year, in areas from construction and automotive through to health and social care, making it a key player in the delivery of apprenticeships not just in the Edinburgh city-region, but nationally.

With the Withers Review recommending reforms to the post-16 skills landscape, and the Scottish Government considering reform to the way apprenticeships are funded and delivered, Edinburgh College is well-placed and ready to expand our work in the delivery of apprenticeships, providing employers with the workforce they require now, and in the future. We will continue to work proactively with partners to support a future-proof apprenticeship system that delivers for learners and the skills needs of Edinburgh and the wider capital city region.



Our Findings: Employer Engagement

Overview

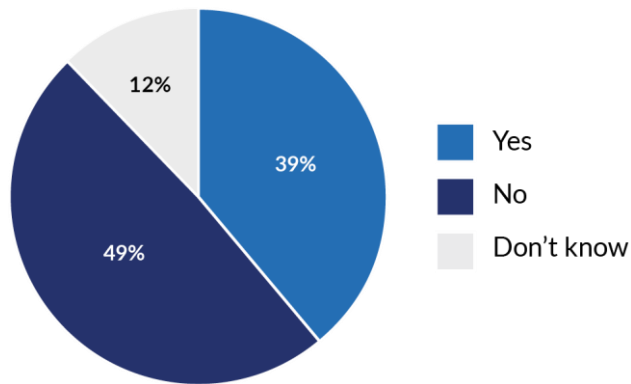
- 39% of those employers surveyed currently engage with Edinburgh College in some way.
- Of those employers surveyed who engage with Edinburgh College, most do so for employee training (72%) and for apprenticeships (41%).

Methods of College-Employer Engagement

Our survey asked respondents whether their organisation currently engages with Edinburgh College. The results are shown in figure 20 below.

Figure 20

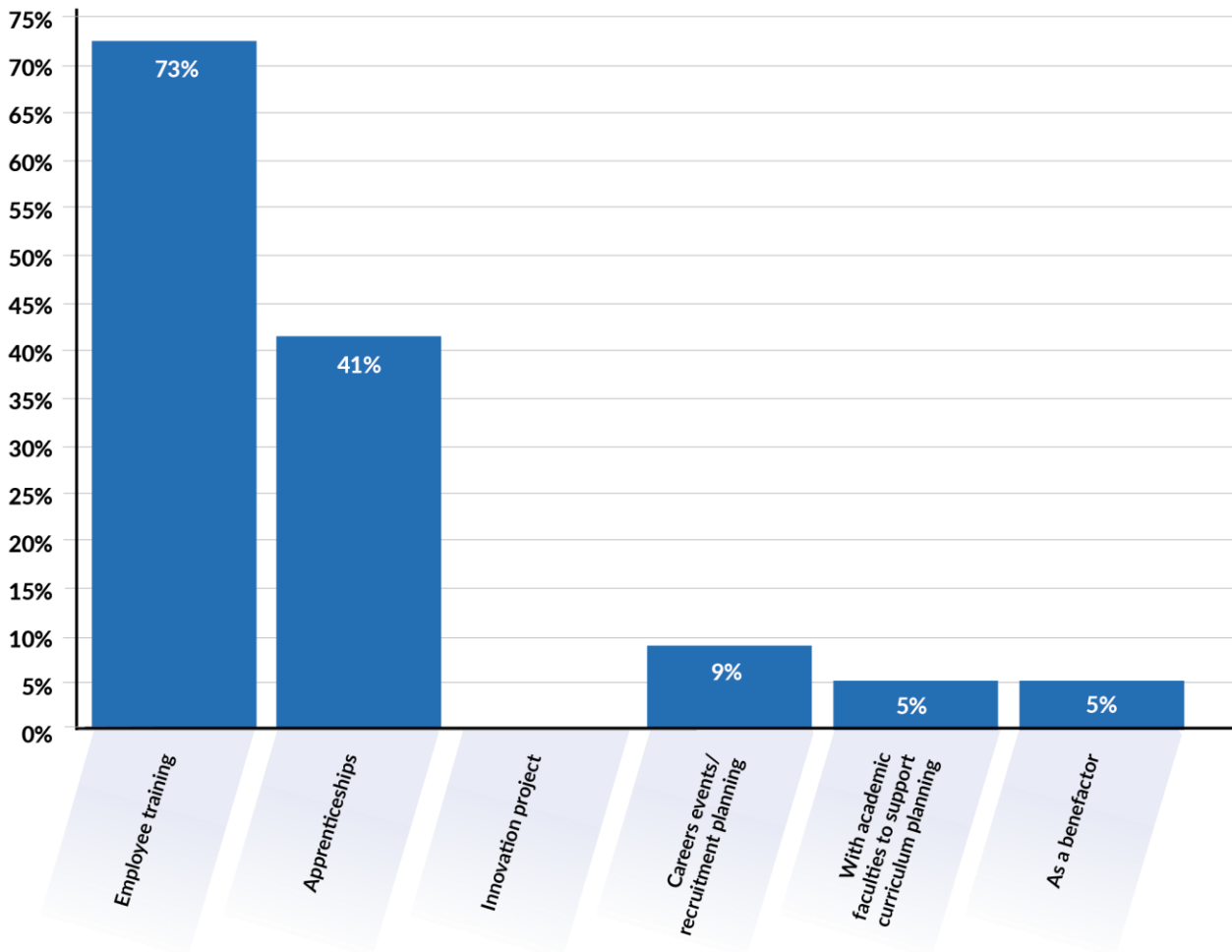
College engagement



With 39% of those employers surveyed currently engaging with Edinburgh College, our findings largely align with the findings of a similar survey-based report conducted by the Institute for Directors, which found that, among their membership, 48% engage with Colleges (IOD, 2024).

Those who did engage with Edinburgh College were then asked what form that engagement took. The results are shown in figure 21 below.

Figure 21
Methods of engagement



As can be seen, the two main methods of engagement between the College and the employers surveyed were for employee training and for apprenticeships. In this respect, our findings diverged somewhat from the findings of the aforementioned IOD study, where the top ways respondents worked with educational institutions (colleges *and* universities) were engagement with academics, research projects or knowledge exchange and engagement with the careers service.

Features of college-employer engagement

All employers interviewed worked with Edinburgh College in some capacity and so interview data added more detail on the features and dynamics of engagement between the College and employers in the region. On employee training, all of the organisations interviewed had previously engaged with Edinburgh College in this area:

“Historically we also went to EC for everything else through the FWDF, and we accessed a lot of soft skills training, as well as leadership and management training, excel training. We've put people through admin and HR qualifications as well. **Employer A**

“We're not equipped to do that, and we've found that the colleges provide the courses that allow us to dip in and dip out, with small amounts of people as required, and that's something we'd like to see more of, is just being able to access that when we need it. **Employer C**

Developing college – employer engagement in the future

Most of the employee training mentioned by interviewees was delivered through the aforementioned FWDF. A key consideration for the College, therefore, is how relationships built up through this programme will be sustained and developed in the future.

Survey respondents were asked “how their relationship with Edinburgh College could be improved in the future”. Alongside a number of positive comments about the existing relationship, with the College (and individuals within it), responses included “Being able to start SSHC SVQs in timeframes that fit with VSDF funding”, “a central point of contact”, “availability of affordable training options”, and “Regular Modern Apprentices”. Although comments in this section were brief, they provide useful insight into employer priorities where the College relationship is concerned.

Discussion

Close alignment between colleges and regional and national employers is widely seen as fundamental to an effective TVET (Technical Vocational Education and Training) system. Countries around the world are therefore wrestling with the question of how to make their TVET systems more demand-led, responsive to workforce challenges and shaped by needs identified by employers.

The main area of college-employer engagement explored in the research was employee training. In this area, the loss of connection between employers and colleges that could be precipitated by the abolition of the FWDF is of particular concern. The Scottish Government's evaluation of the fund's impact noted how it served to "build and strengthen employer relationships with training providers" (Scottish Government, 2023). A key focus for Edinburgh College will therefore be on maintaining and developing these employer relationships, underpinned by the development of an enhanced portfolio of skills training that allows employers to future-proof the skills of their workforce in key areas, including a number of those identified as being skills shortage areas in this research.

College-employer relationships also have a key role to play in tackling the nation's productivity challenge. Of course, workforce training is one way in which colleges can support employers to make their organisations become more productive, but there are others. A number of these – such as apprenticeships and curriculum planning – were discussed in the research, while others received less focus.

Innovation, for example, is an area where there is clear future potential to expand and enhance college-employer relationships. While innovation is often thought of in terms of cutting-edge technological advances, and new academic discoveries, broadening this conception of innovation opens up new ways in which colleges can work with employers. In particular, where productivity improvements are concerned, it is clear that employers are looking for practical solutions to issues they face: for example, an app that would improve the way they interact with customers but that they can't afford (or don't have the expertise) to develop, or access to high-tech equipment that could speed up a production process but that they don't have the space or capacity to install. In these cases, colleges are equipped, and in many cases best placed, to help. The case study below provides an example that illustrates this point, and gives an insight into Edinburgh College's vision for the future enhancement of college-employer collaboration in the region.

Edinburgh College's engagement with employers: A case study

In 2023, Edinburgh College and Anturas won the prestigious *Innovation in Business Award* at the annual Edinburgh Chamber of Commerce Business Awards, for work on an innovation project aimed at revolutionising railway safety verification in Scotland, England and beyond.

Anturas is a leader in delivering Safety Verification Schemes and has worked on major projects including Edinburgh Trams and the ongoing Glasgow Subway Modernisation. However existing methods of determining safety verification requirements are costly and resource-intensive.

To tackle this issue head-on, Anturas and Edinburgh College collaborated on an Innovation project funded by an Interface Standard Innovation Voucher. The project led (on the Edinburgh College side) by Computing lecturer Jorge Correia aimed to develop a user-friendly, web-based application that streamlines the safety verification process and ensures compliance with ROGS regulations.

The project kicked off with Edinburgh College working alongside Anturas to adapt the Microsoft Excel database, that was at the limits of its application, and develop a purpose-built web application that offers flexibility, security, and ease of use.

The new digital tool guides users through the process of determining and implementing a Safety Verification Scheme, incorporating features including system definition, interface development, and preliminary hazard analysis. It will also integrate industry-standard risk models and commercial risk tools, providing a comprehensive solution for safety verification.

The current phase of development is focused on enhancing the application's front-end, optimising user experience, and implementing robust data security measures. The modular architecture of the application also allows for adaptability to client and industry needs, while a guided workflow assists users in framing Safety Verification Schemes efficiently.

Looking to the future, the College and Anturas plan to develop the back-end of the digital tool with the help of further funding.



Conclusion

Although focussed on employer perspectives on recruitment challenges and future skills needs, our research findings touched on a wide range of issues.

While our findings highlighted a number of ongoing recruitment and upskilling challenges for employers, especially in certain sectors, roles and skills; more positively, it also found some evidence to suggest that some labour market tightness may be easing in some areas.

Similarly, although (often acute) funding challenges were a key theme where training and upskilling was concerned, our research also found a continued appetite on the part of employers to engage with the College on upskilling their staff, employing apprentices and collaborating in a range of other ways to provide opportunities for all across the region.

Edinburgh College will use these research findings to inform our ongoing work, and particularly our future strategy for employer engagement. We hope that, for our partners, this research will complement existing research in this area and contribute to deepening our collective understanding of the future skills needs of the Edinburgh city-region.

In this spirit, Edinburgh College looks forward to continuing to work collaboratively with others to pursue our shared goals for a more prosperous capital city region, that provides opportunity for all within it.



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