

## STRATEGIC LABOUR MARKET GROUP: RURAL SKILLS ACTION PLAN

### Introduction

The Scottish Government is committed to promoting inclusive growth and creating opportunities for all to ensure a vibrant, sustainable and productive rural economy. The Scottish Government supports individuals to build their career management, work-based and employability skills throughout their career journey from school into further learning opportunities and employment. The 2017/18 Programme for Government (PfG) made a commitment to ‘*produce a Rural Skills Action Plan in 2018, to enhance employment opportunities for young people.*’ Officials have been working closely with key stakeholders to scope this work and a draft plan will be in place by the end of 2018. Work to develop the plan is being led by Skills Development Scotland to ensure it is aligned with existing well-established processes and delivery mechanisms.

### Nature of the Rural Economy

The diverse nature of Scotland’s rural economy is both similar to, and tightly integrated with, the economy of urban Scotland. However, distinct differences remain between urban and rural economies, often related to challenges around distance and rurality. There is a growing body of evidence around the nature and impact of depopulation in rural Scotland. Depopulation is not uniform across rural Scotland, and evidence suggests that the population of rural Scotland is increasing overall. However, there are clear differences in the level of population change across different rural areas and age groups. Looking ahead, rural populations are forecast to decline (or in some cases continue declining), particularly in Sparsely Populated Areas and in those areas with a structural legacy (e.g. post-industrial). Out-migration of young people in search of educational and employment opportunities contributes to depopulation in rural areas. A continued emphasis on the availability of the opportunities to work in rural Scotland through locally appropriate skills planning therefore needs to be part of the suite of interventions needed to reverse this trend; alongside action on housing, transport and connectivity.

### Skills Shortages and Skills Gaps

The Employer Skills Survey (2017)<sup>1</sup> provides valuable insight into skills shortages and skills gaps faced by businesses in Scotland, as well as wider UK. Data from the Employer Skills Survey is presented at a regional level in Scotland – these regions are aggregated Local Authorities.

The following three were the only regions that contained Local Authorities that are classified as rural as defined by the RESAS Local Authority definition. Therefore, these three provide a ‘best fit’ insight into Scotland’s rural economy:

- Scottish Borders;
- Dumfries and Galloway; and
- Highlands and Islands.

Note, there is variance in the findings depending on location.

Headline findings detail:

- Fewer companies in the South of Scotland undertake staff training compared with the national average – 82% in Dumfries and Galloway and 78% in Scottish Borders compared with 90% in Scotland.

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<sup>1</sup> <https://www.gov.uk/government/publications/employer-skills-survey-2017-scotland-toolkit>

- In comparison, a greater proportion of companies located in the Highlands and Islands undertake training – 92%.
- Over half of companies located in the Highlands and Islands (54%) reported having skills gaps, compared with 36% in Scotland.
- In contrast, companies located in the South of Scotland reported below average skills gaps Dumfries and Galloway (28%), Scottish Borders (24%). This suggests the type/level of training within Highlands and Islands may not be meeting the needs of employers.
- In the past 12 months, a lower proportion of companies located in the three regions recruited staff compared to Scotland: Scottish Borders (40%), Highlands and Islands (41%), Dumfries and Galloway (43%), compared with 51% in Scotland.
- A lower proportion of companies in rural Scotland reported having at least one vacancy: 16% in both Highlands and Islands and Dumfries and Galloway, and 7% in Scottish Borders, compared with 20% in Scotland.
- Of those companies with one or more vacancy, Highlands and Islands and Dumfries and Galloway mirrored the national level of 6% skills shortage vacancies, whereas a minority of companies in the Scottish Borders (1%) reported skills shortage vacancies.
- The regions followed a similar pattern for hard to fill vacancies with Highlands and Islands and Dumfries and Galloway mirroring Scotland (6%), whereas companies in Scottish Borders reported a lower number (3%).
- The main reasons for hard to fill vacancies for Highlands and Islands were<sup>2</sup>:
  - Low number of applicants generally (34%);
  - Low number of applications with the required skills (33%); and
  - Remote location/poor public transport (32%).
- The main reasons for hard to fill vacancies in Dumfries and Galloway were similar:
  - Low number of applications with the required skills (37%);
  - Poor terms and conditions (e.g. pay) offered for post (27%); and
  - Not enough people interested in doing this type of job (24%).

### Other Skills Issues

There are a number of other, wider factors which can act as a barrier to skills development for those living in rural areas. Although this will vary depending on the types of communities in question, i.e. some challenges will be more pronounced in remote/island areas, these are issues which have been documented across various different pieces of research, evidence and policy which have been identified through a review of relevant literature.

The literature review identified issues which affect (a) individual learners/employees living in rural and remote communities; and (b) businesses which operate in these areas. The result of these challenges is twofold. Firstly, individuals are struggling to access the opportunities to develop their skills and improve their employment options. Secondly, businesses are having difficulty sourcing the skills they need to ensure growth and competitiveness, and in some cases, even survival.

Therefore, we consider the skills issues facing remote and rural communities through the following two lenses:

1. Barriers to **individuals** accessing learning and skills opportunities; and
2. Barriers to **employers** accessing skilled workers.

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<sup>2</sup> Data for the Scottish Borders were suppressed.

## **Barriers to individuals accessing learning and skills opportunities**

Transport – insufficient transport links are an issue for people in rural areas, presenting both **time** and **cost** barriers to learning and skills opportunities. For those that don't have a car, public transport is the only option. Routes that are serviced by public transport can be “slow, costly or infrequent...and as a result, rural learners find it difficult, if not impossible, to attend provision that is not based in the locality”<sup>3</sup>. In a recent study by Scottish Rural Action, 30% of young people said that the cost of travel prevented them from accessing education, whilst others indicated that it was “inhibiting their educational choices, including access to extracurricular activities, FE and HE”<sup>4</sup>. The cost and time implications are also likely to be an important factor for providers when making place-based decisions about where to focus their provision offer.

Structure of the business base – rural economies tend to be dominated by small, micro and sole trader employers. This can limit employment and work-related training opportunities for those living in rural communities as these types of employers take on fewer new employees. This is important when considering the work-based learning offer within smaller, rural businesses. The rural supplement for Modern Apprentices (MAs) was introduced in recognition of the additional costs incurred by companies (and training providers) delivering MAs in rural/remote areas.

Access to FE/HE – there are often logistical, cost and time barriers for those wishing to access opportunities in rural communities. Transport options can be limited and infrequent. There can be greater accommodation costs because students often don't have the option of living at home during their studies because of the distance travelled to the learning institution. In addition to this, there can be issues of educational equality - for example, relatively small-size schools can have an impact on what subjects are delivered, and this in turn can have an impact on access to further or higher education.

Childcare issues – another issue which can act as a barrier to accessing skills and employment opportunities is access to suitable childcare and pre-school provision. As such, one of the Scottish Government responses to the Commission on Delivery of Rural Education was acceptance of the recommendation that local authorities should work closely in partnership with voluntary and third sector services to facilitate viable wraparound care provision in rural areas where there is demand, seeking innovative solutions to support families.<sup>5</sup>

## **Barriers to employers accessing skilled workers**

Talent attraction and retention – employers in rural and remote areas may find it difficult to source the skills they need because of challenges attracting people to the area. People of working age may be reluctant to move to rural or remote areas because of some of the infrastructure highlighted, i.e. poor connectivity/transport links, lack of affordable housing. Whilst these are not skills issues per se, they present as a skills/talent attraction issue to local employers. These challenges cannot be overcome through skills and educational policy alone, but require a wider economic response, as demonstrated in the Highlands & Islands.

Brexit – employers in rural and remote areas are known to use international labour to address skills shortages within their local communities. Migrant labour is frequently used in food production and

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<sup>3</sup> <https://www.learningcurve.org.uk/sites/ladder4learning.org.uk/files/Learning%20Theme%20on%20Rural%20Barriers.pdf>

<sup>4</sup> <https://www.sra.scot/wp-content/uploads/2018/04/FareEnough-Report-2018.pdf?platform=hootsuite>

<sup>5</sup> <https://www.gov.scot/Resource/0042/00424848.pdf>

processing, aquaculture<sup>6</sup> and also in tourism and hospitality businesses. Brexit has potentially serious implications for those employers whose workforce is made up of a significant proportion of migrant labour.

Sector specific skills issues – recent studies have highlighted specific shortages within sectors which are largely based within rural economies. One such example is the aquaculture sector, with finfish and shellfish businesses predominantly based in rural or remote areas. There are issues around awareness and attractiveness of the sector, and challenges in finding people who want to work in remote locations where the sector’s businesses are based.

Dispersed population and dominance of small businesses – rural, and particularly remote areas, are often categorised by a population dispersed over a large, sparsely populated area. This creates challenges in bringing together enough learners in one place to deliver cost-effective provision and again, this is likely to be a disincentive for training providers who are considering delivery within rural and remote communities<sup>7</sup>. Exacerbating this problem is the fact that many employers in rural areas are small, which means they don’t always have the business infrastructure to offer full-time training opportunities. Addressing this challenge is likely to require an innovative, collaborative approach by rural employers.

A range of actions have already been taken to support rural skills delivery. These include:

- introduction of a rural supplement in 2017 to mitigate the increased costs of delivering services in rural areas and to support delivery of Modern Apprenticeships in the most rural parts of Scotland;
- funding for almost 1400 Modern Apprenticeships in land-based frameworks over the past 3 years;
- support for partners to deliver work which raises awareness and understanding of the diverse and rewarding careers available in Scotland’s rural economy to young people so that they are encouraged to remain living and working in rural Scotland;
- in April 2018, the rural supplement made available in more areas, reflecting the nature of Scotland’s unique geography. Eligibility is now based on employers postcode defined as either ‘Remote Rural’ or ‘Remote Small Towns’, ensuring that Modern Apprenticeships are accessible to as many employers, businesses and young people in rural places as possible; and
- extension of the Ringlink pre-apprenticeship programme to 4 other parts of rural Scotland over the next 3 years on a pilot basis.

### **Existing opportunities for rural skills delivery**

There are currently a number of existing opportunities for rural skills development throughout the learner journey and beyond. Examples include the Curriculum for Excellence, Developing the Young Workforce, Modern Apprenticeship Programme, LANTRA for land based skills and the SE Rural Leadership Programme. The Rural Skills Action Plan will build on the good examples that already exist where tailored approaches have been adopted to meet specific sectors/areas and the action already taken to support rural skills development. Examples of current provision are outlined below:

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<sup>6</sup> <http://www.hie.co.uk/regional-information/economic-reports-and-research/archive/skills-review-for-the-aquaculture-sector-in-scotland.html>

<sup>7</sup> <https://www.learningcurve.org.uk/sites/ladder4learning.org.uk/files/Learning%20Theme%20on%20Rural%20Barriers.pdf>

Rural Schools - over 33% (33.4%) of schools in Scotland are located in rural areas (accessible rural – 17.4%, remote rural – 6.6%, very remote rural – 9.4%) across 29 of the 32 local authorities. There are a number of national skills programmes<sup>8</sup> that address rural needs as well as specific initiatives that individual local authorities deliver<sup>9</sup>. Exemplars from the wide range of skill development activity being delivered in rural schools across Scotland are included on the Education Scotland improvement hub, for example careers in agriculture videos, career pathways in food education. Education Scotland also has national programmes such as the RAISE programme which showcases the range of opportunities available in a rural setting for STEM, and Digital Thinking which provides training to enable a person to learn at SCQF Level 6.

In addition to this national activity, there is also a range of activity at local authority level; a number of authorities provide access to SQA Rural Skills courses at SCQF Level 4. In Aberdeenshire, pupils have access to Rural skills certification through colleges run by SRUC and from Dundee and Angus College; Dumfries and Galloway schools have a range of opportunities including weekly farm visits, agri-employability projects.

LANTRA (the sector Skills Council for Scotland's land-based, aquaculture and environmental conservation industries) have developed information for schools on qualifications for entry routes to rural industries and an education pathways interactive resource, produced an early years poster illustrating the breadth of industries in the sector, 7 career videos, 24 case studies, 360° video for agriculture careers, attended 22 career events and delivered 2 career influencer events.

Whilst there are clearly some innovative examples of good practice, there is variation in the approach that rural schools take and scope to share local good practice with a view to encouraging further take-up of rural skills courses.

Higher Education - there are 25 colleges and 19 Higher Education Institutes (HEIs) in Scotland that provide teaching, learning and research activities. Outcome agreements between the Scottish Funding Council (SFC) and Further Education Institutes (FEIs) and HEIs ensure that learning provision meets national, regional and local employer needs using regional skills assessments and relevant labour market intelligence. The Scottish Funding Council (SFC) allocates a Rural and Remoteness Premium (£8 million to 4 colleges<sup>10</sup>) to ensure that students in rural areas have access to the same range and quality of college provision as those in urban areas. In addition, funding is available to support rural students with travel costs.

Scotland's universities and colleges provide a number of programmes that focus on addressing rural provision (Table 1). 28% (111,020 Scottish students) of the new entrants to HEIs lived in Mainly Rural and Islands and Remote Rural Scotland in 2009/10<sup>11</sup>. Whilst student numbers (by headcount) from rural and remote areas in 2013-14 have almost halved from the peak in 2007-08, the pattern is similar in non-rural areas.

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<sup>8</sup> Examples of National Rural Skills Programmes – Rural Skills on the National Improvement Hub, Food for Thought Programme, Addressing Expressive Vocabulary Gap In Rural Areas, Thinking Digitally, Action Enquiry Research.

<sup>9</sup> Examples of Specific Local Authority Initiatives – National Certificate for Agriculture (SCQF Level 6), Country Classroom on Wheels, Agri Employability Project, Rural Skills Progression Pathways, Skills for Work: Rural Skills SQA, Growing Your Future, Inclusion and Wellbeing Service, Skills Centre.

<sup>10</sup> Rural & Remoteness Premium – allocated to Borders College, Dumfries & Galloway College, Highlands & Island Region and North East Scotland College.

<sup>11</sup> Using the rural definition for Local Authorities defined in 'Understanding the Rural Economy', which accounts for 32% of the Scottish population

Universities and colleges serving primarily rural areas have sought to adapt their approach to the needs and circumstances of those areas. The University of Highlands and Islands (UHI) – a FEI and HEI - and the Open University deliver a significant proportion of their activity via videoconferencing and online learning which is particularly important to remote and rural areas. The Scottish Rural University College (SRUC) – which delivers courses to support land-based industries and rural communities (Table 2) - and UHI tailor learning patterns around the seasonal nature of employment in some regions, allowing students to maintain incomes and undertake work placements during peak times.

There are also examples of where Universities are developing courses to address recruitment challenges in rural areas for specific sectors. In NHS Highland, a rural-track programme was introduced in 2016 to develop bespoke traineeships to GPs who want to work in rural practices in an attempt to address skills shortages. In each of the last two years NHS Highland has fully recruited to these programmes (five posts each year). In addition, the ScotGEM (Scottish Graduate Entry Medicine) initiative has been introduced to develop doctors interested in a career as a generalist practitioner within NHS Scotland, with a focus on rural medicine and healthcare improvement. Year One of the ScotGEM course is centred on St Andrews, and in the second year it will spread to Dumfries and Galloway and Highland.

Apprenticeships - Skills Development Scotland (SDS) aligns its services and activities with the needs and demands of the economy, employers and individuals. In 2017/18, nearly 16% (15.9%) of all modern apprentices starting a Modern Apprenticeship (MA) lived in rural Scotland with 13.5% of employers hosting MAs being based in rural Scotland (Table 3). Over the last 5 years there has been a significant increase in the proportion of new MA starts on Rural Skills Frameworks from 157 starts in 2012/13 to 497 starts in 2017/18 (Table 4).

SDS is supporting the testing of a number of apprenticeship models which have been developed to meet the specific needs of rural areas. In Aberdeenshire, SDS is supporting a pilot Shared Apprenticeship in Aberdeenshire working with industry partners and stakeholders<sup>12</sup> to engage small farms in offering apprenticeship places to local young people. SDS have also established a pilot project to provide a MA pathway for self-employed individuals who produce Harris Tweed. This is to reflect the nature of some of the work, particularly in crafts and allied trades, that are undertaken on a self-employed basis in rural areas.

SDS are also introducing a number of other qualifications: a new foundation apprenticeship in food and drink technologies, a Gaelic, children and young people foundation apprenticeship, a new Graduate apprenticeship in food science and technology and an apprenticeship in hospitality in Scotland programme in the Highlands and Islands which helps deliver apprenticeships that meet the needs of the 5 star accommodation sector.

The Careers Information Advice and Guidance service is delivered by SDS in 5 regions across over 360 mainstream secondary schools and across 47 SDS Careers Centres. In 2017, over 17% (17.5%) of all users (240,959 individuals) of the Careers Information Advice and Guidance services<sup>13</sup> were from rural areas. Comhairle nan Eilean Siar (CnES) is developing an ESF bid to establish a 'one stop shop' to link employers with schools to create opportunities for young people. There is a significant element of employer engagement by SDS to develop more partnerships with businesses and schools. SDS's

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<sup>12</sup> Industry partners and stakeholders - Opportunity North East, Loirston Trust, National Farmers Union Scotland, LANTRA, Aberdeenshire Council, Ringlink and Scottish Rural University College.

<sup>13</sup> Services in 5 regions across over 360 mainstream secondary schools and across 47 public access SDS Careers Centres.

employer engagement team work in partnership with rural organisations such as the National Farmers Union of Scotland to raise awareness of modern apprenticeships in the rural context.

Land Based Skills - as the sector skills council for Scotland's land-based, aquaculture and environmental conservation industries, LANTRA promotes the sector as a positive and rewarding career choice, supports the development and maintenance of a skilled workforce by promoting the benefits of (and opportunities for) investment in learning and skills development, celebrates the achievements of learners, and helps to ensure that learning and training provision address industry requirements and skills gaps.

Recent activity by LANTRA includes support for development of the new Level 4 Technical Apprenticeship in Rural Land Use and Management, review of National Occupational Standards for Agricultural Crop Production, Livestock Production, Horticulture, and will be supporting the review of the SVQ and Apprenticeship for Land Based Engineering.

LANTRA identified a "pre-apprenticeship" land-based programme which has been tested in Aberdeenshire over the last 6 years. This has been successful in attracting new entrants from non-agricultural backgrounds into the land-based sector and provides a stepping stone for a range of young people, including those from a non-agricultural background, to get into their chosen industry. Demand for places has exceeded supply and there is now interest in rolling out this model in other parts of rural Scotland.

Rural Leadership Skills - the Scottish Enterprise Rural Leadership programme has been running since 2006 and over 510 rural leaders have been supported through the programme. The programme is targeted at business leaders and key influencers from across Scotland with a focus on agriculture, energy, tourism and the rural services sectors. The programme builds peer-to-peer support which has shown to significantly increase confidence, ambition, reduce rural isolation and broaden people's networks across Scotland and beyond. It has also had a significant positive effect on rural companies based in our rural areas. Importantly, those who have been through the programme often adopt leadership and representative roles outwith their core business responsibilities, demonstrating that the programme has potential to contribute to sustaining rural economies and communities.

In a similar way, leadership skills for young people in rural areas are starting to emerge as a contributory factor in retaining population. Research in 2017-18 in Uist pointed to a potential increase in young people returning or settling on the islands. The research points to the need to shift from primarily managing decline (by rationalising services) to investing in island communities by tapping into the energy and skills of young people.

LANTRA have supported a successful Industry Champions Initiative who have helped inspire the next generation of learners and supporting skills development in the sector. They have supported 19 careers events, 24 case studies, 7 business focussed events and already have a programme of activity for 2018-19 where they have been asked to speak at conferences, a Parliamentary Reception and support career and knowledge exchange activities.

In the forestry sector SDS are supporting the creation of a Forestry Skills Ambassadors network to highlight careers within the sector and entry routes. There is potential to maximise the investment in developing leadership capability for the wider benefit of rural communities by promoting career opportunities and providing mentoring support, particularly for young people who may be disengaged.

## Skills Planning

Skills plans seek to better understand, articulate and respond to the needs of Scotland's employers, to help ensure that skills provision adequately reflects current and future demand and prepares individuals to take up the opportunities on offer. The approach can be sectoral (industry based) or regional (place based). Regional Skills Investment Plans (RSIPs) recognising the diverse needs of regions across Scotland and taking account of the particular challenges, opportunities and drivers at regional level have been developed for three regions with plans for a further four being developed. These include sub-local authority detail for some rural areas – Orkney, Outer Hebrides, Caithness, North Sutherland. In addition, SDS gather evidence from bespoke research around skills gaps (e.g. for gaelic language skills and recruitment issues in the public sector in the Islands). Sectoral Skills Investment Plans are in place for 10 specific sectors; Early Learning and Childcare, Food and Drink, Tourism, Financial Services, Engineering, Creative Industries, Energy, ICT/Digital, Life and Chemical Sciences, and Construction. These cover both rural and urban areas and are developed on the basis of work with partners. Current work is being developed in conjunction with SRUC to develop a programme of short courses designed to address specific skills requirements of farmers.

## Rural Skills Action Plan

The Rural Skills Action Plan will review the growth sectors that make up our rural economy but also look at what value can be added to existing efforts both nationally and locally. The Rural Skills Action Plan needs to focus on the skills required for the jobs in rural areas both now and in the future. This approach builds on the successful approach taken to the development of both Sectoral Skills Investment Plans (SIPs) and Regional Skills Investment Plans (RSIPs) by SDS. A draft action plan will be developed by the end of 2018.

The following key areas will be addressed in the rural skills plan:

- **The Productivity Challenge** – given the challenges of productivity in rural areas, it is proposed that the Skills Plan needs to focus on how skills might help combat the productivity challenge. This will require a focus on how skills can be used in the workplace to boost productivity.
- **The Demographic Challenge** – much of the policy focus for skills is on young people (including the Programme for Government commitments). Given the demographic challenge, might this more helpfully be widened to more of a focus on all ages for re-skilling/up skilling to fill jobs in rural areas now and in future?
- **The Brexit Challenge** – Linked to the above, depending on the deal struck for Brexit there may be a challenge in having people to fill jobs. A combination of a wider all age skills focus and a widening of the pool of labour (indigenous and talent attraction) is likely to be required.
- **The Skills 4.0 Challenge** – If rural areas are to harness the opportunities of Industry 4.0, provision needs to address how we can equip the population with Skills 4.0 – metaskills. The Plan should set out how provision will embed these skills in its offer.

## Key discussion points

- Does the scope of the plan set out above cover the main strategic drivers for rural skills?
- How do we benchmark progress of the actions that will be set out in the rural skills action plan?
- How might we develop a more co-ordinated approach in terms of attracting and retaining families to rural areas in order to ensure that recruitment and skills activity is aligned with the need to address rural depopulation and grow the rural economy?