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**ORKNEY ISLANDS SKILLS INVESTMENT PLAN:  
FINAL REPORT**

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## CONTENTS

	Page No.
1. Introduction	1
2. Key Skills Demand Issues	3
3. Key Skills Supply Issues	26
4. Orkney Islands Skills Investment Plan	42

## 1. INTRODUCTION

### Background

The *Skills Investment Plan (SIP) for Highlands and Islands* was launched in October 2014. This sets out the region's economic performance and key assets, the performance of the labour market, the demographic challenges the region faces, the skills issues facing employers within the region, projections about both the scale and type of future employment opportunities and the drivers underpinning these and an assessment of current education and training provision. This extensive and robust evidence base is used as the basis for a framework for future regional action on skills issues. Five key themes were identified as priorities for action with a range of specific interventions and activities identified for each. The themes are:

- Meeting the current skills needs of employers.
- Planning for the future.
- A region for young people.
- People attraction and place attractiveness.
- Strengthening the employer voice in the skills system.

The actions set out in the SIP are intended to have an impact on:

- The numbers of young people entering positive destinations on leaving school.
- The numbers of young people staying within the Highlands and Islands on leaving school, college and university as a result of good quality education, training and employment opportunities being on offer.
- A reduction in the number of businesses reporting difficulties accessing skills training.
- An increase in the number of businesses reporting growth in their workforce.
- The scale and range of continuing professional development provision available within the Highlands and Islands.

The SIP is helping guide skills planning and investment decision making within the Highlands and Islands. However, the Highlands and Islands is a large and diverse area, and employment and skills issues are often local in their focus – reflecting the boundaries of local labour markets. As such, it makes sense for areas within the Highlands and Islands to use the SIP as a starting point for decision making and planning at a more local level.

### Brief

In light of this, an *Orkney Islands Skills Investment Plan (OISIP)* has been developed. The key requirements of the Brief were to:

- Develop a strong **evidence base and narrative on the demand for skills** across the Orkney Islands that can ensure skills investment is targeted on meeting the needs of residents and employers.
- **Engage with employers** to understand in more detail their specific skills needs and:
  - The challenges they face in relation to recruitment – with a particular focus on recruitment from schools.
  - The challenges they face in relation to developing the skills of their existing workforce.
- **Review current skills provision** in the Orkney Islands and assessing this against skills demand. This should consider Further and Higher Education provision, Modern Apprenticeships and work-based learning.
- **Gather views of public sector partners on non-skills issues** that are likely to impact on the ability to deliver the Skills Investment Plan (SIP) – and how these can be addressed.

The Skills Investment Plan will help inform the work of the Orkney Offer Steering Group and will inform the main elements of the **Orkney Offer**. This commits partners to ensuring:

- The right people.
- At the right place.
- At the right time.
- For the right job.

In particular, the Orkney Offer will:

- Ensure that opportunities are available to young people in the Senior Phase to prepare them for the world of work. As well as raising their skills, a key part of this will be to raise the awareness of young people and their parents of the employment opportunities available on Orkney.
- Help meet the skills needs of local employers.

Developing the Skills Investment Plan has involved:

- Reviewing key labour market statistics, benchmarking the Orkney Islands against the Highlands and Islands as a whole and Scotland.
- Interviews with key stakeholders at the local and regional level. These included Orkney Islands Council (including staff from across Education, Economic Development and Employability services), Skills Development Scotland, UHI Orkney College, Heriot Watt University and Voluntary Action Orkney.
- A telephone survey of local employers, alongside interviews with key local business representative organisations and sectoral groups (National Farmers Union, Orkney Business Improvement District, Orkney Crafts, Orkney Fisheries Association, Orkney Food and Drink and Orkney Tourism Group). The focus of these interviews has been on understanding the skills needs of local employers and the support they require to address these.
- A series of focus groups with Senior Phase pupils (in 5 schools), college students and graduates and young people currently being supported by employability services to understand their career aspirations and their awareness and perceptions of employment opportunities on the Orkney Islands.
- A series of workshops with the Orkney Islands Skills Investment Plan Steering Group to develop a common understanding of the evidence base and to develop and agree the Plan.

### Structure of Report

The paper sets out the Orkney Islands Skills Investment Plan, including the background evidence that informed its development. The structure of this report is as follows.

- Chapter 2 summarises the evidence on the key skills demand issues on the Orkney Islands – drawing on key national statistics, interviews with stakeholders, the survey of Orkney Islands employers, and interviews with business representative organisations and sectoral groups.
- Chapter 3 sets out the evidence on the key skills supply issues on the Orkney Islands – drawing on the key national statistics, interviews with stakeholders and focus groups with young people.
- Chapter 4 sets out the vision, strategic outcomes, areas for action and governance for the Orkney Skills Investment Plan.

## 2. KEY SKILLS DEMAND ISSUES

### Introduction

This chapter sets out the evidence on skills demand on the Orkney Islands, including:

- A review of the key labour market statistics.
- Interviews with key stakeholders at the local and regional level.
- A survey of Orkney Islands employers.
- Interviews with business representative organisations and sectoral groups.

Understanding the demand for skills is the critical first step in ensuring that the right provision is in place to develop these skills.

### Overview of Key Statistics

#### Employment

**Employment on the Orkney Islands was 10,100 in 2014.** Employment has declined from 10,700 in 2009. Figure 1 shows the jobs density for the Orkney Islands and the benchmark economies – i.e. number of jobs available per 1,000 working age population. In 2014, there were 752 jobs on the Orkney Islands for every 1,000 working age population. This is slightly higher than the rate in the Highlands and Islands and Scotland as a whole.

**Figure 1: Employment Density (per 1,000 Working Age Population), 2009 and 2014**

	2009		2014	
	Employment	Employment Density per 1,000 working age population	Employment	Employment Density per 1,000 working age population
<b>Orkney Islands</b>	10,700	797	10,100	752
<b>Highlands and Islands</b>	219,300	714	222,900	740
<b>Scotland</b>	2,523,100	729	2,540,200	730

Source: BRES and Mid-Year Population Estimates

Turning to the breakdown of employment by industry, in 2014:

- The **main employment sectors** by number of jobs are:
  - Health and social work –1,700 jobs.
  - Wholesale and retail –1,500 jobs.
  - Construction – 900 jobs.
  - Transport and storage – 900 jobs.
  - Accommodation and food – 900 jobs.
  - Education – 900 jobs.
- Compared to Scotland, the Orkney Islands have proportionately:
  - More employment in agriculture, forestry and fishing, construction, transport and storage, accommodation and food, public administration and defence, education, health and social work and arts and leisure.
  - Less employment in manufacturing, information and communications, financial and insurance, real estate, professional, scientific and technical, administration and support services and other services.

Figure 2: Employment by Sector, 2014

	Orkney Islands		Highlands and Islands		Scotland	
	Number	%	Number	%	Number	%
Agriculture, forestry & fishing	400	3.5	4,800	2.2	79,600	3.1
Mining & quarrying	N/A	N/A	1,100	0.5	35,900	1.4
Manufacturing	500	4.7	17,400	7.8	188,900	7.4
Utilities	N/A	N/A	3,500	1.6	35,400	1.4
Construction	900	9.1	15,800	7.1	143,900	5.7
Wholesale & retail trade	1,500	15.1	33,800	15.2	375,500	14.8
Transport & storage	900	9.3	12,100	5.4	104,300	4.1
Accommodation & food	900	9.3	23,400	10.5	182,700	7.2
Information & comms	100	1.1	3,400	1.5	62,600	2.5
Financial & insurance	100	0.6	1,800	0.8	86,600	3.4
Real estate	100	0.6	2,600	1.2	30,600	1.2
Prof, scientific & technical	500	4.6	10,700	4.8	168,000	6.6
Admin & support services	300	2.8	11,900	5.3	196,500	7.7
Public admin & defence	700	7.4	15,100	6.8	146,600	5.8
Education	900	8.8	16,500	7.4	190,500	7.5
Health & social work	1,700	17.1	38,800	17.4	408,000	16.1
Arts & leisure	300	3.0	6,800	3.1	66,400	2.6
Other services	100	1.2	3,200	1.5	38,200	1.5
<b>Total</b>	<b>10,100</b>	<b>100.0</b>	<b>222,900</b>	<b>100.0</b>	<b>2,540,200</b>	<b>100.0</b>

Source: BRES

Location quotients measure the geographical concentration of industries.

- A value of 1 means that the region has the same share of employment in the industry as its share of national employment.
- A value greater than 1 means that the region has a higher share of employment in the industry than its share of national employment.

Using *location quotients* to compare the Orkney Islands to Scotland for 2014:

- **25 sub-sectors are overrepresented** on the Orkney Islands with the most significant concentrations in freshwater aquaculture, manufacture of jewellery and related articles and sea and coastal passenger water transport.
- Looking across the areas of specialisms, food and drink, tourism and transport feature heavily.
- None of the specialisms identified account for more than 4% of employment on the Orkney Islands – with the largest employers hotels and similar accommodation, residential care for the elderly and disabled, and construction of residential and non-residential buildings.

Figure 3: Location Quotients, Orkney Islands, 2014

	LQ	% of Total Employment
0322 : Freshwater aquaculture	93.0	2.1
3212 : Manufacture of jewellery and related articles	70.8	1.0
5010 : Sea and coastal passenger water transport	32.2	2.3
1051 : Operation of dairies and cheese making	9.3	0.7
4638 : Wholesale of other food, including fish, crustaceans and molluscs	9.2	1.2
5222 : Service activities incidental to water transportation	7.8	1.1
0311 : Marine fishing	5.9	0.9
4211 : Construction of roads and motorways	5.6	1.0
8730 : Residential care activities for the elderly and disabled	4.8	3.6
4332 : Joinery installation	3.8	1.4
9102 : Museum activities	3.6	0.6
4932 : Taxi operation	3.2	0.5
4939 : Other passenger land transport not elsewhere classified	3.0	1.0
9311 : Operation of sports facilities	2.7	1.4
4776 : Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores	2.7	0.7
3511 : Production of electricity	2.6	0.5
7500 : Veterinary activities	2.6	0.6
4778 : Other retail sale of new goods in specialised stores	2.5	1.4
4941 : Freight transport by road	2.4	1.6
4299 : Construction of other civil engineering projects not elsewhere classified	2.4	1.0
8532 : Technical and vocational secondary education	2.3	1.3
5510 : Hotels and similar accommodation	2.2	4.1
4120 : Construction of residential and non-residential buildings	2.1	2.8
0610 : Extraction of crude petroleum	2.1	0.9
5310 : Postal activities under universal service obligation	2.0	1.0

Source: BRES

Note: Location Quotient calculated against total Scotland employment. Sub-sectors presented are those that have LQ of 2.0 or above and account for at least 0.5% of employment on the Orkney Islands.

### Earnings

There are two different measures of earnings that can be considered:

- Wages for those employed on the Orkney Islands.
- Wages for those resident on the Orkney Islands.

In both cases, the **median gross weekly wages for a full-time worker** have been examined.

- In both cases, **the Orkney Islands rate is below the Scottish average.**
- The gap between Scotland and the Orkney Islands is larger in relation to workplace-based earnings than residence-based earnings. This is likely to reflect the low GVA of some of the industries based on the Orkney Islands, coupled with high levels of Orkney Islands residents working off-shore.

Residents of the Orkney Islands not only have lower wages than those across Scotland as a whole, they also face a higher cost of living.

**Figure 4: Full-Time Gross Weekly Wages (£, Median), 2015**

	Workplace-based	Residence-based
Orkney Islands	482.8	505.2
Scotland	529.0	527.0

Source: ASHE

### **Business and Entrepreneurship**

Looking at the key business statistics for the Orkney Islands, Figure 5 shows that:

- The Orkney Islands have a higher level of business stock per 10,000 adults than Highlands and Islands and Scotland as a whole – with the **Orkney Islands having 476 businesses per 10,000 adults** compared to 447 in the Highlands and Islands and 378 in Scotland.
- However, in 2014, **the rates of business births and business deaths were lower in the Orkney Islands than in the Highlands and Islands or Scotland**. This is typically a sign that the local economy lacks dynamism.
- **Businesses on the Orkney Islands have a similar chance of surviving 5 years following birth as those in the Highlands and Islands as a whole** – and a slightly better chance than those across Scotland as a whole.

**Figure 5: Business Stock, Start and Death Rates per 10,000 Adults, 2014**

	Business stock	Business starts	Business deaths	5-yr survival rate (% of businesses started in 2009)
Orkney Islands	475.9	38.7	27.7	46.2
Highlands and Islands	446.9	45.6	34.2	46.4
Scotland	378.4	47.9	35.1	42.1

Source: ONS Business

**Over 2,000 individuals on the Orkney Islands are self-employed – equivalent to 17.5% of all those in employment.** This is a much higher percentage than in the Highlands and Islands and Scotland as a whole.

**Figure 6: % in Employment who are Self-Employed (%), 2015**

	Number	%
Orkney Islands	2,100	17.5
Highlands and Islands	34,100	13.9
Scotland	297,400	11.5

Source: APS

### **Views of Key Stakeholders**

A wide range of stakeholders with a role to play in skills development on the Orkney Islands were interviewed as part of the Skills Investment Plan – including from Orkney Islands Council (including representatives from Education, Economic Development and Employability), Heriot Watt University, Skills Development Scotland, UHI Orkney College and Voluntary Action Orkney. Stakeholders were asked about the key opportunities and challenges facing the Orkney Islands. Looking first at the **opportunities**, the key issues raised included:

- Growth or potential for growth in a number of key Orkney sectors including tourism and marine renewables. These will generate employment growth.

- There is a strong knowledge base on the Orkney Islands within UHI Orkney College, Heriot Watt University and a number of research-led businesses. Whilst already a key strength, many felt that this could be capitalised on and developed further.
- Linked to this, a number of consultees felt there was an opportunity to develop further FE/HE provision – with the potential for the Orkney Islands to become a key student destination. However, this would require the development of additional infrastructure (such as student accommodation) to support this.
- The ‘Orkney’ brand is valued highly with this generally being seen as reflecting good quality – especially in relation to the food and drink industries with Protected Designation of Origin (PDO) status for Orkney Meat and Lamb and Protected Geographic Indication (PGI) for Orkney Cheese reinforcing this message.
- Orkney Islands residents – including young people – tend to be very proud of both being an Orcadian. This is thought to translate into many young people wanting to stay on the Orkney Islands (and often within their specific community) but many stakeholders raised concerns about whether the employment, training and learning opportunities are there to enable them to do so.

In terms of the key **challenges** for the Orkney Islands, the stakeholders raised the following issues:

- Poor transport connectivity – in terms of the reliability of connections between Orkney and mainland Scotland, the extent to which Orkney is connected to other locations (e.g. links between Orkney and Shetland, Norway, etc.) and in relation to the availability and affordability of public transport within the Orkney Islands. External connectivity links are critical to the competitiveness of Orkney Islands businesses and the attractiveness of the Orkney Islands as a place to study and work whilst poor internal connectivity can limit access to employment, training and learning opportunities (especially for young people, workless clients and those in low paid employment).
- Broadband and 3G/4G connectivity across the Orkney Islands varies. Again, this can limit the competitiveness of Orkney Islands businesses and act as a barrier to accessing employment, training and learning opportunities for individuals.
- Limited availability of childcare – especially within some more remote communities. This limits parents’ ability to take up employment, training and learning opportunities.
- The ageing population on the Orkney Islands – coupled with overall population declines in some communities – is placing increasing pressure on public services and new methods of service delivery will need to be developed and adopted. If current working patterns continue, this will also reduce the overall size of the available labour force.
- Many young people choose to leave the Orkney Islands to pursue education and employment opportunities and either do not return or do not return until much later in life. Concerns have been raised that this in part reflects a lack of awareness amongst young people and their parents of the employment opportunities available on the islands.
- Linked to this, there are a limited number and range of higher paid, higher skilled jobs and progression into these can take a long time. This can make it difficult to retain good quality staff in the roles that lead to these opportunities.

Most of these challenges tend to be more common and/or more pronounced in the outer isles and more remote areas of the Orkney mainland.

In addition, a challenge that is not unique to the Orkney Islands but was raised by many stakeholders was the uncertainty caused by the result of the EU referendum. The key areas of uncertainty are in relation to:

- The UK Government’s migration policy post-Brexit. Whilst the number of in-migrants to the Orkney Islands is small (between 40 and 70 in each of the last 5 years), these individuals play a key role in the local economy.

- The extent to which UK companies will continue to have access to the Single Market and, if not, what the terms of trade will be with EU and other countries. These are likely to vary across sectors and locations – increasing the costs of doing business.
- The impact on the agriculture and fishing sectors – including what the devolved Scottish policy for these sectors will be.
- The attractiveness of the UK, Scotland and the Orkney Islands as places to do business.
- The impact on universities in relation to attracting students, staff, and funding.

Stakeholders were then asked specifically about the key skills issues facing the Orkney Islands. These can be divided into skills demand issues (discussed here) and skills supply issues (discussed in the next chapter). The **key skills demand issues facing employers** are:

- Difficulties recruiting given that the Orkney Islands have low levels of unemployment, meaning most good quality candidates are already in work.
- Attracting individuals to:
  - Growth sectors – including health and social care, engineering (including marine renewables), marine economy and construction. In some cases, stakeholders felt that as these sectors are relative ‘new’ or are changing rapidly that individuals are not necessarily aware of the roles available or what skills are needed to access these.
  - Less attractive sectors/roles – for example, food processing.
  - Roles on more remote islands.
- Attracting skilled workers to the Orkney Islands – and how to retain these individuals over the longer term.
- The need to develop strong business and entrepreneurship skills – given the high levels of self-employment on the islands.
- The need to develop individuals with multiple skillsets to meet the needs of smaller employers that need staff to fulfil multiple roles.
- Given the ageing population plus high levels of self-employment/business ownership, consideration needs to be given to succession planning. This is a particular challenge in relation to agriculture and fishing where significant capital investments may be needed for transfer of businesses to younger generations.
- In addition, some stakeholders felt there was a lack of awareness amongst employers of the training and skills development support available and how to access it.

Again, many of these issues are more severe in the outer isles – and it will therefore be important that the SIP is able to meet the needs of all communities across the Orkney Islands.

### Feedback from Employers

30 Orkney Islands employers were interviewed about their employment and skills needs. Looking at the profile of the employers that took part:

- A wide range of different sectors were represented including:
  - Health and social care.
  - Construction
  - Transport.
  - Manufacturers – food and jewellery.
  - Tourism – including hotels, restaurants and visitor attractions.
  - Professional services – including legal, engineering, research and veterinarian.
  - Wholesale and retail.
  - Public administration – including the local authority.
- 22 (73%) operate on the Orkney Islands only, with 6 (20%) being based on UK mainland but having operations on the Orkney Islands and 2 being based on the Orkney Islands (7%) but also having operations on the mainland.

- The number of employees ranged from 3 and 2,000.
  - 5 (17%) of employers had 0-9 employees.
  - 17 (57%) employers had 10-49 employees.
  - 8 (27%) employers had 50 or more employees.

### **Recruitment**

93% of employers (28 employers) have had vacancies in the last 12 months with:

- 13% having vacancies as a result of business growth.
- 33% having vacancies as a result on staff turnover.
- 47% having vacancies due to both growth and staff turnover.

Whilst not all employers were able to provide the number of vacancies they had in the last 12 months, amongst those that were able the majority (17 employers) had less than 10 vacancies. Vacancies were in a broad range of different job roles including:

- Administration.
- Air traffic controllers.
- Bakers and baking assistants.
- Carers.
- Catering assistants.
- Chefs and cooks.
- Cleaners.
- Doctors.
- Drivers.
- Electrical and engineering technicians.
- Firefighters.
- Food processing assistants.
- General assistants – able to cover a wide range of roles within a business.
- Housekeepers.
- IT officer.
- Joiners (apprentices).
- Nurses.
- Nursing assistants.
- Porters.
- Project managers.
- Quality control assistants.
- Receptionists and front-of-house assistants.
- Retail assistants and supervisors.
- Tour guides.
- Waiting and bar staff.

53% of employers reported vacancies that were **hard to fill**. Hard-to-fill vacancies were most common in relation in:

- Customer facing roles – such as receptionists and waiting and bar staff.
- Carers and nurses.
- Food processing assistants.
- Skilled trades – such as chefs, bakers and joiners.
- Professional occupations – such as engineers, air traffic controllers, environmental health officers and doctors.

Most employers reported only a small number of hard-to-fill vacancies (typically less than 5) but four employers reported they had 10 or more hard-to-fill vacancies within the last 12 months. 5 employers had multiple (6 or more) hard to fill vacancies in a single occupational area (e.g. drivers, food processing assistants).

In relation to the reasons for the hard-to-fill vacancies:

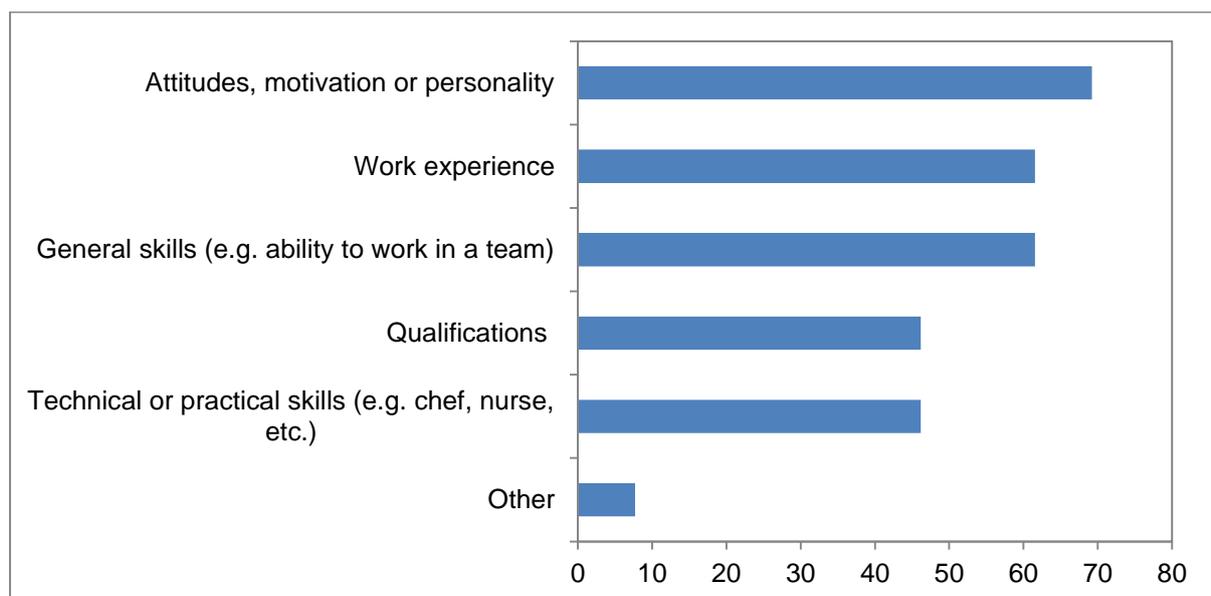
- 31% felt that the main reason they were hard-to-fill was the candidates were not of sufficient quality.
- 19% reported that there had simply not been enough applicants.
- 50% reported that both of these were issues.

Given that a high proportion of the employers raised the quality of candidates, it is worth considering the ways in which candidates did not meet employer requirements. As Figure 7 shows:

- The most common requirement that candidates lacked were the **attitudes, motivation or personality** that employers were looking for – with 69% of employers raising this as an issue.
- 62% of employers reported that candidates lacked **general work skills** – such as the ability to work in a team.
- 62% reported that candidates lacked sufficient **work experience**.
- 46% of employers felt that candidates lacked the **technical and practical skills** to do the job.
- 46% of employers reported that candidates lacked the **qualifications** needed.

In addition, one employer flagged up that candidates lack the breadth of skills they require.

**Figure 7: Key Deficiencies in Candidates for Hard-to-Fill Vacancies (%)**



Source: TERU Survey of Orkney Islands Employers

The main impacts of the hard-to-fill vacancies have been:

- Putting additional pressure on other staff, leading to stress amongst staff and/or on quality of service.
- Having to spend significant time or resources on recruitment.
- Restricting the growth of business.
- Managers have to undertake tasks that could be done by less skilled individuals.
- Having to recruit from abroad.

Looking forward:

- The majority anticipated their staff numbers would remain the same over the next 12 months (57%), with 40% anticipating their staff numbers would increase over this time period.

- Thinking about the next 3 years, 47% anticipated that their staff numbers would remain the same while 40% thought they would increase. One employer thought that their staff numbers would decrease over the 3 year period.
- The remaining employers did not know how staff numbers would change.

The occupations or job roles that employers thought they might have vacancies over the next three years were generally the same as those for which they had experience vacancies over the last 12 months. However a few additional occupations mentioned included:

- Business development manager.
- Chemical engineer.
- Environmental consultant.
- Pharmacist.
- Toxicologist.
- Sales and marketing.
- Solicitor.

However, these – mainly professional – roles were in the minority with the majority of demand being in areas such as administration, care, front-of-house roles in tourism (receptionists, bar and waiting staff), skilled trades (bakers, chefs, construction and engineering), drivers and food processing.

One final issue in relation to recruitment is that 14 employers (47%) identified that over a quarter of their employees are aged 50-64 including 6 employers where over 50% of their employees are in this age band. As many of these employees will retire over the next few years, this will generate additional job openings.

### **Recruitment of School, College and University Leavers**

22 employers had vacancies in the last 12 months that were suitable for school, college or university leavers, including 14 who said that more than 50% of their available vacancies were suitable. 15 employers had recruited one or more school, college or university leavers in the last 12 months with:

- 12 having recruited school leavers.
- 5 having recruited college leavers.
- 6 having recruited university leavers.

A summary of the roles school, college and university leavers were recruited into over the last 12 months are summarised below.

**Figure 8: Job Roles Filled by School, College and University Leavers in Last 12 Months**

School leavers	College leavers	University leavers
<ul style="list-style-type: none"> <li>• Apprentices – in bakery, joinery and health and social care</li> <li>• Chefs</li> <li>• Database and sales assistants</li> <li>• Food processing operatives</li> <li>• Front-of- house</li> <li>• Health and social care assistants</li> <li>• Nursing assistants</li> <li>• Retail assistants</li> </ul>	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Bar staff</li> <li>• Carers</li> <li>• Engineering technician</li> <li>• Quality control (trainees and trainee supervisors)</li> <li>• Receptionist</li> </ul>	<ul style="list-style-type: none"> <li>• Front-of-house roles</li> <li>• Health professionals</li> <li>• Nurses</li> <li>• Quality control (trainees and trainee supervisors)</li> <li>• Retail assistants</li> <li>• Social workers</li> <li>• Teachers</li> <li>• Tour guides</li> <li>• Waiting staff</li> </ul>

Source: TERU Survey of Orkney Islands Employers

6 employers said that some or all of the roles they recruit school, college or university leavers into are Modern Apprenticeships. In addition, all 22 employers that some or all of the roles they recruit school, college or university leavers into act as an entry point for a structured career path – but the extent to which these were formal pathways varied.

In terms of employers' views of young people:

- 50% felt school leavers in Orkney are well prepared for the world of work.
- 72% felt college leavers in Orkney are well prepared for the world of work.
- 60% felt university leavers in Orkney are well prepared for the world of work.

Where Orkney Islands employers felt young people were not well prepared for the world of work, the key issues related to:

- Lack of understanding of what will be required in workplace – with a lack of exposure to workplaces while they are in education felt to underpin this.
- Lack of employability skills – such as ability to work with others, manage diary or prioritise tasks.
- Lack of work ethic.

### **Skills of Current Workforce**

Employers were asked about the proficiency of their current staff.

- 37% felt that all staff were fully proficient in their jobs.
- 47% felt that between 75% and 99% were fully proficient.
- 13% felt that between 50% and 74% were fully proficient.
- 3% felt that between 25% and 49% were fully proficient.
- No employer felt than less than 25% of their staff were fully proficient.

Overall, this is a relatively positive finding with most employers feeling the majority of their staff were fully proficient.

The main reason given for individuals not being fully proficient is that they have not been in the job long enough to be proficient – mentioned by 9 employers (39%). This is likely to reflect the high levels of turnover in some sectors (in particular, tourism). Other common reasons given for staff not being fully proficient included:

- Lacking general work skills (such as the ability to work in a team) – mentioned by 35% of employers.
- 26% of employers recognised that they did not carry out sufficient training and development for their staff to be fully proficient.

- Staff having to take on roles they are not trained for – also mentioned by 26% of employers.

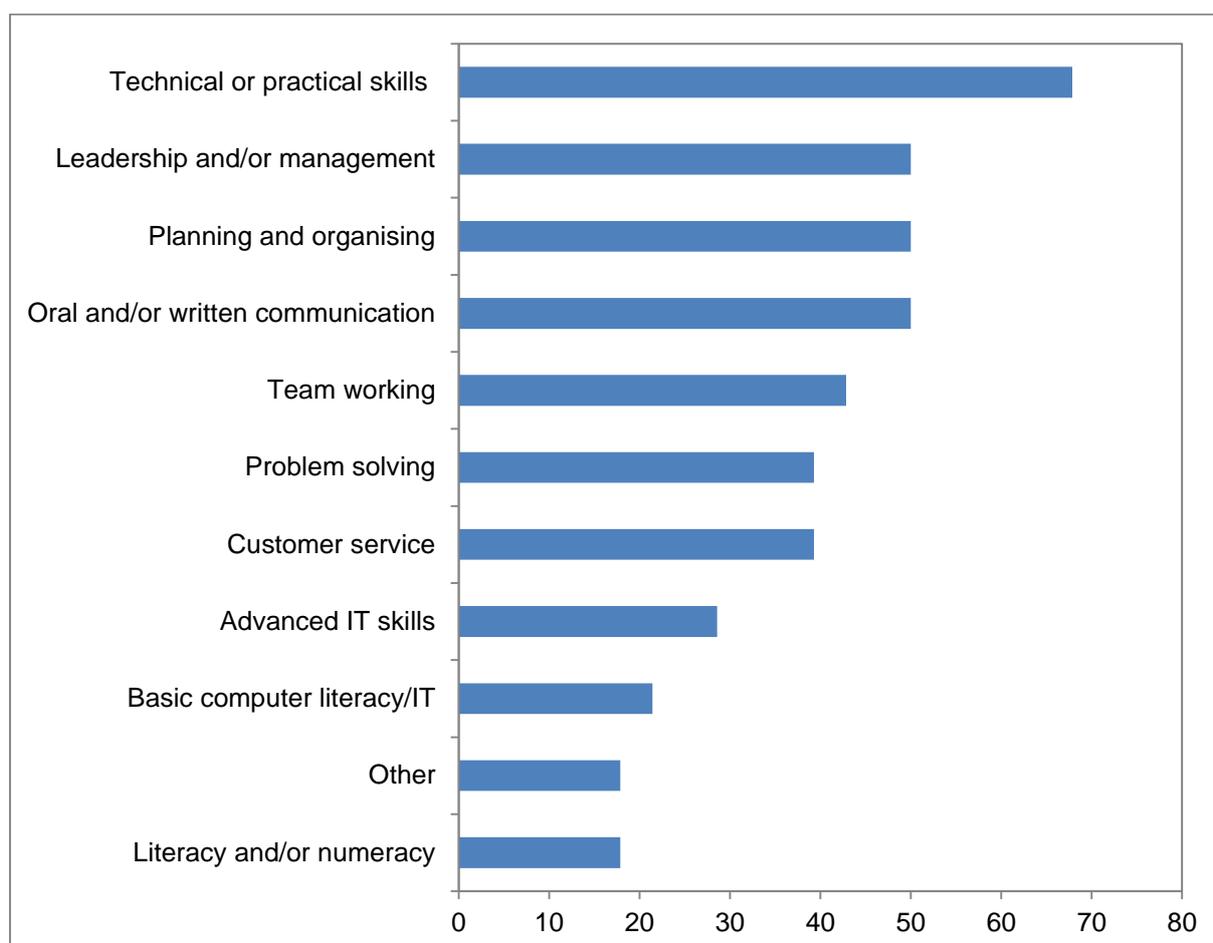
The main areas of development that are required to make staff fully proficient in their roles include improving:

- Developing the technical or practical skills to do the job – mentioned by 68% of employers.
- Leadership and/or management skills (50%).
- Planning and organising skills (50%).
- Oral and/or written communication skills (50%).

Other skills required include flexibility and the ability to learn new skills or approaches and the ability to use and demonstrate (e.g. to patients) new technologies. In addition, some employers flagged up:

- A need for their employees to develop a stronger work ethic, commitment or motivation.
- That many staff whilst proficient need to undergo continuing professional development to retain their professional accreditation.

**Figure 9: Main Areas of Development Needed To Ensure Staff Are Fully Proficient (%)**



Source: TERU Survey of Orkney Islands Employers

The main impacts of staff lacking these skills were identified as being:

- Increased costs – for example because tasks have had to be outsourced.
- Pressure on other staff – with this often leading to dissatisfaction or stress.
- Lower customer satisfaction – and in some cases customer complaints.

- Business being less efficient or productive.
- Having lost business and turnover.
- Limiting ability to develop business further.

Employers were also asked how important they thought a range of skills issues would be to their business over the next 3 years. For each issue, they were asked to rate it from '1' if it was not at all important through to '5' if it will be very important to their business over the next three years. An average of these scores was then calculated.

- All except one skills issue (having the skills to export) had a score above the mid-point of '3' suggesting that a wide range of skills issues will play a part in the success of the Orkney Islands economy over the next 2 years.
- By far the most important issue for employers was having staff with good customer service skills – with this receiving an average score of 4.50.

**Figure 10: Importance of Skills Issues to Surveyed Businesses Over Next 2 Years (Using Scale Where 1 is 'Not At All Important' and 5 is 'Very Important')**

Skills Issue	Average score
Having staff with good customer skills	4.50
Improving management within our business	4.00
Improving leadership within our business	4.00
Having staff that are able to adapt to new working practices	4.00
Improving succession planning (to respond to retirements amongst workforce)	3.97
Having skills in place to make use of new technologies	3.70
Improving attractiveness of our sector to potential recruits	3.67
Raising awareness of our sector amongst potential recruits	3.97
Improving the business acumen of our staff	3.60
Having skills in place to identify and respond to market opportunities	3.43
Having skills in place to enable us to export	1.72

Source: TERU Survey of Orkney Islands Employers

### **Training and Development**

21 employers (70%) currently buy-in training or skills development for their employees. Whilst this varied, the most common requirement was for training that met regulatory requirements (e.g. food hygiene, health and safety, first aid) or required by professional bodies (e.g. CPD for solicitors). A small number of employers also noted that they had accessed external training linked to business development (including management/leadership development). Sources of training included UHI Orkney College, professional or sectoral bodies and private training providers.

37% of employers felt that they were able to access training and skills development that met **all** of their needs. Looking at the others:

- 57% felt that available training and skills development met **some** of their needs.
- Just 2 employers (7%) said that the training and skills development they need is **not available**.

The key types of training employers have been unable to access are:

- Training required by regulation or legislation – with particular gap in relation to door stewards.
- Business management – including training for company directors.
- Advanced IT skills.

- Advanced customer service skills.
- Advanced food processing skills.
- Weaving.

In addition, a number of employers flagged up that whilst training or skills development they need is available, this is not available on the Orkney Islands – making it more difficult for them to access this. One employer suggested that greater use of video-conferencing (VC) for the delivery of training would help address this – but noted that delivery by VC requires trainers experienced in this mode of delivery and the redesign of some materials.

Employers were asked about their views of Orkney's education and training system (e.g. schools, UHI Orkney College, training providers, etc.).

- 43% agreed or strongly agreed that education and training providers **ask** them about their employment and skills needs.
- 37% agreed or strongly agreed that education and training providers **listen to and understand** their employment and skills needs.
- 37% agreed or strongly agreed that education and training providers **respond** to their employment and skills needs.

This is a disappointing result. A particular negative finding is that in relation to each of these 3 statements, 5 employers (or 17%) strongly disagreed. It will be important that providers work to address this issue as part of the Skills Investment Plan.

In terms of how the education and training system could be improved to better meet the needs of employers:

- 80% of employers felt that more could be done to **promote employment opportunities on the Orkney Islands to young people** (so staying is seen as an attractive option).
- 70% of employers felt there needed to be **more communication with employers** to find out their employment and skills needs.
- 67% felt **employers should be involved in designing and delivering the school, college and/or university curriculum**.
- 67% felt the **work experience** offer in schools, colleges and/or universities could be improved.
- 50% felt there was a need to **make it easier for employers to access information** about skills, qualifications and/or training opportunities.
- 50% felt more should be done to attract skilled individuals to move to the Orkney Islands.
- 37% felt that **more vocational qualifications** should be offered in schools.
- 27% suggested other improvements including a broader range of Modern Apprenticeship frameworks being offered on the Orkney Islands, developing career pathways so young people understand how to access particular sectors and ensuring training and skills development is on offer at times that meet employers' needs (e.g. off peak, evenings, etc.).

Employers were also asked if they were currently involved in a range of employment and skills activities – or if they would be interested in taking part in the future.

- By far the activity that most employers were involved in was providing work experience opportunities – with 66% of employers already taking part.
- In terms of those where there is the greatest interest in getting involved these are:
  - Engaging with schools/college to raise young people's awareness of the employment opportunities on the Orkney Islands (with 80% of employers interested in taking part).
  - Engaging with schools/college to help them design curriculum to better meet employer needs (70%).
  - A campaign to attract skilled workers to the Orkney Islands (59%).
  - Support for them to train their staff (59%).

- 33% of employers currently offer apprenticeships. A further 23% would be interested in providing these in the future.

**Figure 11: Participation in Employment and Skills Activities (% of Employers)**

	Already taking part	Interested in taking part	Not of interest
Engaging with school/college to raise young people's awareness of employment opportunities on the Orkney Islands	10	80	10
Engaging with school/college to help them design curriculum to better meet employer needs	13	70	17
A campaign to attract skilled workers to the Orkney Islands	3	59	38
Support for you to train your staff	28	59	14
Providing work experience opportunities	66	28	7
Offering an apprenticeship	33	23	43

Source: TERU Survey of Orkney Employers

Finally, employers were asked if there were any other issues that need to be addressed to allow them to access the labour and skills they need. The key issues raised were:

- Improving availability of childcare.
- Improving public transportation – especially in early mornings/evenings and at weekends.
- Improving availability of affordable accommodation.
- Ensuring public procurement supports the development of employment and skills opportunities on Orkney.

### Feedback from Business Representative Groups and Sectoral Organisations

In addition to interviews with employers, interviews were also carried out with 6 business representative groups and sectoral organisations. These were:

- National Farmers Union (NFU).
- Orkney Business Improvement District (BID).
- Orkney Crafts.
- Orkney Fisheries Association.
- Orkney Food and Drink.
- Orkney Tourism Group.

By providing an overview of their sectors this allows the recruitment, retention and skills development issues of a wide range of employers to be captured in the SIP.

The key issues raised by the business representative groups and sectoral organisations are:

- A number of the sectors (agriculture, fisheries, food and drink and tourism) have issues with recruitment. In most cases, these difficulties are felt to reflect the image of the sector – with many feeling working patterns, earning and/or seasonality making their sector less attractive. In a small number of cases (e.g. food processing, professional services), employers have highly skilled jobs that employers to recruit individuals for – mainly due to a lack of awareness of the jobs and how to get into them. A number of the sectors rely on recruitment from outside the UK.
- In relation to agriculture and fisheries, succession planning is a key issue – but a need for capital investment can limit individual's ability to take over a business from older generations.
- Those sectors that struggle to recruit staff generally also struggle to retain staff for the same reasons. In particular, retail and hospitality can often be seen as a temporary option – with individuals not intending to stay in the sector long term.

- Few of the business representative groups or sectoral groups were aware of any major skills gaps within the existing workforce.
- Generally, the organisations felt that their sector was able to get the training and skills development required. Where there were gaps, these generally related to higher level or more specialised skills. A number of organisations flagged up the need for greater digital skills amongst businesses.
- All of the sectors recruited young people. A common issue raised by a number of sectors was the need for young people to be given more opportunities to develop their vocational or practical skills – as these are important to these sectors.

**Figure 12: Overview of Business Representative Organisation and Sectoral Group Feedback**

Organisation	Challenges and Opportunities	Recruitment issues	Retention issues	Skills gaps	Training and development needs	Skills of Young people
<p><b>NFU</b></p> <p>This is a membership organisation with 9 branches across the Orkney Islands. There are 350 members on mainland Orkney and 450 across the islands as a whole. The NFU keeps members informed on changes in policy and legislation and also lobbies on their behalf at local, national and European levels. Around 80% of farming businesses in the Orkney Islands are members.</p> <p>The main subsectors in farming are beef cattle production and sheep (for UK and European markets). There is also a small but important dairy sector supplying cheesemakers (with international market).</p>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Costs are increasing for farmers.</li> <li>• Large buyers such as supermarkets exert powerful control over small producers.</li> <li>• Uncertainty around the impact of Brexit is a key concern as support from Europe has been very important to the sector and farmers are very worried about this threat to their support system</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• The sector has a good reputation for high quality and therefore can command a premium in the marketplace and this can partially make up for the additional costs associated with island location. There is scope to</li> </ul>	<p>There are difficulties recruiting people with skills in livestock. Reasons include:</p> <ul style="list-style-type: none"> <li>• Lack of profitability in farming can make it difficult to pay competitive wages.</li> <li>• Farming is becoming less attractive for young people therefore there can be difficulties around succession.</li> <li>• Schools do not promote farming as a career.</li> <li>• Farmers themselves not doing enough to promote farming career opportunities.</li> </ul> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>• Fewer young people considering entering the industry.</li> <li>• Skills gaps in livestock.</li> </ul>	<p>Retention is not an issue. It can still be difficult for farms to compete with other businesses to attract workers, but those working in the industry are often highly committed.</p>	<p>People need to have a range of skills to be effective. Members are not currently raising skills gaps as an issue.</p>	<p>UHI Orkney College delivers training – but many individuals to go off the island – especially to pursue higher level qualifications.</p> <p>Other training is provided regularly through LANTRA and local vets. Overall, a fairly wide range of training is available.</p> <p><b>Skills needed in the future</b></p> <ul style="list-style-type: none"> <li>• Brexit has meant that the industry is in a state of flux and makes it difficult to forecast. However trend is to increasing mechanisation in farming so this is an area where skills need to be developed.</li> <li>• More generally skills development is not given enough attention in the sector and there is a need to look at this more closely</li> </ul>	<p>Most members recruit young people and these would mainly be college leavers.</p> <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>• Most members would say that young people's skills are broad but shallow and would benefit from having developed their skills in more depth, particularly in areas like compliance and animal welfare.</li> </ul>

Organisation	Challenges and Opportunities	Recruitment issues	Retention issues	Skills gaps	Training and development needs	Skills of Young people
	do more to promote the Orkney 'brand'.	<p><b>Need for</b></p> <ul style="list-style-type: none"> <li>• Greater promotion of the industry.</li> <li>• Development of training, especially giving young people the opportunity to develop 'hands-on skills'.</li> </ul>			alongside assessing how the industry is going to develop in the years ahead.	
<p><b>Orkney Business Improvement District (BID)</b></p> <p>The BID has 280 businesses within its boundary including retailers and business services (lawyers, property, hospitality). Businesses vary in size and are a mix of small independent businesses to national companies.</p> <p>The BID aims to encourage public-private partnership working to encourage people to use the town centre. A range of initiatives has been developed to promote this including events and investment to improve the town centre environment.</p>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Alternatives to shopping on the high street, especially internet shopping creates competitive pressures.</li> <li>• Tourism is seasonal and the winter season is long and quiet</li> <li>• Competition from large national companies can affect some smaller retailers.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Many of the businesses can provide a unique offer or service. Digital media can be used to promote their quality and customer service to retain customers.</li> </ul>	<p>The main recruitment difficulties are in the hospitality sector which has seasonal vacancies in the main. Some businesses can find it hard to recruit specialist skills within the Orkney Islands or attract people from other parts of the UK.</p> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>• Higher costs of recruitment.</li> <li>• Need to recruit from outside the Orkney Islands.</li> </ul> <p><b>Need for</b></p> <ul style="list-style-type: none"> <li>• Developing skills within the Orkney Islands.</li> <li>• Extend season to overcome impacts of seasonality.</li> </ul>	<p>Retention is mainly an issue in the hospitality sector where work is seasonal. If staff are not to be retained beyond the end of October they tend to leave before the end of the season to secure a job elsewhere.</p> <p>More generally is that as most of the businesses are small there are limited opportunities for promotion within businesses. This can force people to leave if they want to progress in the labour market.</p> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>• Staff shortages towards the end of the season.</li> </ul> <p><b>Need for</b></p> <ul style="list-style-type: none"> <li>• Extend season to</li> </ul>	Was not aware of specific skills gaps within businesses.	<p>Most training requested by the BID can be accessed through HIE or Business Gateway. Recent initiatives include World Host training for 50 people which was funded by Kirkwall Town Heritage.</p> <p><b>Skills needed in the future</b></p> <ul style="list-style-type: none"> <li>• World Host provides good generic customer care training, but it would be useful if specific customer care skills training for particular sectors could be provided.</li> <li>• Using social media to promote businesses.</li> <li>• Website development.</li> </ul>	<p>Most of the businesses within the BID offer opportunities for young people including MAs.</p> <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>• Need to increase awareness among young people of the available opportunities and what employers are looking for and value.</li> </ul>

Organisation	Challenges and Opportunities	Recruitment issues	Retention issues	Skills gaps	Training and development needs	Skills of Young people
			<p>overcome impacts of seasonality.</p> <ul style="list-style-type: none"> <li>• More hospitality businesses to retain staff over the winter season.</li> </ul>			
<p><b>Orkney Crafts</b></p> <p>38 organisations are full members – generally producers. 3 associate members who have an interest in the sector.</p> <p>Main product areas are textiles, woodwork, pottery, art and photography and jewellery. Main markets are UK mainland but also international.</p>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Competition from inferior products manufactured elsewhere - need to maintain provenance.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Location is a selling point as it signifies quality.</li> <li>• There is potential to exploit international markets.</li> </ul>	<p>Recruitment into crafts is not an issue as it is seen as attractive and a lifestyle choice or vocation. This applies even to the larger companies.</p> <p>However, many remain very small companies and do not want to grow.</p>	<p>Retention in the sector is not an issue but there can be movement within the sector across different businesses.</p>	<p>Was not able to comment on individual skills gaps.</p>	<p>Training can usually be sourced for the sector and there are not gaps for specific sub-sectors, occupations or locations. The businesses and skills agencies are 'well joined up' for the craft sector.</p> <p>There may be an increase in demand for skills over the next few years but this is likely to be incremental.</p>	<p>There are opportunities for young people in the sector – especially for arts graduates to come back to the Orkney Islands following graduation.</p>
<p><b>Orkney Fisheries Association</b></p> <p>Trade body and membership association with 55 members including vessels and processing factories.</p> <p>Main products are shellfish, crab and scallops supplying UK and European markets. There are around 100 boats and 2 processing factories and these support a</p>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Limited access to investment to purchase vessels – making it difficult to attract people into the industry</li> <li>• Decline in remuneration from fishing as movement towards paying salaries rather than proportion of the catch. Wages are not high enough to</li> </ul>	<p>Recruitment difficulties include:</p> <ul style="list-style-type: none"> <li>• Barriers to entry into the industry due to lack of finance for purchasing boats and licenses.</li> <li>• Declining wages are making the industry less attractive financially. Income can be sporadic.</li> <li>• Lack of access to work experience or</li> </ul>	<p>Retention difficulties include:</p> <ul style="list-style-type: none"> <li>• Declining wages are making the industry less attractive financially. Income can be sporadic.</li> <li>• Working pattern which does not offer regular hours or income – people leave for salaried jobs.</li> </ul>	<p>No major skills gaps.</p>	<p>There are mandatory courses for sea fishing and these are available at UHI Orkney College.</p> <p>Need to do more to encourage young people to take up these opportunities.</p> <p>It is more difficult to get practical experience on a boat and learn on the job than in the past.</p> <p>Access to mentors is very important for the</p>	<p>There are opportunities for young people but large barriers to entry.</p> <p><b>Issues</b></p> <ul style="list-style-type: none"> <li>• Perceived schools' main focus as being on developing academic skills – could be more focus on practical and problem solving skills needed in the industry and vocational skills.</li> </ul>

Organisation	Challenges and Opportunities	Recruitment issues	Retention issues	Skills gaps	Training and development needs	Skills of Young people
range of other businesses including shops, buyers, chandlers and welders	<p>attract British workers.</p> <ul style="list-style-type: none"> <li>Increasingly difficult to get sea experience for young people to help them develop an understanding of the industry.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Exchange rate is currently beneficial for European exports.</li> <li>High quality product but need to ensure provenance.</li> </ul>	<p>to sea experience for young people under the age of 18.</p> <ul style="list-style-type: none"> <li>Work pattern which does not offer regular hours.</li> </ul> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>Fewer young people considering entering the industry.</li> <li>Need to recruit from outside the Orkney Islands.</li> </ul> <p><b>Need for</b></p> <ul style="list-style-type: none"> <li>Access to capital through new types of funding to finance the purchase of vessels.</li> </ul>	<p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>Need to rely on workers from outside of UK.</li> <li>Decline in the industry.</li> </ul> <p><b>Need for</b></p> <ul style="list-style-type: none"> <li>Access to capital through new types of funding to finance the purchase of vessels. The Western Isles Loan Scheme is a good model and it would be good to implement something similar in the Orkney Islands.</li> </ul>		<p>sector.</p> <p><b>Skills needed in the future</b></p> <ul style="list-style-type: none"> <li>Understanding of regulation.</li> <li>Navigation.</li> </ul>	<ul style="list-style-type: none"> <li>Very difficult to get sea experience until young people are 18. Need to develop other ways of developing practical skills – for example through outdoor education.</li> <li>Need to develop work ethos and to develop ability to work with risk to a greater extent in young people to prepare them for the reality of the industry.</li> </ul>
<p><b>Orkney Food and Drink</b></p> <p>24 organisations are full members – these are mainly primary producers and 68 associate members – these are smaller primary producers or have an interest in food and drink</p> <p>Main products areas are meat, fish, drink, dairy and bakery supplying the UK</p>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Location makes transport and logistics difficult and costly.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Location is a selling point as it signifies quality and a clean environment.</li> <li>There is potential to exploit international</li> </ul>	<p>Recruitment into food processing and hospitality and food service difficult as the sectors are not seen as attractive by potential recruits.</p> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>Increases costs of recruitment.</li> <li>Need to recruit from outside the Orkney Islands.</li> </ul>	<p>Not as important an issue as recruitment, but there is the perception that hospitality is a stepping stone to another career and not attractive long term.</p> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>Increases costs.</li> </ul>	<p>Was not able to comment.</p>	<p>Training can usually be sourced for the sector and support through different businesses and skills agencies is 'well joined up' in this sector.</p> <p>Whilst demand for skills is likely to increase over the next few years, this is likely to be incremental.</p>	<p>Many opportunities for young people in the sector.</p> <p><b>Issues</b></p> <p>Felt schools' main focus is on developing academic skills – could be more focus on practical and vocational skills.</p> <p>Could be greater promotion of the sector and especially careers in food</p>

Organisation	Challenges and Opportunities	Recruitment issues	Retention issues	Skills gaps	Training and development needs	Skills of Young people
market	markets.	<p><b>Need for</b></p> <ul style="list-style-type: none"> <li>Promotion of the sector as a career choice with opportunities for promotion.</li> </ul>	<p><b>Need for</b></p> <ul style="list-style-type: none"> <li>Promotion of the sector as a career choice with opportunities for promotion.</li> </ul>		<p><b>Skills needed in the future</b></p> <ul style="list-style-type: none"> <li>Languages.</li> <li>Digital marketing.</li> <li>Exporting.</li> </ul>	production where higher level qualifications are needed.
<p><b>Orkney Tourism Group</b></p> <p>Membership organisation with 500 businesses which have an interest in tourism. This includes hospitality, retailers, attractions, photographers and tour guides.</p>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>Tourism is seasonal and the winter season is long and quiet. Some businesses close during the winter.</li> <li>Poor connectivity of internet makes it difficult to develop digital marketing.</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>If the connectivity could be improved opportunities to use digital marketing more to promote tourism.</li> </ul>	<p>Main difficulties are in the hospitality sector Young people do not see the opportunities in the sector and may move away from the Orkney Islands.</p> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>Costs of recruitment.</li> <li>Need to recruit from outside the Orkney Islands.</li> <li>Difficult to get people with good quality skills to come into the industry.</li> </ul> <p><b>Need for</b></p> <ul style="list-style-type: none"> <li>Developing skills within the Orkney Islands and attracting more people into the industry. Investing in the industry would make the sector seem more attractive as a longer-term career option.</li> </ul>	<p>Main difficulties are in the hospitality sector and especially in the bigger hotels. Some of this caused by the high turnover of staff where there is a small pool of labour and competition across the hotels to attract to key positions.</p> <p><b>Impacts</b></p> <ul style="list-style-type: none"> <li>Costs of recruitment in response to staff turnover.</li> <li>Need to recruit from outside the Orkney Islands.</li> <li>Difficult to get people with good quality skills.</li> </ul> <p><b>Need for</b></p> <ul style="list-style-type: none"> <li>Increase the length of the season to help retain staff in establishments and reduce turnover.</li> <li>Develop career</li> </ul>	Customer service skills are needed to build high quality service. Have provided World Host training to members.	<p>There is a strong focus on training within the sector and this is generally available through the Business Gateway or UHI Orkney College but this could still be developed further.</p> <p><b>Skills needed in the future</b></p> <ul style="list-style-type: none"> <li>World Host provides good generic customer care training, but it would be useful if specific customer care skills training for particular sectors could be provided which are particularly relevant to the Orkney Islands. It would also be useful to connect with local experienced people to learn from them – this might make training seem more 'real' to some local businesses.</li> </ul>	Most members will recruit school leavers and also students returning to Orkney for the summer. Not aware of issues at a sectoral level but some individual businesses may have some specific issues.

Organisation	Challenges and Opportunities	Recruitment issues	Retention issues	Skills gaps	Training and development needs	Skills of Young people
			pathways to make the sector more attractive as a longer term option.		<ul style="list-style-type: none"> <li>• Cruise ships coming into Orkney is a growing market. Raises issues around how to deal with a high volume of customers at one time and also need for the development of language skills and understanding other cultures.</li> </ul>	

Source: Interviews with Business Representative Organisations and Sectoral Groups

### Key Messages and Implications for Skills Investment Plan

1. There were just over 10,000 jobs in the Orkney Islands in 2015.
  - The key sectors of employment are health and social work, construction, transport and storage, accommodation and food and education.
  - The Orkney Islands have specialisms in a range of sub-sectors – including freshwater aquaculture, manufacture of jewellery and related articles and coastal passenger water transport.

Going forward, it will be important that skills provision on the Orkney Islands meets the needs of these sectors – with a particular focus on ensuring young people are developing the skills needed by them.

2. Earnings are below the Scottish level – with the gap £36 per week for a full-time worker employed on the Orkney Islands. This reflects, in part, the sectoral make-up of the Orkney Islands with the key sectors generally have low levels of GVA per employee. Increasing income levels is particularly important given the higher cost of living in Orkney.
3. The Orkney Islands have a relatively high level of self-employment – with 17.5% of all those in employment self-employed. This is reflected in the business stock (which is higher per 10,000 adults than the comparator regions) – but there appears to be a lack of dynamism in the business base with lower levels business births and deaths. It will be important that supports are in place to help develop entrepreneurial skills on the islands.
4. About half of the employers consulted had hard-to-fill vacancies in the last year. Hard-to-fill vacancies were reported in a broad range of different types of job including:
  - Customer facing roles – such as receptionist and waiting and bar staff.
  - Carers and nurses.
  - Food processing assistants.
  - Skilled trades – such as chefs, bakers and joiners.
  - Professional occupations – such as engineers, air traffic controllers, environmental health officers and doctors.

Linked to this, a number of the key sectoral organisations on the Orkney Islands highlighted that their members have difficulties in recruiting staff – mainly reflecting the image of their sector or a lack of awareness of the available employment opportunities.

5. Views of young people varied with:
  - 50% of employers feeling school leavers are well prepared for the world of work.
  - 72% of employers feeling college leavers are well prepared for the world of work.
  - 60% of employers feeling university leavers are well prepared for the world of work.
 Only half of the employers surveyed had employed a school, college or university leaver in the last 12 months – but almost three-quarters had vacancies that were suitable for school, college and university leavers.
6. Most employers felt that the majority of their staff were fully proficient in their jobs – and where they were not proficient this was most commonly because they had not been in the job long enough to be proficient. The main areas for development to make staff fully proficient in their roles including improving their technical or practical skills, communication skills, planning and organising skills and leadership and management skills.

7. Looking forward over the next 2 years, employers felt the key priorities were having staff with good customer skills, improving management within their business, improving leadership within their business, having staff that are able to adapt to new working practices and improving succession planning (to respond to retirements amongst workforce).
8. Overall, employers did not feel education and training providers asked them, listened to or understood, or responded to their employment and skills needs. Employers made a number of recommendations about how the education and training system could be improved including:
  - Promoting employment opportunities on the Orkney Islands to young people.
  - More communication with employers to find out their employment and skills needs.
  - Involving employers in the design and delivery of the school, college and university curriculum.
  - Improving the work experience offer in schools, colleges and universities.
9. Employers expressed interest in getting involved in a range of employment and skills activities including engaging with schools/college to raise young people's awareness of the employment opportunities on the Orkney Islands, engaging with schools/college to help them design curriculum to better meet employer needs, a campaign to attract skilled workers to the Orkney Islands and support for them to train their staff.

### 3. KEY SKILLS SUPPLY ISSUES

#### Introduction

Three factors influence the labour supply:

- The size and composition of the population.
- The proportion of the population that chooses to actively participate in the labour market.
- The skills of those participating the labour market – and the extent to which these meet employers' needs.

This chapter sets out the key evidence on labour and skills supply, drawing on:

- Review of key national statistics.
- Interviews with key stakeholders.
- Focus groups with young people.

#### Overview of Key Statistics

##### Population

In 2015, the **population of the Orkney Islands was 21,220**.

- The population of the Orkney Islands has increased by 450 since 2010 – an increase of 2.1%.
- This is the same rate of population increase as Scotland – and above the rate of increase observed across the Highlands and Islands as a whole.

**Figure 13: Total Population**

	2010	2015	Change 2010-2015	% Change 2010-2015
Orkney Islands	21,220	21,670	450	2.1
Highlands and Islands	484,920	488,450	3,530	0.7
Scotland	5,262,200	5,373,000	110,800	2.1

Source: Mid-Year Population Estimates (National Records Scotland)

Looking at the population structure:

- Young people account for a smaller proportion of the Orkney Islands population than in Highlands and Islands or Scotland as a whole.
  - 16.1% of the Orkney Islands' population is aged 0-15, compared to 16.8% in Highlands and Islands and 17.0% in Scotland.
  - Just 9.5% of the Orkney Islands' population is aged 16-24, compared to 9.8% in the Highlands and Islands and 11.4% in Scotland.
- Prime age workers – i.e. those aged 25-49 – account for just 29.5% of the Orkney Islands population. Again, this is below the rates for Highlands and Islands (29.9%) and Scotland (33.1%).
- The Orkney Islands have a slightly higher proportion of its population in the older working age group than any of its comparator economies, with 22.6% of the population aged 50-64, compared to 22.0% in Highlands and Islands and 20.2% across Scotland as a whole.
- Finally, the population aged 65 and over accounts for a slightly higher proportion of the Orkney Islands population (22.2%) than in the Highlands and Islands (21.6%) and Scotland (18.3%).

**Figure 14: Population by Age, 2015**

	Orkney Islands		Highlands and Islands		Scotland	
	Population	% of Total	Population	% of Total	Population	% of Total
0-15	3,489	16.1	81,841	16.8	912,262	17.0
16-24	2,069	9.5	47,721	9.8	615,063	11.4
25-49	6,400	29.5	145,985	29.9	1,777,566	33.1
50-64	4,898	22.6	107,411	22.0	1,085,111	20.2
65 and over	4,814	22.2	105,492	21.6	982,998	18.3
<b>Total</b>	<b>21,670</b>	<b>100.0</b>	<b>488,450</b>	<b>100.0</b>	<b>5,373,000</b>	<b>100.0</b>

Source: Mid-Year Population Estimates (National Records Scotland)

Looking forward, the **population of the Orkney Islands is projected to increase by 3.3%** between 2014 and 2024 – resulting in just over 700 additional residents.

- This is slightly below the Scottish rate of population growth of 4.1% - but considerably above the projected growth of 0.7% for the Highlands and Islands as a whole.

**Figure 15: Population Projections, 2014-2024**

	2014	2024	Change 2014-2024	% Change 2014-2024
Orkney Islands	21,585	22,292	707	3.3
Highlands and Islands	485,129	488,362	3,233	0.7
Scotland	5,346,120	5,563,670	217,550	4.1

Source: 2012-Based Population Projections (National Records Scotland)

Looking in more detail at the population projections for the Orkney Islands, between 2014 and 2024:

- Increases are projected in the 50-64 and 65 and over age bands.
- Declines are projected in the 0-15, 16-24 and 25-49 age bands.
- This is the same pattern of change as Scotland as a whole – although the declines in young people and prime age workers are proportionally larger in the Orkney Islands.

These changes are likely to have a significant impact of the local labour market.

**Figure 16: Population Projections by Age, 2014-2024**

	Orkney Islands		Scotland	
	Change	% Change	Change	% Change
0-15	-151	-4.1	-5,536	-0.6
16-24	-40	-1.9	-8,882	-1.4
25-49	-261	-3.9	-32,979	-1.8
50-64	245	5.3	57,421	5.6
65 and over	657	15.8	100,776	11.4
<b>Total</b>	<b>707</b>	<b>3.3</b>	<b>217,550</b>	<b>4.1</b>

Source: 2012-Based Population Projections (National Records Scotland)

### **Economic Activity**

Economic activity measures whether or not a person is an active participant in the labour market – and includes both those employed and those out-of-work but actively seeking work. In 2015, **89.0% of the working age population in the Orkney Islands was economically active.**

- This is above the economic activity rate for both Highlands and Islands and Scotland – with these being 82.1% and 77.7% respectively.
- The economic activity rate has increased between 2010 and 2015 in all three geographies – but the largest increase has been in the Orkney Islands (from 81.5% to 89.0%).

**Figure 17: Economic Activity Rate (% of Working Age Population), 2010 and 2015**

	2010	2015
Orkney Islands	81.5	89.0
Highlands and Islands	80.6	82.1
Scotland	77.0	77.7

Source: Annual Population Survey (Nomis)

As economic activity is comprised of both those in employment – and those that are out of work but activity seeking employment – it is useful to consider both of these groups in turn. Looking first at those in employment, a similar pattern to economic activity emerges.

- In 2015, **86.8% of the working age population in the Orkney Islands was in employment.**
- This is above the Highlands and Islands rates of 78.9% and the Scottish rate of 73.1%.
- The employment rate has improved in all three geographies over the period 2010-2015 – but the increase has been largest in the Orkney Islands (by 7.2 percentage points, compared to 1.0 in Highlands and Islands and 2.1 in Scotland).

**Figure 18: Employment Rate (% of Working Age Population), 2010 and 2015**

	2010	2015
Orkney Islands	79.6	86.8
Highlands and Islands	77.9	78.9
Scotland	71.0	73.1

Source: Annual Population Survey (Nomis)

The International Labour Organization (ILO) unemployment rate measures the proportion of the working age population that are out of work and actively seeking work. As it is collated through a survey it is not affected to changes in benefit structures in the same ways of the claimant count. The ***ILO unemployment rate for the Orkney Islands in 2015 has not been released*** – reflecting the small sample size. This suggests ILO unemployment in this period in Orkney was extremely low.

- In 2015, the Highlands and Islands unemployment rate was 3.8% and the Scottish rate was 5.9%.
- The unemployment rate increased slightly between 2010 and 2015 in the Highlands and Islands (from 3.4% to 3.8%) and decreased slightly at the Scottish level (from 7.8% to 5.9%).

**Figure 19: Unemployment Rate (% of Working Age Population), 2010 and 2015**

	2010	2015
Orkney Islands	2.3	-
Highlands and Islands	3.4	3.8
Scotland	7.8	5.9

Source: Annual Population Survey (Nomis)

### Benefit Claimants

As we saw above, 89% of the working age population in the Orkney Islands is economically active – meaning 11% are economically inactive. Whilst this will include many students, individuals looking after their family and early retirees, it will also include those with long-term disabilities and health issues and discouraged workers. In 2015, **6.3% of the working age population in the Orkney Islands was claiming a DWP out-of-work benefit** including Universal Credit, Jobseekers Allowance, Incapacity Benefit, Employment and Support Allowance and Income Support.

- This is below the rates for the Highlands and Islands (8.2%) and Scotland (10.8%) as a whole.
- The proportion of the Orkney Islands working age population claiming DWP out-of-work benefits has fallen between 2010 and 2015 – but by a smaller amount than in the Highlands and Islands or Scotland as a whole.

**Figure 20: DWP Out-of-Work Benefit Claimants as % of Working Age Population, 2010 and 2015**

	2010	2015
Orkney Islands	7.3	6.3
Highlands and Islands	10.5	8.2
Scotland	14.0	10.8

Source: DWP Out-of-Work Benefits (Nomis)

Notes: Annualised data (March 2010-February 2011; March 2015-February 2016).

We have not included separate data on the ‘claimant count’ here as the introduction of Universal Credit means there are changes in how this is being collected and reported.

### Young People Entering the Labour Market

The main source of new entrants to the labour market are young people – as they leave school, college and university. As a result ensuring they make good transitions post-school is critical to ensuring their skills and capacities are utilised.

In 2014/15, **the proportion of Orkney Islands school leavers entering a positive destination was 94.0%**. This is above the Scottish rate (of 92.9%) and is slightly higher than earlier years.

**Figure 21: % of School Leavers Entering a Positive Destination, 2010/11 to 2014/15**

	Orkney Islands	Scotland
2012/13	93.4	91.7
2013/14	93.8	92.6
2014/15	94.0	92.9

Source: Skills Development Scotland

Looking in more detail at the destinations for 2014/15:

- The largest proportion of school leavers went onto higher education – 34.3%. This is below the Scottish average of 38.3%.
- The next largest group was those going into employment – with 32.3% pursuing this route. The proportion going into employment is over 10 percentage points higher than across Scotland as a whole (21.7%).
- Orkney Islands school leavers were less likely than those across Scotland as a whole to go into further education (23.8%, compared to 27.8% nationally) or training (1.2% compared to 3.8% nationally).

**Figure 22: School Leaver Destinations (% of School Leavers), 2014/15**

	Orkney Islands	Scotland
Activity Agreement	1.2	0.9
Employed	32.3	21.7
Further education	23.8	27.8
Higher education	34.3	38.3
Training	1.2	3.8
Volunteering	1.2	0.4
Unemployed Seeking	4.8	5.4
Unemployed Not Seeking	0.8	1.1

Source: Skills Development Scotland

In 2014, **3.4% of young people aged 16-19 in the Orkney Islands were not in employment, education or training (NEET)**.

- This is equivalent to 30 young people.
- A lower proportion of 16-19 year olds in the Orkney Islands are NEET than in the Highlands and Islands (5.0%) or Scotland as a whole (6.4%).
- Significant progress has been made in relation to the proportion of young people that are NEET between 2009 and 2014, with the rate falling from 4.4% to 3.4% in the Orkney Islands – a 40% decrease.

**Figure 23: Young People Aged 16-19 Not in Employment, Education or Training, 2009 and 2014**

	2009		2014		% Change 2009-2014
	Level	Rate	Level	Rate	
Orkney Islands	50	4.4	30	3.4	-40.0
Highlands and Islands	1,910	8.5	1,100	5.0	-42.4
Scotland	26,290	9.8	16,270	6.4	-34.7

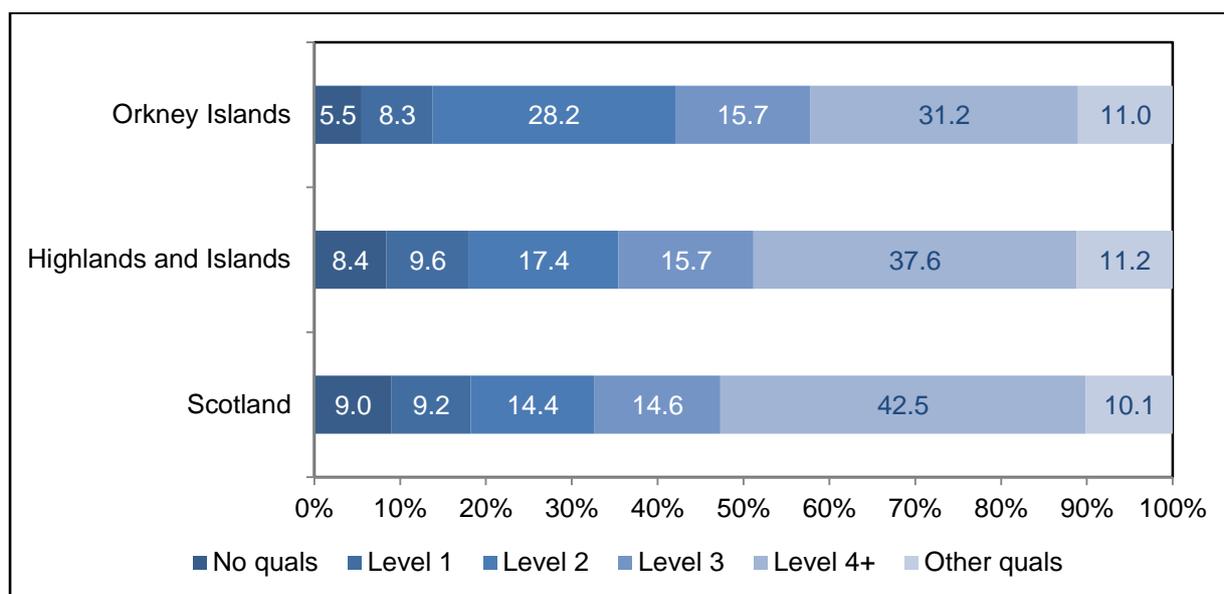
Source: LA NEET (Scottish Government)

### **Qualifications and Occupational Profile**

Having explored the availability of labour within the Orkney Islands, the next consideration is the skills available. As it is difficult to directly measure skills, qualifications are often used as a proxy. Figure 24 shows the highest qualification held by people aged 16-64. The evidence here is mixed:

- The proportion of the Orkney Islands working age population with **no qualifications** (5.5%) is lower than in the Highlands and Islands (8.4%) and Scotland (9.0%).
- 36.5% those living in the Orkney Islands have a **low level qualification** (Levels 1 and 2). This is a larger proportion than in the Highlands and Islands (27.0%) and Scotland (23.6%).
- The same proportion of Orkney Islands working age people as in Highlands and Islands as a whole have **intermediate level qualifications** (15.7%), with this slightly higher than across Scotland as a whole (14.6%).
- A much smaller proportion of the Orkney Islands' working age population than in the Highlands and Islands and Scotland have **higher level skills**, with just 31.2% having a Level 4 or above qualification compared to 37.6% in the Highlands and Islands and 42.5% across Scotland.

**Figure 24: Highest Qualification of Working Age Population (16-64), 2015**



Source: Annual Population Survey (Nomis)

Note: SVQ Levels.

Another way of exploring the skills held by local residents is to consider the types of jobs they are employed in. The most common occupations undertaken by Orkney Islands residents are:

- Elementary occupations (16.5%).
- Skilled trades occupations (12.8%).
- Associate professional and technical occupations (12.4%).

Orkney Islands residents are more likely to be employed in the following occupations than those living in Highlands and Islands and Scotland as a whole:

- Managers, directors and senior officials (10.9% compared to 8.5% and 8.6%). This is likely to reflect the high levels of self-employment and public sector employment on the islands.
- Process, plant and machine operatives (10.6% compared to 8.0% and 6.0%).
- Elementary occupations (16.5% compared to 12.2% and 11.2%).

In addition, skilled trades occupations are underrepresented compared to Highlands and Islands but overrepresented compared to Scotland (12.8% compared to 14.6% and 11.0%).

Notably, professional roles are highly underrepresented on the Orkney Islands – with just 8.7% of those in employment undertaking this kind of work.

**Figure 25: Occupation Profile of Residents (% of All Residents Employed), 2015**

	Orkney Islands	Highlands and Islands	Scotland
Managers, directors and senior officials	10.9	8.5	8.6
Professional occupations	8.7	14.3	19.8
Associate prof & tech occupations	12.4	12.8	13.1
Administrative and secretarial occupations	10.9	11.5	11.4
Skilled trades occupations	12.8	14.6	11.0
Caring, leisure and other service occupations	9.2	9.6	9.9
Sales and customer service occupations	6.3	8.3	8.6
Process, plant and machine operatives	10.6	8.0	6.0
Elementary occupations	16.5	12.2	11.2

Source: Annual Population Survey (Nomis)

### **Skills Investment**

As well as understanding what skills the population currently has, it is also important to understand what types of skills are currently being developed. In this final section, we will examine the skills being developed in the Orkney Islands through:

- Colleges.
- Modern Apprenticeships.
- Work-based learning.

### **College Enrolments**

Colleges are a key source of skills development within the economy. There were just over 4,400 enrolments at UHI Orkney College in 2014/15. Looking at the subject choices:

- By far the most common subjects were in health care, medicine and health and safety – with this category accounting for almost 2,200 enrolments (49.4%). Whilst this was also the most common subject area across Scotland as a whole, its dominance was more less stark at the Scottish level (with it accounting for 16.2% of all enrolments).
- Other common subjects were catering, food, leisure services and tourism (just under 800 enrolments), transport services (just under 350), construction and property (just over 200) and agriculture, horticulture and animal care (just under 200).

The most common subject areas are a good match for the sectors that dominate the Orkney Islands labour market.

**Figure 26: Breakdown of Enrolments at College by Subject (% of All Enrolments), UHI Orkney College and All Scottish Colleges, 2014/15**

	UHI Orkney College		Scotland	
	Number	%	Number	%
Business/Management/Office Studies	117	2.6	16,401	5.5
Sales, Marketing & Distribution	0	0.0	1,898	0.6
Information Technology and Information	44	1.0	31,000	10.4
Humanities (History / Archaeology/ Religious Studies / Philosophy)	62	1.4	1,020	0.3
Politics/Economics/Law/Social Sciences	0	0.0	5,548	1.9
Area Studies/Cultural Studies/Languages/Literature	108	2.4	15,494	5.2
Education/Training/Teaching	5	0.1	7,533	2.5
Family Care/Personal Development/Personal Care & Appearance	111	2.5	47,670	16.0
Arts and Crafts	84	1.9	8,925	3.0
Authorship/Photography/Publishing/Media	22	0.5	7,957	2.7
Performing Arts	0	0.0	7,066	2.4
Sport, Game & Recreation	0	0.0	7,156	2.4
Catering/Food/Leisure Services/Tourism	798	18.0	17,726	6.0
Health Care/Medicine/Health & Safety	2,187	49.4	48,049	16.2
Environmental Protection/Energy/Cleansing/Security	86	1.9	2,168	0.7
Sciences and Maths	7	0.2	8,124	2.7
Agriculture, Horticulture & Animal Care	195	4.4	7,678	2.6
Construction & Property (Built Environment)	212	4.8	16,682	5.6
Services to Industry	0	0.0	993	0.3
Manufacturing/Production Work	15	0.3	1,405	0.5
Engineering	30	0.7	31,196	10.5
Oil/Mining/Plastics/Chemistry	0	0.0	328	0.1
Transport Services	344	7.8	4,994	1.7
<b>Total</b>	<b>4,427</b>	<b>100.0</b>	<b>297,011</b>	<b>100.0</b>

Source: SFC Infact Database

In terms of the mode of delivery, the largest category of courses is part-time day release, with this accounting for just over 3,700 enrolments. Only a limited number of students are undertaking full-time study.

**Figure 27: Enrolments at College by Subject and Mode of Delivery, UHI Orkney College, 2014/15**

	Short Full-Time	Block release	Part-Time Day Release	Other part-time day	Evening and w/ends	Other	Full-Time	All modes
Health Care/Medicine/Health and Safety	0	0	2,111	36	22	0	18	2,187
Catering/Food/Leisure Services/Tourism	0	0	715	8	66	0	9	798
Transport Services	5	0	281	58	0	0	0	344
Construction and Property (Built Environment)	8	26	136	26	8	0	8	212
Agriculture, Horticulture and Animal Care	0	19	144	15	17	0	0	195
Business/Management/Office Studies	0	0	40	0	65	5	10	120
Family Care/Personal Development/Personal Care and Appearance	27	0	52	6	0	12	14	111
Area Studies/Cultural Studies/Languages/Literature	0	0	24	0	84	0	0	108
Environment Protection/Energy/Cleansing/Security	0	0	86	0	0	0	0	86
Arts and Crafts	0	0	15	25	36	0	8	84
Humanities (History/Archaeology/Religious Studies /Philosophy)	0	0	56	0	6	0	0	62
Information Technology and Information	0	0	0	0	0	38	6	44
Engineering	0	0	30	0	0	0	0	30
Authorship/Photography/Publishing/ Media	0	0	0	0	17	5	0	22
Manufacturing/Production Work	0	0	15	0	0	0	0	15
Sciences and Mathematics	0	0	0	0	5	5	0	10
Education /Training/Teaching	0	0	0	5	0	0	0	5
<b>Total</b>	<b>40</b>	<b>45</b>	<b>3,705</b>	<b>179</b>	<b>326</b>	<b>65</b>	<b>73</b>	<b>4,433</b>

Source: SFC Infact Database

### *Modern Apprenticeships*

Modern Apprenticeships are another key source of skills development. In 2015/16, there were **120 Modern Apprenticeship (MA) starts in the Orkney Islands**.

- 16-19 year olds accounted for 41.7% of MA starts in the Orkney Islands – a smaller proportion than in Highlands and Islands or Scotland.
- In contrast, a slightly higher proportion of MA starts in the Orkney Islands than in the Highlands and Islands or Scotland are aged 20-24 (34.2% compared to 30.3% and 29.7%) and aged 25 and over (24.2% compared to 21.3% and 20.6%).

**Figure 28: Modern Apprenticeship Starts, 2015/16**

	16-19 year olds		20-24 year olds		25+ year olds		Total
	No.	% of all MAs	No.	% of all MAs	No.	% of all MAs	
Orkney Islands	50	41.7	41	34.2	29	24.2	120
Highlands and Islands	1,205	48.4	755	30.3	532	21.3	2,492
Scotland	12,837	49.7	7,669	29.7	5,312	20.6	25,818

Source: Modern Apprentice Breakdown by Age and Local Authority Area (Skills Development Scotland).

Figure 29 show the breakdown of Orkney Islands MA starts by framework. As these statistics are taken from the Regional Skills Assessment (RSA), they are for 2014/15 and are rounded to the nearest 5. The MA frameworks with the largest number of starts were:

- Construction: Building.
- Social Services and Healthcare.
- Aquaculture.
- Freight logistics.
- Hospitality.

Similar to college enrolments, these appear to be a good match for the sectors that dominate the Orkney Islands labour market.

**Figure 29: Modern Apprenticeship Starts by Framework, Orkney Islands, 2014/15**

	No.
Construction: Building	15
Social Services and Healthcare	15
Aquaculture	10
Freight Logistics	10
Hospitality	10
Agriculture	5
Automotive	5
Bus and Coach Engineering and Maintenance	5
Construction: Civil Engineering	5
Electrical Installation	5
Engineering	5
Oil and Gas Extraction	5
Social Services (Children and Young People)	5

Source: Regional Skills Assessment Data Matrix (Skills Development Scotland).

Note: Rounded to nearest 5.

### *Work-Based Learning*

In addition, employers also make a significant investment in developing the skills of their workforce. The UKCES Employer Skills Survey (ESS) collects data on the proportion of employers offering training to their employees in last 12 months. However, ESS data is not available for individual local authorities – so the data for the Highlands and Islands is presented. In 2015:

- 66% of Highlands and Islands employers funded or arranged training for their employees in the last 12 months (compared to 71% for Scotland as a whole).
  - 15% offered off-the-job training.
  - 17% offered on-the-job training.
  - 34% offered both.
- The types of training funded or arranged by Highlands and Islands employers were:

- Job specific training with 87% of Highlands and Islands employers providing training compared to 86% across Scotland as a whole.
- Health and safety/first aid training (70% vs. 74%).
- Basic induction training (64% vs. 66%).
- Training in new technology (46% vs. 49%).
- More extensive induction training for new staff (35% vs. 36%).
- Management training (31% vs. 34%).
- Supervisory training (28% vs. 34%).
- Personal development training (1% vs. 2%).

### **Current Skills Mismatches**

Where skills supply does not meet skills demand, it leads to vacancies that cannot be filled because of skills shortages, difficulties in retaining staff, existing staff not having the skills they require to do their jobs proficiently and underemployment. Again, using the UKCES Employer Skills Survey data, in 2015:

- 5.2% of employers in the Highlands had **skills shortage vacancies**, compared to 5.7% across Scotland as a whole.
  - 39% of these employers reported skills shortage vacancies in skilled trades occupations, 19% in elementary occupations and 17% in caring, leisure and other service occupations.
- 11.3% of employers reported that they had jobs that they had **difficulties in retaining staff**. This is below the Scottish level of 10.0%.
- 14.2% of employers in the Highlands and Islands reported **skills gaps** (i.e. that there some of their staff did not have the skills they required to do their job proficiently). This is slightly below the Scottish rate of 13.5%.
- 29.4% of employers reported that at least some of their staff were **under-utilised** (i.e. have both qualifications and skills that are more advanced than required for their current job role). This is below the Scottish rate of 32.3%.

### **Views of Key Stakeholders**

The key stakeholders interviewed as part of the SIP development process were asked about the key skills issues facing the Orkney Islands. In relation to skills supply, the key issues raised were:

- A lack of awareness (especially amongst young people) of:
  - The employment opportunities on the Orkney Islands – and the routes into these occupations and sectors.
  - Modern Apprenticeship opportunities – with gaps in knowledge both about what is involved in a Modern Apprenticeship and the range of MAs available.
  - The qualifications and experience needed to access higher skilled, higher paid roles available on the Orkney Islands.
- Those not in employment often have significant barriers to employment. Addressing these barriers is vital to enable these individuals to access employment opportunities. However, some consultees highlighted that negative perceptions of an individual amongst employers (especially within smaller communities) can continue to act as a barrier to employment even after their other barriers have been addressed.
- There are a number of barriers to accessing employment and training opportunities including:
  - Lack of public transport – especially outside 9-5 working hours.
  - Poor quality broadband in some localities can limit ability to participate in online learning opportunities.
  - Education Scotland regulations in relation to the school hostel limits access to college for young people from the outer isles.

- Individuals often have higher skills levels than the available employment opportunities – with this being a particular issue for the partners of those attracted to the Orkney Islands to fill key skills shortages in higher skilled areas.

### **Views and Perceptions of Young People**

Focus groups were held with young people living on the Orkney Islands including:

- One focus group in each High School (HS) and Junior High School (JHS).
- With current and previous UHI Orkney College students.
- With young people currently not in employment, education or training but receiving support from employability projects.

These sessions explored the young people's career aspirations and plans, awareness of employment opportunities on the Orkney Islands and views of the Orkney Islands as a place to work, study and live.

### **Career Plans and Aspirations**

The young people participating in the focus groups (from across schools, college and employability projects) were aiming for a diverse range of careers including:

- Archaeologist.
- Equine psychologist.
- Chef.
- Designer.
- Engineer.
- Farmer.
- Fashion designer.
- Fitness trainer.
- Florist.
- Hairdresser.
- Journalist.
- Make-up artist.
- Mechanic.
- Midwife.
- Musician.
- Photographer.
- Police officer.
- Vet.

In addition, a number highlighted that they planned to work within their family's business, start their own business or join the armed forces.

Amongst young people in school, in terms of their immediate post-school destination:

- By far the largest group were considering going onto university – with subjects students were looking to study including art, English, chemistry, fashion, nursing and midwifery, music, social work, sports science and veterinary medicine. In addition, a small number knew they wanted to pursue a university education but were uncertain what subject they would study. Many of the students that knew what they wanted to study at university also knew where they wanted to study.
- Others were considering going to college – with those looking at this option mainly planning to attend UHI Orkney College. Subjects being considered included agriculture and engineering.
- Some wanted to go into employment on leaving school. However, very few of those planning to go into employment mentioned trying to secure a Modern Apprenticeship.

- Some highlighted that would enter the family business (e.g. farming, hospitality) – although in some cases they involved going to college or university to gain the skills they needed for the business.
- Some did not know what they wanted to do on leaving school. Within this, one important factor is that some young people appeared to lack awareness of the education options on the Orkney Islands and elsewhere (in relation to college and universities).
- Linked to this, some young people in the Junior High Schools felt it was difficult to plan as they did not know what subjects they would be able to study when they moved onto High School – with the perception that availability of teaching staff and demand for the subject can determine whether a particular course will run or not.

On the outer isles, a number of young people highlighted that the lack of hostel accommodation for college students or those taking up Modern Apprenticeships would discourage them from pursuing options in these areas – primarily as they could not afford to look for other accommodation.

Amongst those young people being supported by employability projects, their plans were mainly to move into employment although in a small number of cases they hoped to go to college.

- Some had a specific type of employment that they would like to get into (e.g. mechanic) but others would be happy to secure employment in any sector. However, there were some sectors (e.g. food processing) that were seen as less attractive.
- Key barriers to employment included lack of confidence and self-esteem, public transport (especially for those living in more remote areas or for roles that require travel early in the morning or late at night) and the small size of some communities (with the perception that employers recruit friends and family over others and/or that individuals can be shut out of the labour market either because of their past behaviour or that of their family members).
- Many were being supported by the employability service they were attending to undertake a work placement – and felt this was helping them develop their skills and experience. This could also help break down barriers with employers.

### ***Part-time Employment***

Around half of the young people taking part in the focus groups had (or had previously had) a part time job (or jobs in some cases). These were often secured through informal contacts with family and friends. The part-time jobs taken up by young people were varied and included:

- Retail.
- Hospitality.
- Food processing.
- Landscaping.
- Window cleaning.
- Groom.
- Babysitting.
- Doing odd jobs for older people.

Those with part-time jobs felt that this had helped them to develop attributes, skills and experience in relation to:

- Confidence.
- Customer service.
- Communication skills.
- Ability to plan and organise their activities.
- Ability to work in a team.

- Some also felt they were developing skills related to what they wanted to do after school/colleges.

Where young people did not have a part-time job, this was generally either because they did not have time alongside studying, or the opportunities were very limited. This was particularly the case for young people living on the outer islands or more remote areas of mainland. In addition, many felt that securing a part-time job depended on 'who you know'. Young people on the outer islands also highlighted that it can be difficult to get a summer job on the Orkney mainland – as they felt employers did not want to employ younger people for these roles.

### ***Views of the Orkney Islands***

There were mixed views about the Orkney Islands as a place to live and work. Most enjoyed living in the Orkney Islands, but some felt there were fewer opportunities for young people and many felt that they would have to leave the Orkney Islands to pursue their chosen career. In particular, many living on the outer isles felt they would have to leave their island to pursue employment, training and learning opportunities.

Many young people were looking forward moving elsewhere when they left school. However, several felt they would eventually return to the Orkney Islands, particularly when they wanted to raise a family (and that their experiences outside the Orkney Islands would enable them to appreciate it more). The mainland was also seen as attractive for a range of other reasons including:

- The opportunity to meet more people.
- Range of available career opportunities.
- Opportunities to build career (with more opportunities for progression than on the Orkney Islands).
- A chance to have different experiences.
- More freedom – 'you are able to be you' – this was not always possible in smaller communities where everyone knows each other.

In terms of building a career on the Orkney Islands:

- Many of those intending to move away from the Orkney Islands after finishing school felt they would like to come back if they could get a 'good job' which they defined as something that was needed on the island.
- Others felt the Orkney Islands offered a very limited labour market and getting a job depended on 'who you know' and there is little open recruitment. It was perceived that this process works well for young people who have grown up on the Orkney Islands, but less so for young people who moved here in their teens.
- In one focus group (in a JHS), pupils felt that UHI Orkney College offers a good range of courses which was likely to be sufficient for the careers they wanted to pursue. These young people did not feel that their options were limited and did not feel that they would have to leave the Orkney Islands to get a job when they finished school.

### ***Awareness of Employment Opportunities on the Orkney Islands***

Awareness of available employment opportunities was mixed – with some young people having a fairly limited understanding of the kinds of employment opportunities available on the Orkney Islands whilst others having a good understanding.

- When asked about what types of employment opportunities there are on the Orkney Islands, young people often cited lower paid, lower skilled jobs – or those that are in customer facing roles (e.g. in tourism, retail, etc.). Often it took some prompting for them to identify roles in other occupations or sectors.
- Awareness of the roles available in the public sector (again other than in customer facing roles such as nurses) appears to be relatively limited – and there is a

perception that for many jobs (especially in relation to Orkney Islands Council) that it is 'who you know' that is important.

- Some young people highlighted that whilst they knew what type of jobs were available, they did not necessarily know how to get into these occupations or sectors and that it would be good to have more information on this.

One factor that appears to have an important role in helping young people develop an understanding of the range of employment opportunities is work experience. In addition, young people felt that work experience had given them a better understanding of what types of jobs they would like or dislike. Most of those that had undertaken work experience had tried to get a placement relevant to their career choice. The young people being supported by employability services felt that work experience in school (or, in some cases, the lack of it) had been a missed opportunity.

Most school pupils felt speaking to their career adviser had been helpful and that advisers had a good understanding of opportunities both on the Orkney Islands and the mainland. However, pupils felt they could be given more information about what kind of job opportunities are available on Orkney.

Young people's views about what else could help them develop an understanding of the world of work included:

- Better links to UHI Orkney College to develop vocational skills while still at school.
- Getting more information about Modern Apprenticeship opportunities.
- More school visits to let them know about opportunities – this includes both employers and also people who have recently made a transition into work.
- More input from employers into the school to let pupils know what kinds of skills, qualifications and experience they are looking for.

#### **Key Messages and Implications for Skills Investment Plan**

1. The population of the Orkney Islands was 21,220 in 2015.
  - The population increased by 2.1% between 2010 and 2015 – however this will conceal significant variations across different parts of the Orkney Islands.
  - Young people and prime age workers (aged 25-49) account for a smaller proportion of the population in the Orkney Islands than in Highlands and Islands or Scotland as a whole. In addition, the population in these age bands is projected to decline between 2014 and 2024. This presents a challenge to local employers in relation to being able to access the labour and skills they require.
2. The Orkney Islands have very high economic activity and employment rates – and conversely low unemployment and benefit claimant rates. This means the majority of those that are able to and want to work are already in employment – meaning it is critically important to focus on:
  - Attracting individuals to the Orkney Islands labour market. Within this, a key element is how to encourage young people to live, work and study on the Orkney Islands.
  - Ensure that opportunities are in place to upskill individuals already in the labour market.
3. The vast majority of young people on the Orkney Islands move into a positive destination on leaving school. A larger proportion than in Scotland as a whole go into employment – making it critically important that young people are developing the skills needed by local employers.

4. A higher proportion of the Orkney Islands' residents have low level qualifications (compared to Highlands and Islands and Scotland) and fewer have high level qualifications. Consideration should be given to whether this is inhibiting the productivity and competitiveness of Orkney Islands businesses – and if so, how best to address this.
5. Overall, college enrolments and MA starts appear to be in the subjects and frameworks that are most relevant to Orkney Islands' economy.
6. Young people on the Orkney Islands have varied career aspirations.
  - Many young people would like to pursue careers that will require them taking up education, training or employment opportunities outside of the Orkney Islands.
  - Whilst many are keen to go to university, college or to take up employment elsewhere, many would like to return to the Orkney Islands at some point in the future. However, many felt that there was a lack of suitable employment opportunities on the Orkney Islands or that the employment market depended on 'who you know'.
  - Young people being supported by employability services faced a number of barriers to employment including a lack of public transport, lack of networks and/or negative perceptions by employers.
  - Young people felt they would benefit from receiving greater information about the employment opportunities on the Orkney Islands (including how to get into these) – with talks by employers and young people seen as particularly important – and greater opportunities to undertake work experience.

## 4. ORKNEY ISLANDS SKILLS INVESTMENT PLAN

### Strategic Vision

The strategic vision for the Orkney Islands Skills Investment Plan is that by 2022:

- Orkney Islands employers are able to recruit, retain and develop individuals with the skills and experience they require to benefit from and contribute to economic growth.
- Orkney Islands residents are able to access high quality employment and training opportunities that enable them to achieve their career aspirations.
- Young people and those that influence them (including parents) have a good understanding of the employment, training and learning opportunities available on the Orkney Islands and how to access these.

### Strategic Outcomes

To achieve this strategic vision, the Orkney Islands must deliver against four strategic outcomes:

- Partnership working across the public sector and with employers is the norm for skills planning, investment and provision on the Orkney Islands.
- To increase the availability of skilled labour on the Orkney Islands – with a particular focus on the skills needed by Orkney’s key sectors.
- To increase the opportunities for all residents to develop and utilise their skills on the Orkney Islands and beyond.
- To increase young people’s understanding of employment, training and learning opportunities on the Orkney Islands (including the need to be flexible and adaptable in light of changing employer needs and to build portfolio careers) and provide opportunities to gain the skills and competencies required to access these.

In addition, for the Orkney Islands to achieve the strategic vision, it will also be important that other issues are tackled including:

- Improving the availability of childcare – noting that the Scottish Government has committed to a doubling of funded childcare hours for 3-5 year olds which Orkney Islands Council will have a duty to deliver on.
- Improving public transport.
- Increasing the availability of affordable housing. Linked to this, there is also a need to resolve the issue of accommodation for young people (especially those under 18) attending UHI Orkney College.

Whilst these are outside the scope of the Skills Investment Plan, we hope that by highlighting the importance of these to tackling skills issues here will help reinforce the arguments currently being made as part of the Our Islands Our Future process.

One final ‘principle’ of the Skills Investment Plan is that it should – at all stages and for all actions – ensure that it is meeting the needs of all of the Orkney Islands’ communities, including the outer isles. The SIP will not be effective if it only meets the needs of employers and individuals living on the Orkney mainland.

### Areas for Action

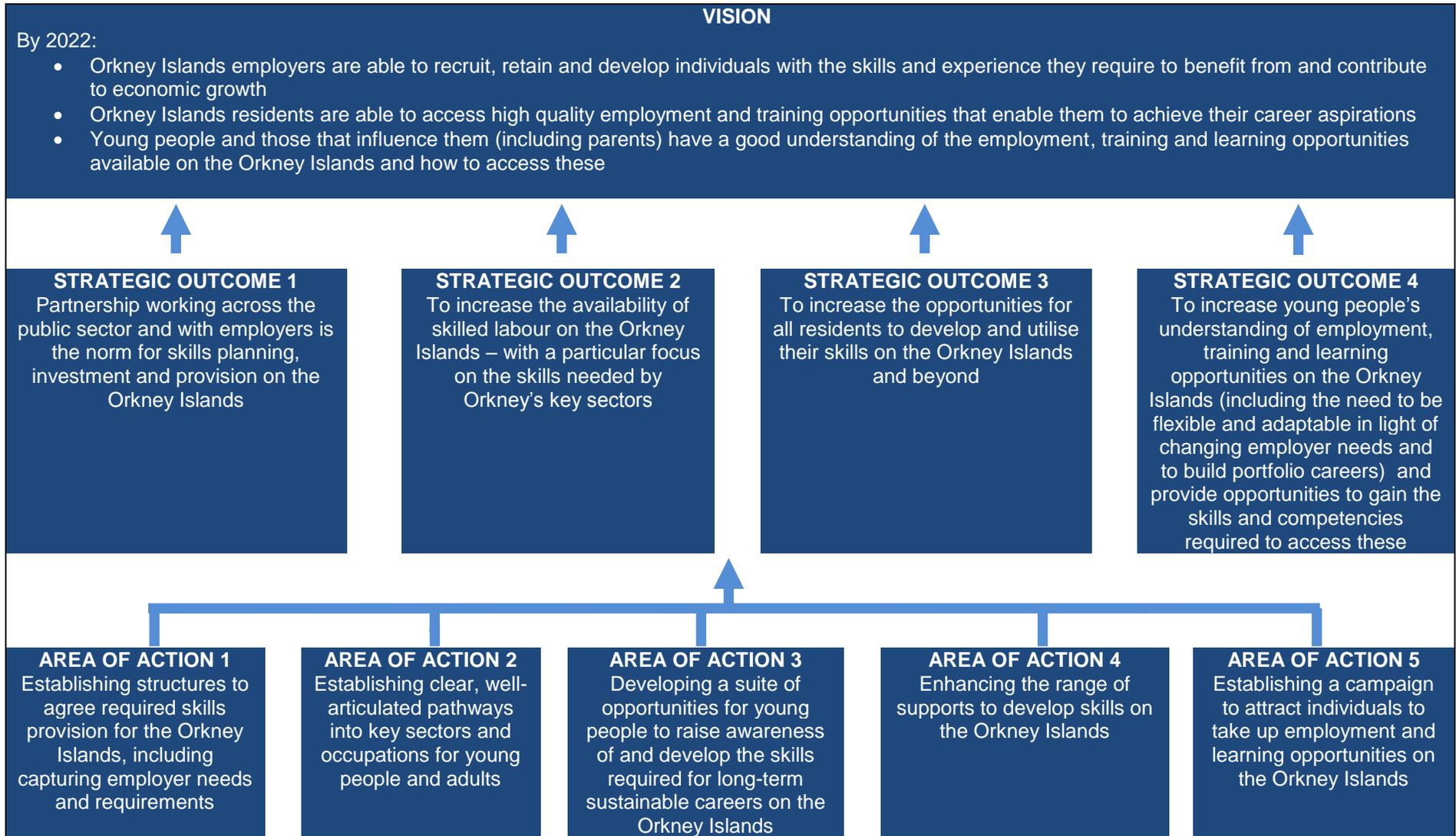
The Strategy must come off the page quickly and begin to change the way skills provision is planned, designed, commissioned and delivered on the Orkney Islands. Critical to this is the identification and prioritisation of a number of actions and projects which have the capacity to make a significant impact on the demand and supply of skills on the Orkney Islands. Five areas for action have been identified.

- **Area of Action 1:** Establishing structures to agree required skills provision for the Orkney Islands, including capturing employer needs and requirements.
- **Area of Action 2:** Establishing clear, well-articulated pathways into key sectors and occupations for young people and adults.

- **Area of Action 3:** Developing a suite of opportunities for young people to raise awareness of and develop the skills required for long-term sustainable careers on the Orkney Islands.
- **Area of Action 4:** Enhancing the range of supports to develop skills on the Orkney Islands.
- **Area of Action 5:** Establishing a campaign to attract individuals to take up employment and learning opportunities on the Orkney Islands.

Figure 30 provides an overview of the Orkney Islands Skills Investment Plan and then details of the projects and actions to be taken forward under each Area for Action are set out.

**Figure 30: Overview of Orkney Islands Skills Investment Plan**



### Area of Action 1: Establishing structures to agree required skills provision for the Orkney Islands, including capturing employer needs and requirements

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
<p>a) Agree Strategic Group that will oversee delivery of Orkney Islands Skills Investment Plan</p> <ul style="list-style-type: none"> <li>• Will be responsible for ensuring Plan is delivered</li> <li>• Should involve representatives from public, private and third sector and young people. Within this, consideration should be given to whether the group should be employer-led</li> <li>• Must establish processes for: <ul style="list-style-type: none"> <li>– Reviewing and revising skills provision on a regular basis in line with employer needs and outcomes achieved by existing provision</li> <li>– Monitoring and evaluating outcomes achieved</li> <li>– Interacting with other key strategic groups on Orkney – including the Orkney Offer Strategic Group and the DYW Regional Group (once established) as there are overlaps in memberships and focus</li> </ul> </li> </ul>	Skills Development Scotland (SDS)	Orkney Islands Council (OIC) – representatives from Economic Development, Employability and Education Highlands and Islands Enterprise (HIE) UHI Orkney College Voluntary Action Orkney	Orkney Community Planning Partnership – Vibrant Economic Environment Priority Group Orkney Offer Group and Sub-Groups	Should be immediate priority
<p>b) Develop and coordinate process for Orkney Islands employers to share current and future skills needs with public sector partners</p> <ul style="list-style-type: none"> <li>• Must include both expansion demand (i.e. jobs created from employment growth) and replacement demand (i.e. job openings generated by staff leaving sector, retiring or progressing into more senior roles)</li> <li>• Must also capture skills development needs of existing workforce</li> </ul>	SDS (drawing on both national employer engagement/ sectors expertise and local connections) OIC	OIC Education (including DYW/Orkney Offer) OIC Employability HIE UHI Orkney College Local employers Business representative organisations and sectoral groups	Partners (including OIC Economic Development, HIE and UHI Orkney College) have good links to employers and/or processes to capture employer views – need to build upon, address gaps and bring together into a single approach	Establishing process should be early priority Capturing employer needs will be ongoing process

## Area of Action 2: Establishing clear, well-articulated pathways into key sectors and occupations for young people and adults

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
<p>a) Develop materials for young people and adults to help them understand the routes into and through Orkney's key sectors and occupations</p> <ul style="list-style-type: none"> <li>• Important to demonstrate breadth of routes into key roles (e.g. through MAs, college and university) – and that qualifications and training chosen can lead to multiple different career options</li> <li>• Important to have examples of routes into sectors represented on outer isles</li> <li>• For young people, links between different options within Senior Phase offer and post-school career pathways must be clear</li> </ul>	<p>SDS OIC (Education – DYW/Orkney Offer)</p>	<p>Local employers Business representative organisations and sectoral groups OIC (Employability and Economic Development) HIE UHI Orkney College</p>	<p>Orkney Offer SDS services – e.g. My World of Work; Our Skillsforce; CIAG team Sectoral SIPs Build on good practice on developing pathways from North East Scotland</p>	<p>Develop pathways to be launched at beginning of 2017/18 academic year</p>
<p>b) Develop case studies of individuals that have developed successful careers on the Orkney Islands</p> <ul style="list-style-type: none"> <li>• Case studies should be suitable for use with young people and adults</li> <li>• Important to have variety of experiences including those taking academic and vocational routes, those that have built their career exclusively on the Orkney Islands and those that have worked on mainland and returned to the Orkney Islands and employee/self-employed routes</li> <li>• Important to have case studies showing experiences of those living on outer isles</li> <li>• Link with database of 'Ambassadors' – local residents that are able to talk to pupils about their careers – that is being established in response to Career Education Standard</li> </ul>	<p>OIC (Education – DYW/Orkney Offer) SDS</p>	<p>Local employers Business representative organisations and sectoral groups OIC (Employability and Economic Development) HIE UHI Orkney College</p>		<p>Develop case studies to be launched at beginning of 2017/18 academic year (as part of Orkney Offer)</p>
<p>c) Establish training needs analysis for employers to help them identify skills needs and suitable skills development options for their employees</p>	<p>HIE OIC Economic Development (including</p>	<p>Local employers UHI Orkney College</p>	<p>Our Skillsforce HIE Account Management process</p>	<p>Establish process by end 2017</p>

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
<ul style="list-style-type: none"> <li>• Important to create a 'skills development mindset' within employers on the Orkney Islands</li> <li>• Should be focused on meeting skills needs that are inhibiting effectiveness, drive improvements in productivity and underpin business growth</li> <li>• Will need to have training and skills development options in place to meet needs or be able to signpost to available supports provided by others</li> <li>• Would also be valuable to have some funding in place to support employers to access provision</li> </ul>	Business Gateway)		<p>OIC Economic Development services for employers – including Business Gateway</p> <p>Provision including:</p> <ul style="list-style-type: none"> <li>• UHI Orkney College courses</li> <li>• Heriot Watt University</li> <li>• Modern Apprenticeships (MAs)</li> </ul> <p>OIC Flexible Funding Grants</p>	

### Area of Action 3: Developing a suite of opportunities for young people to raise awareness of and develop the skills required for long-term sustainable careers on the Orkney Islands

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
<p>a) Continue to develop education-employer forum through Orkney Offer (Workstream 2) to:</p> <ul style="list-style-type: none"> <li>• Involve employers in curriculum design and delivery – with a particular focus on getting their input into the Senior Phase</li> <li>• Develop a programme of education-employer activities such as employer talks, employers providing support (e.g. developing a CV), exploring opportunities to link engagement with curriculum, etc.</li> </ul>	Orkney Offer Workstream 2 (led by UHI Orkney College)	Orkney Offer DYW Regional Group (once established) Local employers OIC Education (including HS and JHS headteachers) UHI Orkney College Student representatives	Existing school-employer links Existing college-employer links	To be established by April 2017 Will need to meet regularly initially to establish programme of inputs that can be made by employers Once established and activities underway should meet regularly (e.g. quarterly) to review progress and plan future activities
<p>b) Enhance work experience offer available to young people in school and college</p> <ul style="list-style-type: none"> <li>• Offer range of modes (e.g. one-day tasters, week-long blocks, one day a week for whole term/school year), etc. at appropriate points in school year and in each individual's school career</li> <li>• Provide opportunities for young people that are undecided on career choice to experience more than one sector</li> <li>• Link into other Senior Phase activities/embed into curriculum</li> </ul>	OIC Education (including DYW/Orkney Offer lead and HS and JHS headteachers) UHI Orkney College	Orkney Offer DYW Regional Group (once established) Local employers Business representative organisations and sectoral groups	Many employers already offer work experience UHI Orkney College employer linkages Scope to learn from Comhairle nan Eilean Siar experience	Agree new approach for implementation in the 2017/18 academic year Review approach and opportunities on an annual basis to drive further improvements
<p>c) Develop new approaches to enable young people on outer isles to develop vocational skills</p> <ul style="list-style-type: none"> <li>• Use of digital technologies should be explored (Comhairle nan Eilean Siar e-sgoil currently being explored by OIC)</li> <li>• Foundation Apprenticeships and Modern Apprenticeships should be utilised where appropriate</li> <li>• Whilst not a skills issue, partners should also consider how young people from the outer isles</li> </ul>	OIC Education UHI Orkney College	Orkney Offer DYW Regional Group SDS Local employers Voluntary organisations	UHI Orkney College Foundation Apprenticeships Modern Apprenticeships	Medium-term project – OIC plan to develop from June 2017 onwards

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
that cannot be accommodated at Papdale Halls of Residence can be supported to access vocational learning and employment opportunities on the mainland				
d) Accredit learning young people achieve through part-time work and volunteering <ul style="list-style-type: none"> <li>Explore using Certificate of Work Readiness<sup>1</sup> (CWR) to accredit</li> </ul>	SDS OIC Education (including DYW/Orkney Offer and HS and JHS headteachers)	UHI Orkney College Local employers	Certificate of Work Readiness	Medium-term project – to be established in 2018
e) Programme of promotional activities to: <ul style="list-style-type: none"> <li>Encourage greater take-up of Modern Apprenticeships (MAs) by employers including encouraging those in less traditional MA Frameworks to begin to offer MAs</li> <li>Promote MA opportunities to individuals</li> </ul>	SDS	MA providers (including UHI Orkney College) OIC Economic Development (including Business Gateway) and HIE and SDS have role in promoting to employers OIC Education including DYW/Orkney Offer and HS and JHS headteachers), employers and voluntary sector (through employability projects) have role in promoting to young people	Existing MA providers and employers	Promotional events for employers – ongoing from June 2017 Promotional events for young people – ongoing from beginning of 2017/18 academic year

<sup>1</sup> Certificate for Work Readiness is a SDS programme that takes around 10 weeks to complete and includes a minimum of around 190 hours of work experience for young people aged between 16 and 19. The certificate involves a combination of work experience and employer assessment and at the end of it ensures that young people have reached an employer defined standard.

#### Area of Action 4: Enhancing the range of supports to develop skills on the Orkney Islands

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
<p>a) Build opportunities for individuals to develop entrepreneurial skills into existing skills provision</p> <ul style="list-style-type: none"> <li>Given the Orkney Islands have very high level of self-employment, important to develop entrepreneurial skills within population</li> <li>Where possible, would be good to build in accredited learning opportunities (e.g. NPA Enterprise and Business) to develop skills. Should be explored whether this can be offered as part of Senior Phase offer, for example, through Isles Development Trusts</li> <li>Also review other provision to see if there are activities that could be incorporated that would help develop entrepreneurial skills – e.g. work experience targeted at learning about running own business, embedding entrepreneurial activities in programmes to support young people NEET (e.g. Employability Fund), building into staff training, etc.</li> </ul>	OIC Economic Development	<p>HIE OIC Education (including DYW/Orkney Offer and HS and JHS) UHI Orkney College Voluntary organisations Student representatives</p>	Young Enterprise Scotland HIE and Business Gateway tools for business owners – potential to review what could be adapted for use with those not currently running business	Medium-term priority – work to ensure these are embedded from 2018/19 academic year onwards
<p>b) Build the development of skills into the Orkney Islands' employability provision for unemployed individuals. In particular, important to:</p> <ul style="list-style-type: none"> <li>Ensure provision is in place to help develop basic skills for work such as confidence building, numeracy, literacy, communication skills, etc.</li> <li>Ensure provision is in place to develop the technical or practical skills required by Orkney's main employing sectors (linked to pathways in AA2)</li> <li>Create opportunities for unemployed clients to gain work experience with employers – with this helping both improve their skills and challenge employer perceptions of individuals (with this raised as a key issue)</li> </ul>	<p>Employability Strategic Group OIC Employability</p>	<p>DWP Jobcentre Plus Community, voluntary and third sector organisations Local employers</p>	<p>Employability Strategic Group OIC Employability Services DWP and SDS mainstream services ESF funding SDS Employability Fund</p>	Review fit between existing employability provision and employer needs by April 2017

### Area of Action 5: Establishing a campaign to attract individuals to take up employment and learning opportunities on the Orkney Islands

Tasks	Lead partner	Other partners	Linkages to existing structures/ provision	Timescales/ priority
<p>a) Implement the actions outlined in the Highlands and Islands Talent Attraction Strategy and Action Plan to encourage and recruit individuals to take up the employment, learning and training opportunities on the Orkney Islands with a focus on young people leaving school and to attract and develop a skilled workforce that will enhance socio-economic potential now and in the years ahead.</p> <ul style="list-style-type: none"> <li>• Key focus on demonstrating quality of life and ability to develop fulfilling careers on the Orkney Islands</li> <li>• Focus on attracting skilled individuals to address key gaps in labour market</li> <li>• Identify appropriate media outlets</li> <li>• Identify key messages/ stories</li> <li>• Pitch to media</li> <li>• Social media engagement</li> </ul>	OISIP Strategic Group	OIC Economic Development HIE SDS UHI Orkney College Heriot Watt University Visit Orkney	Visit Orkney tourism campaigns Planned 2017 social media campaign to promote Orkney UHI and Heriot Watt University student recruitment My World of Work Highlands and Islands SIP People Attraction research	Medium-term priority – from 2018 onwards

### Timescales

The Skills Investment Plan sets the vision, strategic outcomes and areas for action for the next 5 years (to 2022). We recommend that progress against the Action Plan is monitored by the Strategic Group on an ongoing basis (e.g. considered at each meeting), with an Annual Progress Report each year that sets out the progress that has been made, alongside any changes required to the Action Plan with a more substantive refresh at the end of Year 3.

### Governance

The first priority for the Steering Group – task (a) listed under Area of Action 1 – is to agree the Strategic Group that will oversee the delivery of the Skills Investment Plan. This Group should include a mix of public and private sector representatives. The responsibilities of this group include:

- Ensure that the Skills Investment Plan’s vision, strategic outcomes and actions are delivered.
- Establish an annual review process that will assess progress towards the Skills Investment Plan’s vision and strategic outcomes and implement changes to the Plan if insufficient progress is being made.
- Resolve any major problems or respond to any major opportunities that could affect the delivery of the Skills Investment Plan.

There are two key options here:

- For an existing grouping to take on responsibility for overseeing the Skills Investment Plan. The advantage to this approach is that it minimises ‘group proliferation’ and helps ensure linkages between the Skills Investment Plan and other strategic priorities on the Orkney Islands. The key options are:
  - The Orkney Community Planning Partnership’s Vibrant Economic Environment Priority Group. Using this group would help link the Skills Investment Plan into the broader economic development of the area – but this group only meets 3 or 4 times a year. Whilst this is likely to be sufficient once the group is established and has launched its key actions, a more regular schedule would be required in the early stages.
  - The Orkney Offer Group. This group is currently meeting regularly, has established a number of sub-groups on issues that will be central to the delivery of the Skills Investment Plan (for example, employer engagement; marketing and communications) and is leading on the development of the Senior Phase Curriculum. However, its focus is primarily on young people – whilst the Skills Investment Plan must meet the needs of the population and business base of Orkney as a whole.
  - The Employability Strategic Group acts as the strategic group for employability services delivered by the public and third sectors in Orkney. If this group was utilised this would require a broadening of its remit and membership – to employability and skills – to reflect this.
- Establishing a new stand-alone group to oversee the Orkney Skills Investment Plan

Having gathered the views of key partners through interviews and workshop, the preferred option is that the ‘Vibrant Economic Environment’ option is pursued – given that it would provide links into broader strategic decision making at the local level and positions skills very clearly as being central to the economic development of the area. If this option is pursued, partners should consider:

- Whether the Vibrant Economic Environment Priority Group will oversee the plan or if there would be value in setting up a sub-group to oversee the Plan. In particular, there may be value in setting up a ‘task and complete’ sub-group for the first year of

the Plan (which is likely to be the most time-intensive) – with responsibility then reverting to the Vibrant Economic Environment Priority Group after that period.

- Whether the Vibrant Economic Environment Priority Group needs to invite any additional partners (including employers and potentially student/parent representatives) to join its membership to reflect its new responsibility for the Skills Investment Plan.
- How to build links with the Orkney Offer and Employability Strategic Group to ensure connectively across their overlapping responsibilities.