Introduction from the Chief Executive

Welcome to our Operating Plan for 2019-20

As Scotland’s national skills agency, our purpose is to drive productivity and inclusive growth through investment in skills, enabling businesses and people to achieve their full potential. We are committed to collaborating with our enterprise and skills agency partners to help meet the Scottish Government’s ambition of ranking in the top quartile of OECD countries for productivity, equality, wellbeing and sustainability.

Scotland is in a time of increasing economic and political uncertainty and of significant change. Fiscal forecasts continue to predict weak growth in productivity and in tax revenues, resulting in tighter public sector budgets. The Scottish population is ageing and is forecast to grow at a slower rate due to a steep downturn in inward migration linked to the UK’s impending exit from the EU. These demographic changes may lead to skills shortages in Scotland’s sectors and regions, and intensify the competition to attract and retain talent\(^1\). The pace and scale of the advancements in technology is exponential, driving disruption and change in the labour market. Consequently, the country faces a challenge in meeting its current and future skills needs. In response, there is a need to build even greater resilience and adaptability in businesses and individuals.

To deliver effectively in this challenging environment, we are collaborating with the other agencies to understand the dimensions of change over the next 15 years. This collective understanding will provide a foundation to build a shared vision for skills in 2035. This vision will allow us to jointly determine how best to leverage our innate human skills to drive success and ensure that, by 2035, Scotland is characterised by:

- An adaptive and resilient workforce
- Engaged employers at the heart of shaping skills
- A dynamic and responsive skills & learning ecosystem

Over the shorter term, we are responding to the challenges and ambitions laid out by the Strategic Board in its Strategic Plan, published in 2018.

SDS’s contribution to this is set out in our new Strategic Plan for 2019-2022, which identifies how we will work collaboratively to move Scotland closer to top quartile OECD performance. This annual Operating Plan details the specific first steps SDS will take in 2019-20, the first year of our three-year strategic plan period, towards achieving our ambitions.

We will continue to place equality and diversity at the very heart of what we do to drive forward change both as an employer and in our service delivery. We will continue to ensure all our services are accessible and take into consideration equality issues, making an enduring difference to Scottish Government’s ambitions for a fairer Scotland and for inclusive economic growth. In addition, by driving our own innovation, efficiency and productivity as an organisation, including our commitment to fair work practices, we hope to inspire others to follow our example.

I am confident that through investment in, and development of, the right skills, and the collaborative efforts of all our agency colleagues, Scotland’s individuals and businesses will reach their potential and our society and economy will thrive. We share the Scottish Government’s reinvigorated sense of ambition in creating an increasingly productive and inclusive Scotland and this plan outlines our commitment and contribution to making this a reality.

Damien Yeates, Chief Executive

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\(^1\) Attracting and retaining the right talent, an article by Scott Keller and Mary Meaney of McKinsey & Co in 2017, building on the work of Stephen Hankin of McKinsey & Co in 1997 who coined the term “War for Talent” to describe the fierce competition to attract and retain talent.
1. Economic and Policy Context

The Enterprise and Skills Strategic Board has identified how the enterprise and skills agencies, including Skills Development Scotland, can contribute and collectively help Scotland to move towards the top of the OECD rankings for productivity, equality, wellbeing and sustainability. This Plan, reinforced by the Scottish Government’s Economic Strategy and Action Plan, sets out clear areas of activity, specifically intended to boost economic growth and productivity.

Our 2019-2022 Strategic Plan details these ambitions alongside the broad contextual challenges we face. Changes in the economic, technological, socio-demographic and policy environments significantly influence what we do and are summarised in this section.

Economic: Productivity, Employment and Brexit

Productivity is central to creating wealth and wellbeing and has long been the focus of economic policy in Scotland. Scotland’s productivity remains 20% behind the top quartile of OECD countries and our productivity levels are relatively flat, while the OECD and EU 28 countries demonstrate an upward trajectory.

Scottish employment and unemployment levels compare well in UK and international terms. However, there remain challenges ahead for the Scottish economy during a time of increasing change and uncertainty. According to an evidence-based analysis by the Centre for Economic Performance, the Brexit vote has resulted in lower investment in the UK from the EU, and there has been a 12% increase in investment in the EU by UK firms.

Technological: Industry 4.0, Disruption and Adaptive Resilience

Advances in technology continue to be a dominant driver of economic change. The fourth industrial revolution, marked by its exponential pace, is disrupting existing business models, working environments and causing rapid changes in job roles and skills needs. This requires workers to be agile and prepared for change.

To enable this, all learning programmes need to place a greater emphasis on consolidating competences around what we call ‘meta-skills’, alongside the essential technical skills. The skills and learning system must equip people with these skills in order to thrive.

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2 Scottish productivity statistics – latest update and longer-term trends, Fraser of Allander Institute – February 14, 2019

3 CEP Brexit Analysis No. 13 – analysis of how the Brexit vote has affected outward investment by UK firms, Centre for Economic Performance – February 11, 2019

4 Skills 4.0: A skills model to drive Scotland’s future, Skills for the Future: meta-skills – February 2018
and build success for Scotland in this increasingly dynamic context, while businesses must recognise the importance of re-skilling and up-skilling their workforce to accommodate disruption.

**Socio-demographic: Brexit, Immigration and Talent Attraction**
Scotland’s population is forecast to grow at a slower rate than in recent years, with a gradual decline in the working age population. We face rising dependency ratios and greater pressure for people to work longer and retire later.

Combined with near full employment, this trend points to a tightening of the labour market, which is likely to be exacerbated by the UK’s departure from the EU. The main driver of recent Scottish population growth has been in-migration. Between 2008 and 2018 Scotland’s population grew by 280,000, with 90% of population growth attributed to in-migration.\(^3\) It is expected that Brexit will result in a steep decline in inward migration – and may lead to skills shortages across sectors and regions in Scotland, intensifying the ‘war for talent’ as companies compete to attract and retain skilled employees.

The Fraser of Allander Institute estimates that a no-deal Brexit could lower Scottish GDP by 9% over the next 10 years. While no-deal might be avoided, leading economic indicators suggest a slowdown in the Scottish economy. With this, for some businesses, change will trigger opportunities not previously considered. For instance, employers may invest in workforce development to address skills gaps, and others may broaden their recruitment plans to hire talent from new sources.

**Policy and Public Finances**
The Strategic Board’s Strategic Plan, the Scottish Government’s Economic Action Plan and Programme for Government have identified the initial actions for the agencies to progress together to support increased productivity, equality, wellbeing and sustainability in Scotland. These include programmes to better align skills supply with the needs of the economy and to drive the adoption of innovative and fair work practices. A more detailed picture of the collaborative agency approach can be found in our 2019-22 Strategic Plan.

Public sector budgets remain extremely tight due to inflationary pressures following the lifting of the public sector pay cap, combined with rising demand for key services such as health care. There is a clear need for public service providers, including SDS, to develop smarter and more efficient ways of working to deliver our shared ambition for Scotland’s future.

**Figure 1: Drivers of change**

<table>
<thead>
<tr>
<th>Economy</th>
<th>Socio-demography</th>
<th>Technology</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Productivity – ambition to be in top quartile of OECD countries</td>
<td>Recent population growth mainly due to in-migration, which may be stifled by Brexit</td>
<td>Disruption of occupations, and business models - workers must be agile</td>
<td>Deep collaboration with other skills and enterprise agencies required – response to Strategic Board asks</td>
</tr>
<tr>
<td>Brexit and uncertainty</td>
<td>Ageing population with increasing dependency ratios</td>
<td>230,000 Scottish jobs at risk from automation(^6)</td>
<td>Public finance constraints</td>
</tr>
</tbody>
</table>

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\(^3\) Scottish Population Statistics- *Total Migration to or from Scotland*, National Records for Scotland, 25 April, 2019

\(^6\) Cities Outlook Report 2018 by Centre for Cities- annual report on city economies in the UK
As we move into the new operating year, our work is framed by the policy objectives, challenges and opportunities outlined in this section (and detailed further in our 2019-2022 Strategic Plan). The rest of this Plan outlines how we intend to respond in the year ahead to deliver an increasingly productive and inclusive economy.

2. SDS Response in 2019-20

Responding to the policy and environmental context, our new Strategic Plan was produced to align with those of the other enterprise and skills agencies for the first time. We are exploring new ways of simplifying and streamlining services for our customers and our own organisations.

Our strategy map for 2019-22 (overleaf) summarises the change we want to achieve, and the actions we will take to progress towards our shared ambition. We will work effectively with partners nationally, regionally and locally, to create a Scotland where:

- All people in Scotland have the skills, information and opportunities to succeed in the labour market
- Scotland’s businesses drive productivity and inclusive growth
- The learning and skills system is dynamic and responsive
- SDS leads by example and continuously improves to achieve excellence

The year ahead
Alongside delivery of our core services and programmes, SDS will be collaborating with partner agencies to progress new programmes of work to deliver against the Strategic Board’s policy missions, identified as the areas where collective action is most likely to drive productivity, equality, sustainability and wellbeing. We will also work with the Scottish Government to help deliver other commitments in their Economic Action Plan.

New programmes of collaborative activity:

- Implementation of the 5-stage skills alignment model, moving towards a more effective demand-led skills system that better responds to the needs of employers and individuals
- An increasing focus on the importance of meta-skills as a core component of all learning including work-based learning, to build resilience and adaptability in businesses and in people to enable them to cope in an environment of change and technological disruption
- Promotion of workplace innovation to enhance wellbeing, creativity and productivity
- Support for business growth and expansion through appropriate skills interventions and a single business portal
- Better use of our data and digital capability to align agency offers and enhance services to customers.
- Accelerating the pace and implementation of the recommendations of the Learner Journey Review – which aims to improve the efficacy of pathways from learning into work
- Supporting the development and publication of a Future Skills Action Plan in 2019 which will address the need for up-skilling and re-skilling support (working with the National Retraining Partnership) and the establishment of a flexible and sustainable funding model for work-based learning.

Our annual operating plan reflects all these actions, setting out our planned activity in each area for the year ahead. This plan sets out our intended delivery and continuous improvement in core services and programmes across each of our four goals. In each case, SDS responds to the asks in its annual Letter of Guidance from the Scottish Government. The detail of this is provided in the sections that follow.
**Figure 2: SDS strategy map**

<table>
<thead>
<tr>
<th>Productivity</th>
<th>Equality</th>
<th>Wellbeing</th>
<th>Sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Human Future – Scotland in 2035</td>
<td>Driving productivity and inclusive growth through skills</td>
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<td></td>
</tr>
</tbody>
</table>

**2019–2022 Strategic Plan**

**All people in Scotland**

- Have the skills, information and opportunities to succeed in the labour market

To achieve this goal SDS will:
- Enable learners and workers to make informed learning and career choices
- Empower people to achieve equitable learning and employment outcomes
- Provide effective learning pathways into productive employment
- Help create an increasingly productive and resilient workforce for Scotland

**Scotland’s businesses**

- Drive productivity and inclusive growth

To achieve this goal SDS will:
- Deliver an aligned and integrated service offer for employers
- Inspire and enable employers to take a strategic approach to workforce planning
- Promote the development of productive and innovative workplace practices
- Drive understanding and adoption of fair work practices

**Scotland has a dynamic and responsive skills system**

To achieve this goal SDS will:
- Strengthen industry ownership of the skills system
- Build a high-quality evidence base using robust and comprehensive data

- Influence the prioritisation of resources in line with the evidence base
- Ensure work-based learning is efficient, responsive and future-focused

**SDS leads by example and continuously improves to achieve excellence**

To achieve this goal SDS will:
- Adopt high-performing workplace practices, leading change in others
- Improve customer experience and customer service through enhanced use of data and technology

- Make efficient, effective and sustainable use of our resources
- Drive better outcomes through deeper collaboration and partnership working

- Customers at the Heart
- Strengths and Expertise
- Motivation, Responsibility and Respect
- Achieve Excellence
3. Enabling Scotland’s People

Goal One: All people in Scotland have the skills, information and opportunities to succeed in the labour market.

In the light of demographic challenges, Scotland needs to harness the diversity of all of its people. Our products and services ensure Scotland’s people, regardless of their background, characteristics or location have access to a range of options and pathways which allow them to effectively prepare for, enter and progress in the world of work.

Going forward, Scotland will require an increasingly adaptive and resilient workforce, comprised of individuals who have been equipped with the skills and information they need to achieve their potential.

In the year ahead, we will continue to deliver our universal and targeted career information, advice and guidance (CIAG) offers in schools and to those facing unemployment, redundancy or career transition.

Reflecting the need for high quality CIAG in different contexts, we will work to extend the recognised best practice in SDS school delivery into the wider education system, including further and higher education.

Responding to changes in the world of work, we will also explore options to support those in mid-career to re-skill or up-skill.

We will work closely with Scottish Government to reflect these developments in a refreshed CIAG Strategy for Scotland, expected later in 2019.

In line with Learner Journey recommendations, we will work to develop individual online accounts for all learners, helping them make course choices which align well with their skills and attributes.

Continued expansion of work-based learning this year will focus on increasing the availability of Foundation Apprenticeship (FA) opportunities in schools across Scotland, and on the continued promotion and delivery of Modern and Graduate Apprenticeships towards at least 29,000 apprenticeship starts this year.

We will also progress the development and implementation of a work-based learning offer in schools at SCQF Levels 4/5 and continue to facilitate stronger relationships between schools and employers.

This year, we will continue to offer targeted employability support through delivery of the Employability Fund, and the National Third Sector Fund. We will also work with Scottish Government and others to develop, and potentially deliver a programme of targeted support for women returning to work.

Also, in conjunction with the Scottish Government, we will develop options to improve the focus of Individual Training Accounts (ITAs), seeking to expand their capability to enable workers in declining industries or sectors to transfer into new occupations.

Goal 1: New in 2019/20

- Advising Scottish Government on the development of a refreshed CIAG strategy for Scotland
- Providing up to 5,000 Foundation Apprenticeship opportunities in the senior phase of secondary school
- Consolidating improvements in CIAG services through the development of an in-work support offer
- Development of an online learner account on My World of Work
- Introduction of work-based learning at SCQF levels 4 and 5 in the senior phase of secondary school

These and other goal one commitments for 2019-20 are summarised on the next page.
### Operating Plan – Goal One: All people in Scotland have the skills, information and opportunities to succeed in the labour market

| Enable learners and workers to make informed learning and career choices | **•** Deliver all-age universal and targeted CIAG services for those in school, post-school and for those facing redundancy  
**•** Continue working with education and skills partners to embed career management skills and the Career Education Standard within the curriculum, offering capacity building support for teachers and practitioners  
**•** Continue working closely with schools, teachers, local authorities and Education Scotland and via the Curriculum and Assessment Board to implement Developing the Young Workforce (DYW)  
**•** Work with Scottish Government, and other organisations with a careers advisory function, to develop the new CIAG strategy  
**•** Where funding is available to do so, make service enhancements, which support delivery of the 15-24 Learner Journey recommendations, with an initial focus on developing individual online learner accounts  
**•** Continually enhance our digital service offers and user experience, ensuring up-to-date and relevant content  
**•** Deliver interactive exhibits and activities that inspire young people, helping them to understand future careers and opportunities |
|---|---|
| **Empower people to achieve equitable learning and employment outcomes** | **•** Continue to respond to the recommendations of the Scottish Veterans Commissioner in addressing the needs of ex-service men and women, when seeking to transition from Service to civilian life  
**•** Continue to ensure that all SDS services are accessible and take into consideration equality issues, while meeting the aims of our Equality Action Plans  
**•** Contribute to the delivery of the Government’s ambition of reducing the gender pay gap; halving the disability employment gap; and to move more minority ethnic people into employment, and to ensure that they are employed in jobs which are appropriate for their level of skills, qualifications and experience  
**•** Deliver the National Third Sector Fund and continued management of Work Able Scotland to report on final programme outcomes  
**•** In conjunction with Education Scotland, undertake activities to promote Big Plus  
**•** Collaborate with community justice partners, corporate parents and other stakeholders to drive improvement and better outcomes for groups with identified disadvantage  
**•** Continue to raise awareness of the rural supplement for training providers in ‘remote rural’ or ‘remote small towns’, to increase access to Scottish apprenticeships |
| **Provide effective learning pathways into productive employment** | **•** Deliver at least 29,000 new Apprenticeship starts. In line with the Strategic Board’s ambition, this will include Modern Apprenticeships (MA) starts and more than 1,300 Graduate Apprenticeships (GA)  
**•** Provide up to 700 work-based learning opportunities at SCQF Levels 4 and 5 in the senior phase of secondary school  
**•** Provide up to 5,000 Foundation Apprenticeship (FA) opportunities in the senior phase of secondary school to commence in 2019  
**•** Maintain our commitment to making 5,000 FA places available in 2020-22  
**•** Continue to work with Higher and Further Education, exploring new, innovative and cost-effective ways of delivering GAs  
**•** Deliver 18,500 places under the Individual Training Account (ITA) scheme and work with Scottish Government to develop options to improve the focus and delivery of ITAs  
**•** Deliver Scottish Apprenticeship Week 2020 |
| **Help create an increasingly productive and resilient workforce for Scotland** | **•** Support Scottish Government in developing the scope for up-skilling and re-skilling provision, piloting an initial approach in 2019/20  
**•** Complete delivery of the final tranche of the Transition Training Fund, following its closure on 31st March 2019  
**•** Deliver PACE support for people facing redundancy and work with the Scottish Government and PACE partners to explore potential ways in which earlier intervention and delivery of PACE services may help to improve individuals’ resilience to change  
**•** Deliver the STEM bursary for 2019/20, offering 100 opportunities for career changers to move into secondary school teaching  
**•** Deliver up to 9,000 Employability Fund (EF) places and work with Scottish Government to ensure that appropriate transition arrangements for EF are agreed  
**•** Support the promotion and understanding of Fair Start Scotland  
**•** Work with Scottish Government, and other organisations with a client support function, to develop (and possibly deliver) a Women Returners programme  
**•** Continue supporting redundant Modern Apprentices back into an apprenticeship or alternative positive opportunity through the Adopt an Apprentice initiative |
4. Mobilising Scotland’s Businesses

Goal Two: Scotland’s businesses drive productivity and inclusive growth.

Our role is to support and encourage Scotland’s businesses to grow and prosper, through investment in skills. We do this by advising employers on effective workforce planning and by helping them to build resilience and long-term sustainability in the face of the ever-changing business environment.

The potential of these skills interventions to fully impact on productivity ultimately depends on the ability of the economy to deliver more skilled jobs, and SDS will support Enterprise Agency colleagues in their mission to create more quality jobs in Scotland.

Responding to the Strategic Board’s plan, a key aim this year is to deliver more integrated, easy-to-access cross-agency support and improved customer experience for Scotland’s businesses.

An initial priority is the creation of a new team to provide support for inward investors and other companies considering business expansion in Scotland. In doing this, we will align our work with Scottish Development International and others, with SDS taking the lead on skills.

The Strategic Board’s Plan highlights the impact of business models and innovative workplace practices on improving skills utilisation and productivity and sets out a number of priority actions. In this area, we also plan a cross-agency approach. We will work collaboratively to build an agency-fluid team whose remit will be to develop a new and cohesive service offer. This will be promoted through an ‘Innovating Workplaces’ campaign to drive adoption of progressive business models and innovative work practices in all sizes of enterprise.

Central to driving innovation, equality and wellbeing is the uptake of fair work practices. We will continue to promote adoption of the five dimensions of fair work with the businesses we work with. This year, this will include adopting a Fair Work First approach, where we will begin to stipulate fair work practices as a condition for receipt of our business support.

We will continue to work with employers to demonstrate the benefits, and maximise the uptake, of work-based learning as a means of developing their workforce, either by re-skilling or up-skilling existing employees, or through development of the new talent pipeline.

Our work with employer groups, including the Scottish Apprenticeship Advisory Board, DYW Groups and others, will continue to build awareness and adoption of work-based learning products and to strengthen engagement in schools and curriculum development.

To support all employer-facing activity, we will work with our agency partners to develop a single online access point. We will also work with our partners to ensure that our services are differentiated, as appropriate, across regions and delivered in conjunction with regional economic partnerships.

More detail of our commitments for the year ahead is included in the table on the following page.
## Operating Plan – Goal Two: Scotland’s businesses drive productivity and inclusive growth

### Deliver an aligned and integrated service offer for employers
- Contribute to the development of common ways of working across the agencies to aid real-time understanding of the capabilities, needs and ambitions of Scotland’s business base to enable the delivery of tailored support
- Together with SE, SFC, HIE and South of Scotland Agency, seek opportunities to deliver an agency-fluid, cohesive system of business support, differentiated as appropriate across regions
- Collaborate, as the skills lead, with key stakeholders in the delivery of a joined-up inward investment offer
- Co-operate with other agencies in the development of an online portal for employers to access support

### Inspire and enable employers to take a strategic approach to workforce planning
- Work in partnership with the DYW National and Regional Group(s), business organisations, Education Scotland, colleges and local authorities to secure employer engagement in schools and drive the growth of Foundation Apprenticeships
- Continue to work on the expansion of Marketplace in partnership with DYW employer groups
- In partnership with Re:markable, continue to deliver Skills for Growth to small and medium sized enterprises

### Promote the development of productive and innovative workplace practices
- Develop a strategic approach to drive workplace innovation and improved productivity in Scotland’s businesses
- Work with other agencies to deliver an ‘Innovating Workplaces’ campaign
- Engage with employers to promote the importance of and manage demand for the recruitment of apprentices
- Manage relationships with identified employers to increase engagement in work-based learning
- Organise employer events to increase the uptake of work-based learning products
- Continue to support and promote the work of the Scottish Apprenticeship Advisory Board

### Drive understanding and adoption of fair work practices
- Continue to work with partners to develop and utilise the evidence base on fair work to inform policy and practice
- Continue to promote and enhance fairer working practices across Scotland, as set out in the Fair Work Framework
- Work with other agencies to implement the Fair Work First stipulation that adoption of fair work practices is a condition for business support
- Encourage businesses we engage with to become Living Wage accredited employers
5. Influencing the learning and skills system

Goal Three: Scotland has a dynamic and responsive skills system

To meet the needs of Scotland’s future, we must drive effectiveness and efficiency in the Scottish skills and learning system so that it delivers the best outcomes for the economy.

In line with the ambition of the Strategic Board, we will continue to work collaboratively with the Scottish Funding Council on the joint delivery of the skills alignment workstream. This will include the initial four Skills Alignment Commissions where we will support:

- A review of demand data, identifying opportunities for improving the data and ensuring that it is available in advance of key investment decision points
- A comprehensive review of the progression of the skills system, reflecting all enrolments, progressions and end destinations
- A review of all outcome measures to evidence the short-term outcomes arising from skills investment across a range of pathways.
- The Analytical Unit to develop a comprehensive review and evaluation process to consistently measure the long-term impact of all skills investment.

This year, we will pilot activity with Glasgow Regional College (as a learning provider) focused on the Early Learning and Childcare and Financial Services sectors. This will help us to gauge the practicalities of making changes in learning and skills provision to better align skills supply and demand.

We will also agree a meta-skills framework for work-based learning, and work with partners to identify early opportunities to build meta-skills into curriculum improvements within all learning programmes.

In line with the Strategic Board’s ‘skills for the future’ mission, we will work with Scottish Government and SFC to support the development of the Future Skills Action Plan and progress actions arising from the Plan.

Joint work will also include the development of a more responsive funding model to meet the future expansion in demand for work-based learning, encompassing funding for FA and GA, as European support comes to an end.

We will also work with the Scottish Government and other partners to deliver the 15-24 Learner Journey Review recommendations, in particular where these reduce friction and duplication in the system and accelerate transitions into and through employment for both learners and employees. This is key to ensuring that Scotland’s education and skills system delivers the best that it can for Scotland’s people and its economy.

Goal 3: New in 2019/20

- Development and maintenance of a future standards architecture to underpin work-based learning in Scotland
- Collaboration with the SFC to accelerate the implementation of the 5-stage skills alignment model
- Collaboration with the SFC to create a sustainable, long-term funding model for work-based learning
- Work with SG and partners to improve learner pathways in line with the Learner Journey Review recommendations
- Work with SFC, SQA, Education Scotland and others to define approach to embedding and assessing meta-skills

A summary of these and other commitments under goal three is provided in the table on the following page.
### Operating Plan – Goal Three: Scotland has a dynamic and responsive skills system

#### Strengthen industry ownership of the skills system
- Facilitate employer leadership, engagement and contribution to the development of apprenticeships in Scotland through the Scottish Apprenticeship Advisory Board (SAAB) and the introduction of the Apprenticeship Approval Group
- Work with partners to develop the apprenticeship family and other work-based learning pathways, ensuring that they meet the needs of employers in rural as well as urban areas
- Through the Centre for Work-Based Learning, engage with employers and industry to advance the recognition and understanding of work-based learning to increase uptake of apprenticeship and vocational training
- Continue to play a full part in Screen Scotland’s governance and contribute actively to drive growth in Scotland’s television and film sectors
- Work with partners to develop sector-specific skills academies, including those to support the National Manufacturing Institute for Scotland and Michelin

#### Build a high-quality evidence base using robust and comprehensive data
- Support the Scottish Government’s Analytical Unit to develop a comprehensive review and evaluation process to consistently measure the long-term impact of all skills investments
- Support the Ministerial Population Task Force set up to consider Scotland’s population challenges, by working with Scottish Government on a project to understand and address skills gaps, including the attraction and retention of workers
- Publish regional skills investment plans for: South of Scotland, Tay Cities and Glasgow

#### Influence the prioritisation of resources in line with the evidence base
- Progress the 5-step skills alignment work with SFC, including the initial four commissions and the completion of pilots with:
  - Glasgow Regional College
  - Early Learning and Childcare and Financial Services sectors
- Increase the number of Early Learning and Childcare Modern and Foundation Apprenticeships and pilot a Graduate Apprenticeship for the sector
- Continue to support programmes of work in relation to the Digital Scotland Strategy and the Cyber Resilience Learning & Skills Action Plan
- Manage and promote the introduction of the new £1m Digital Start Fund to help people on lower incomes gain skills in coding, data analysis and other digital fields
- Work with learning partners to explore early opportunities to build meta-skills into curriculum improvements within all learning programmes
- Work with SG and the SFC to develop and deliver the Future Skills Action Plan, and to assess options relating to skills provision in the context of the Comprehensive Spending Review
- Align activity to support all the priority areas for action, in the Skills Action Plan for Rural Scotland, where SDS has a role to play

#### Ensure work-based learning is efficient, responsive and future-focused
- Work with SG and other partners to deliver the 15-24 Learner Journey Review recommendations, to improve the efficacy of pathways from learning into work
- Plan and deliver the 2020 work-based learning symposium
- Develop and maintain a future standards architecture to underpin work-based learning in Scotland and align quality assurance across all apprenticeships
- Develop a more responsive, sustainable funding model to meet the future expansion in demand for work-based learning
- Work with SAAB and other partners to agree the meta-skills framework for work-based learning, how it will be implemented and options for measurement and assessment of meta-skills
- Review the design and delivery models for Foundation Apprenticeships to ensure that these maximise learner success and minimise the proportion of early leavers
- Work with Education Scotland, SQA, Local Authorities, schools, colleges and SG, to ensure that pathways into Foundation Apprenticeships are fully embedded as an integral part of the curriculum offer in all schools and regions, building and extending existing good practice
6. SDS as an Organisation

Goal Four: Skills Development Scotland leads by example and continuously improves to achieve excellence

By driving our own innovation, efficiency and productivity as an organisation, including our commitment to fair work practices we seek to inspire others to follow our example.

Central to fair work is recruiting and supporting a diverse and inclusive workforce and delivering workplace equality. Additionally, as an indication of our commitment to Fair Work, we aim to retain both our Investors in Young People and Living Wage accreditations.

The Strategic Board’s Strategic Plan sets a clear ambition for each of the agencies to pursue smarter delivery, better customer experience and simplified and streamlined ways of working.

This year, we will establish opportunities to test the practicalities and challenges of making ‘agency-fluid’ working a reality, starting with our employer-facing teams. We will also work with our agency colleagues to identify opportunities for developing further cross-agency shared services, similar to our existing Enterprise IS model.

In the continuing context of challenging public finances, we accept our responsibility to drive our own efficiency and productivity. In the coming year, a continued focus on employing best practice in procurement, financial governance and carbon management will be evident.

We will also be developing our approach to Business Excellence and Continuous Improvement within SDS, with a focus on delivering the simplified and streamlined processes promoted in the Strategic Board’s Strategic Plan.

Achieving our corporate goals will rely on the commitment and capability of our people. In 2019-20, we remain committed to achieving high levels of employee engagement, acting on the feedback we receive through our ‘Your Views’ survey. We will also roll out enhancements to our ‘My Contribution’ approach to performance management and career development. Additionally, we will pilot a values-based approach to recruitment to our Young Talent programme.

Technology can also positively impact the productivity and efficiency of our workforce and service delivery.

In the year ahead, we will be ambitious in exploring opportunities to use digital technologies to increase engagement, reduce costs and improve efficiency. We have already embarked on a programme to adopt enhanced reporting and data management solutions to deliver new levels of business intelligence. In addition, we are working with IBM to leverage the capability of AI to extend our CIAG model, ensuring that our face to face services remain protected for those in greatest need.

More detail of our commitments for the year ahead is included in the table on the following page.

Goal 4: new in 2019/20

- Creation of agency-fluid teams, starting with Skills Alignment and employer facing teams
- Implementation of new techniques to support continuous improvement
- Consideration of scope for further shared enabling services across the agencies
- Implementation of enhanced approaches to managing data and business intelligence
- Pilot of a values-based selection process for the Young Talent programme’s MA and Intern recruitment campaign
## Operating Plan – Goal Four: SDS leads by example and continuously improves to achieve excellence

### Adopt high-performing workplace practices, leading change in others
- Demonstrate the development of progressive workplace practices, internally and promote their utilisation externally
  - investment in skills and training
  - no use of zero hours contracts
  - action on gender pay
  - workforce engagement, including with trade unions
  - maintaining Living Wage Accreditation
- Introduce enhancements to our ‘My Contribution’ approach to performance management and career development
- Pilot a values-based approach to recruitment for our Young Talent programme

### Improve customer experience and customer service through enhanced use of data and technology
- Continue to develop and integrate customer-responsive systems across SDS operations – internally and for customer facing services
- Explore opportunities to use digital technologies to increase engagement, reduce costs and improve efficiency
- Continue joint work with SG to secure linked HMRC data to progress the longitudinal educational outcomes (LEO) project and use this data to implement the Education and Skills Impact Framework (ESIF)
- Further improve the quality of the shared dataset through data sharing with HMRC (employment status) and third sector organisations.
- Track, publish and promote the post-16 Participation Measure
- Continuously improve the flexibility of the management information system underpinning the shared dataset (CSS)
- Enhance use of our data and improve business intelligence through adoption of new reporting technologies
- Continue a programme of customer research and project evaluation to inform improvements in service delivery

### Make efficient, effective and sustainable use of our resources
- Continue managing data and statistics in line with guidance for official statistics, providing continued assurance to the public on the robustness of programme data
- Plan and budget for the organisation’s own cyber resilience capabilities in line with the Public Sector Action Plan for Cyber Resilience
- Fulfil our duty, under sections 46 and 96 of the Climate Change (Scotland) Act 2009, by submitting annual reports on compliance with climate change duties, and take action to support the Scottish Government’s new Climate Change Plan
- Achieve Carbon Trust Standard recertification
- In collaboration with the SFC and other partners, maximise the opportunities available through the current European Funding programme (2014-2020)
- Develop an SDS Business Excellence strategy, incorporating our approach to Continuous Improvement and Quality Assurance

### Driver better customer outcomes through deeper collaboration and partnership working
- Develop a performance framework, with agency partners, to measure progress against the Strategic Board’s aims
- Continue managing and developing the shared Enterprise IS service between SDS, HIE and SE, and identify opportunities for further cross-agency shared services
- Demonstrate high levels of collaboration through agency-fluid teams, the expansion of shared services and working differently
- Work with Community Planning Partnerships, Regional Economic Forums and Improvement Collaboratives and other local, regional and national partners to achieve better outcomes for our customers

Our key funding source is core Grant-in-Aid from the Scottish Government, and this will be supplemented by in-year transfers of discrete funding to address Ministerial priorities.

We continue to deliver two Strategic Interventions approved for European Social Fund support, match funded by Grant-in-Aid where appropriate to underpin growth for the apprenticeship family.

Our budget will also support continued delivery of our CIAG service, skills investment planning and other initiatives described in this plan, as well as the Enterprise Information Services partnership with Scottish Enterprise and Highlands & Islands Enterprise to deliver information technologies and systems.

In line with our annual Letter of Guidance from the Scottish Government we are committed to delivering savings of £5m from activity during the financial year from a core Grant-in-Aid budget of £214,697,000. At the same time, we will continue to identify and implement recyclable productivity and efficiency gains to improve the effectiveness of our organisation.

<table>
<thead>
<tr>
<th>Income 2019/20</th>
<th>£'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Grant-in-Aid (GIA)</td>
<td>214,697</td>
</tr>
<tr>
<td>GIA reduction from efficiency savings</td>
<td>(5,000)</td>
</tr>
<tr>
<td>Transfers, ABR &amp; SBR indicative GIA</td>
<td>10,416</td>
</tr>
<tr>
<td>European Social Fund income</td>
<td>21,003</td>
</tr>
<tr>
<td>EIS Partner Re-charges</td>
<td>10,029</td>
</tr>
<tr>
<td>Other income</td>
<td>9,778</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>260,923</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure 2019/20</th>
<th>£'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>People Costs</td>
<td>80,118</td>
</tr>
<tr>
<td>Work-based Learning</td>
<td>107,953</td>
</tr>
<tr>
<td>Other National Training Programmes, Funds &amp; Initiatives</td>
<td>37,253</td>
</tr>
<tr>
<td>Industry and Employer Engagement</td>
<td>3,851</td>
</tr>
<tr>
<td>IT/IS Infrastructure</td>
<td>18,214</td>
</tr>
<tr>
<td>Estates</td>
<td>8,227</td>
</tr>
<tr>
<td>Indirect and Enabling Services</td>
<td>3,867</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>259,483</td>
</tr>
</tbody>
</table>
7. Performance Monitoring & Evaluation

Corporate planning and performance framework
Our Strategic Plan for 2019-2022 sets our goals for the planning period. The SDS strategy map, which details our goals is complemented by a corporate performance framework of measures to monitor our progress towards these over the lifespan of the Plan. Key targets for the year ahead are:

<table>
<thead>
<tr>
<th>Programme</th>
<th>2019-20 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employability Fund</td>
<td>Deliver up to 9,000 places</td>
</tr>
<tr>
<td>Modern Apprenticeships (MA) and Graduate Apprenticeships (GA)</td>
<td>Provide at least 29,000 new Apprenticeship starts in 2019-20. This includes MA starts and more than 1,300 GA opportunities, as we continue our managed expansion towards 30,000 new Apprenticeship starts by 2020-21.</td>
</tr>
<tr>
<td>Foundation Apprenticeships</td>
<td>Provide 5,000 opportunities for young people</td>
</tr>
<tr>
<td>Individual Training Accounts</td>
<td>Deliver 18,500 places</td>
</tr>
</tbody>
</table>

Performance and statistical reporting
Progress against these and other commitments will be reported regularly internally and through an extensive range of performance and statistical information published for external stakeholders. These include a variety of reports focused on monitoring equality and diversity delivery.

Research and Evaluation
We conduct much of our research and evaluation in-house, as well as in collaboration with the Scottish Government and partners. Findings from this research and evaluation will be reported regularly internally and through a range of publications for external stakeholders.

External reviews
Our CIAG services and Modern Apprenticeship off-the-job training are externally reviewed by Education Scotland. Each of these reviews identifies both good practice and areas for improvement.

Continuous improvement
By monitoring our performance, undertaking a variety of evaluation and research activity, and addressing the findings from Education Scotland reviews, we can inform and drive continuous improvement and programme development as well as assess the impact of our customer-facing and internal services.

Long Term Outcomes and Return on Investment
We are working with the Analytical Unit to further develop and apply our apprenticeship long term evaluation model, now known as the Education and Skills Impact Framework (ESIF), to wider educational pathways.

In addition, we will continue working with the Scottish Government and the Scottish Funding Council in delivering the Longitudinal Educational Outcomes (LEO) project which links higher education, further education and apprenticeship data to existing information held by the DWP and HMRC.

The linked learner administrative data set will create a powerful analytical resource which may also be used to evaluate and compare the outcomes of different skills interventions throughout the learner and employee journey.

These two programmes will allow a better understanding to be developed of the return on investment from different skills interventions and pathways and feed into the skills alignment work.

Enterprise and Skills Strategic Board
Going forward, we will be working closely with the Enterprise & Skills Strategic Board and Analytical Unit to:

- align our planning, performance and evaluation systems to the Strategic Board’s performance framework – developed in partnership with the other agencies
- evaluate the impact of the combined activities of the skills and enterprise agencies, identifying where improvements can be made, and return on investment enhanced across the skills system.

Annex 1 indicates how SDS activity and outcomes map to the Strategic Board’s high level outcomes and to the relevant indicators within the Scottish Government’s national performance framework.
Annex 1:

**Our contribution to the Strategic Board & National Performance Frameworks**

<table>
<thead>
<tr>
<th>National Performance Framework Indicators</th>
<th>Population skills profile</th>
<th>Skills shortage vacancies</th>
<th>Skills utilisation</th>
<th>Young people’s participation</th>
<th>Economic participation</th>
<th>Economic growth</th>
<th>Innovative businesses</th>
<th>Workplace learning</th>
<th>Wealth inequalities</th>
<th>Mental wellbeing</th>
<th>Employee voice</th>
<th>Employees on a Living Wage</th>
<th>Contractually secure work</th>
<th>Carbon footprint</th>
<th>Waste generated</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Strategic Board Impacts</th>
<th>Productivity</th>
<th>Equality</th>
<th>Wellbeing</th>
<th>Sustainability</th>
</tr>
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</table>

<table>
<thead>
<tr>
<th>SDS Corporate Performance Outcomes</th>
<th>Informed choices</th>
<th>Equitable outcomes</th>
<th>Effective pathways</th>
<th>Resilient workforce</th>
<th>Integrated services</th>
<th>Workforce planning</th>
<th>Workplace practices</th>
<th>Fair work</th>
<th>Industry ownership</th>
<th>Evidence base</th>
<th>Prioritised resources</th>
<th>Future of work-based learning</th>
<th>High-performing workplace</th>
<th>Customer experience</th>
<th>Use of resources</th>
<th>Deeper collaboration</th>
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