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John McClelland CBE  
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23 June 2015

Dear John

1. Following the Scottish Parliament's approval of the draft Budget Bill on 4 February 2015, I am writing to confirm the allocation to Skills Development Scotland (SDS) for 2015-16, it is as follows:

Skills Development Scotland	2015-16 Budget
Grant in Aid	£183.5m

2. This is confirmed in your budget allocation and monitoring letter which, this year, is incorporated in this letter at **ANNEX D**. The letter includes details of the further indicative revisions planned throughout the year.

### Strategic Context

3. The Programme for Government ("One Scotland") sets out our priorities and our ambitions for reform. It calls for a common national endeavour to create more, better paid jobs in a strong, sustainable economy, building a fairer Scotland and tackling inequality through passing power to people and communities; and lays out our commitment to continue to protect and reform public services.

4. The Programme for Government reaffirms the Scottish Government's Purpose; and the National Performance Framework continues to provide a clear set of common goals to which all public bodies should be aligned. It sets an expectation that we all to work in partnership to deliver reduced inequality, sustainable services and better outcomes for the people of Scotland.

5. As a Non Departmental Public Body, SDS is required to maximise its contribution to the Scottish Government's Purpose. In particular, I look to SDS to contribute to the priorities of **Scotland's Economic Strategy**. I expect your operating plan to reflect these targets and the main **National Outcomes** as set out in your letter of guidance for 14/15. These outcomes remain unchanged.

6. Your Corporate Plan for 2015 – 20 will set out how SDS will contribute to these National Outcomes and should map across to your operating plan, allowing a clear link between my expectations and priorities and your delivery. I expect to see your strategic goals reflect my priorities to:

- work with partners to deliver the Developing the Young Workforce programme;
- address the impact of the recession by enabling people to meet their potential;
- support a high skill and high wage economy by making skills work for employers;
- achieve organisational excellence and be an exemplar public body; and
- promote 'good' and 'fair' work – sustainable jobs, fair contracts and fair wages, particularly for those who face disadvantage or significant barriers to employment.

7. When you report back against your operating plan, I expect you to make clear links between the outcomes of SDS activity and the **National Outcomes and Key Indicators**. My specific requests under the Key Indicators are included in **ANNEX A**.

8. I confirm that you will be expected to realise £2.4m of **Strategic Forum** savings. I understand that you will be in discussion with my portfolio to confirm how these will be found. The contribution expected of SDS as a Strategic Forum partner is set out at **ANNEX B**.

9. First Minister defined her expectations of public bodies in the year ahead in One Scotland, including requests focusing on gender balance on boards, the young workforce and the living wage. These expectations are set out for ease of reference at **ANNEX C**.

## Scotland's Economic Strategy

10. Our refreshed Economic Strategy sets out a vision for a rebalanced economy, with a growing and diversifying business base, an increased focus on exports and improved level of participation in the labour market all having key roles to play. The Strategy outlines the need to reduce inequality to increase our economic growth and competitiveness. Innovation, Internationalisation, Investment and Inequality will be at the heart of this. Developing a culture of Fair Work will be an essential part of achieving this.

## The Vision

11. The creation of my post as Cabinet Secretary for Fair Work, Skills and Training highlights a reformed and renewed focus on the labour market and fairness in the workplace; to reduce inequality; promote flourishing workplaces and contribute to sustainable economic growth. Fair Work encapsulates a number of areas, but I see it as fundamentally changing the nature of the relationship between individuals and the workplace. At its heart lies a desire that everyone is entitled to expect job security, fair rewards, opportunities for sustainable employment and personal and workplace development, and a say on how things work. It must also be based on the belief that access to work and progress in the workplace should be equal and people should not be disadvantaged by background or circumstance.

Establishing a culture of Fair Work requires action on three fronts:

- Continuing to put in place structures and programmes to **address the impact of the recession** and help people into work;
- Implementing medium-term structural changes to help business create **more, better paid jobs in a strong, sustainable economy**; and
- Establishing a culture of **Good Work** in the longer-term where employers and individuals enjoy the wider benefits of an engaged workforce that is motivated and fairly remunerated.

## Tackling the Effects of the Recession and the 'Recovery'

12. Since 2008 we have seen some new patterns emerge within Scotland's labour market; more part-time work and an increase in self-employment with young people continuing to face disadvantage in securing long term sustainable employment and progression from entry level jobs. Alongside these changes are new approaches to contracts of employment, for example; increased zero hour and fixed-term contracts. Underemployment is now widespread, real wages have fallen and there is a substantial problem of in-work poverty.

13. While we are limited in the levers we currently have to affect the change we want to see, I will look to SDS to play a key role in developing and implementing the policies and programmes which will make our labour market fairer. SDS has a critical role in delivering our aspirations; particularly via your partnerships, your communications and your contractual relationships. SDS also has a huge part to play as we continue to tackle the effects of the recession via your role as lead delivery partner of our PACE initiative.

14. The Fair Work Portfolio will establish an integrated programme focussed on **five critical priorities**:

- **Developing our labour market policies**: building on the work of the Scottish Employability Forum and the opportunities created through the devolution of employment provision through Smith to develop employment support services that meet the needs of Scotland's people and its employers;
- **Supporting the delivery of Developing the Young Workforce: Scotland's Youth Employment Strategy**: This sets out how Government and its partners will implement our national programme for Developing the Young Workforce through improving opportunities for vocational learning, strengthening links between employers and education and training, and challenging inequalities in participation;
- **Continued improvement of skills development strategies** that support our economic strategy and support people into jobs;
- **Establishing the Fair Work Convention** to encourage fair wages and improved contract terms to tackle in-work poverty (Living Wage); and
- **Promoting the development of modern workplace practices** to improve job quality and empower workers to boost innovation, productivity and competitiveness.

15. My focus will be on: fair access to work and fair treatment for people in work, advancing the employability of unemployed Scots, and specifically young people, women, and unemployed people who face disadvantage or significant barriers to employment and in turn, boosting the productivity of business. This Government aims to deliver improved social mobility and reduced inequality by tackling unconscious bias in recruitment and selection; help for families to balance their work and caring responsibilities and the right support for people to secure well-paid jobs and make progress in their careers.

16. **SDS is central to the successful delivery of these aspirations**, particularly in the delivery of the DYW recommendations; in improving access to the labour market; and in developing our skills development strategies. I want SDS to be innovators, leaders and partners in delivering a better fairer system and the support people need to access opportunities.

### Developing the Young Workforce: Scotland's Youth Employment Strategy

17. This work is a central part of our broader efforts on averting and reducing youth unemployment and social inequality. I welcome the way in which SDS has engaged on this

agenda, and I expect to see the recommendations that are relevant to your activities fully reflected in your operating plan and corporate strategy. I ask that you work closely with me and my officials as we take forward this seven year programme, recognising your important role in the development work for apprenticeships; linking with schools and colleges on building clear pathways for young people; engaging with employers to ensure their involvement in shaping education; and communicating the overarching vision and the impact of the programme. Of the £16.6m additional resource available in 2015/16 you will receive £3.8m to take forward the MA programme expansion with additional funding to support DYW work in 2015-16 to be confirmed.

18. In addition I ask SDS to work with Local Authorities on the administration and delivery of a new £10m employer recruitment incentive programme which will be focussed on those furthest from the labour market and on supporting micro and small businesses to access the MA programme.

### **Skills Development Strategies**

19. Our skills development strategies support our economic strategy and help people into jobs. By continuing to improve the sectoral skills planning system and through stronger regional labour market information we have a strong foundation for a more sophisticated set of discussions about what industries need and how we as a government can support industry ambitions. I ask SDS to build on the successful measures being driven by SDS via SIPS and RSAs to continue to link skills provision to labour market needs at regional and sectoral levels.

### **Improving Access to the Labour Market**

20. To respond fully to all of the challenges associated with the creation of Fair Work requires a broader set of job creating powers than the Smith Commission has delivered. **However**, via the proposals to devolve support for the unemployed, through the employment programmes currently contracted by DWP, we have an opportunity to redesign and better align our existing and future support for the unemployed. SDS has a vital contribution to make to this work, and will be involved as we develop our approach in this area.

### **Creating a culture of good work**

21. The final aspect of my vision is the longer term aspiration of creating a sound and compelling evidence base and creating an industry led movement to promote a culture of good work. A significant part of this will be advancing policies around promotion of the living wage, tackling in-work poverty and addressing wider equality and inequality issues in the workplace, whilst also recognising that there are key issues around how workplaces are organised and how jobs are designed which are important ingredients of a good work culture. It is vital that the public sector as employers drive forward this vision and I will fully expect SDS to be at the vanguard of this work, exemplifying their commitment to key principles of Fair Work such as Living Wage Accreditation; Investing in Young People Accreditation; a commitment to gender balance within the senior hierarchy and the development of a fair and innovative workforce. As such, I look to SDS to actively and systematically promote the Scottish Business Pledge and thereby encourage inclusive and sustainable economic growth.

### **Delivering in Partnership**

22. The success of the Fair Work portfolio will depend upon the success of our collaboration across Government and with partner organisations. We will be working closely with Social Justice, Learning and Justice, Communities & Pensioners Rights, Health & Wellbeing and Enterprise portfolios to reflect the broader agenda upon which social policy contributes to economic prosperity.

23. In delivering this agenda, I expect SDS to work closely not only with my portfolio but in collaboration with other parts of Scottish and local government. Closer partnership working is critical to delivering better services and I would invite you to propose ways in which SDS might continue to develop its understanding of stakeholder views and ways in which they might be further improved.

24. SDS has a strategic role in the modernisation of public services. SDS's collaboration with the **Scottish Funding Council (SFC)** on outcome agreements for colleges and universities remains important: it will support a single, coherent framework for the development of skills across different stages of education, training and work, and contribute substantially to ensuring that planning of further and higher education provision is aligned with economic and labour market need. As your strategic engagement with the college sector increases, maintenance of your operational relationship with the SFC and colleges will be an ongoing and important priority. SDS should also continue to work with SFC in developing respective Gender Action Plans to achieve the recommendations of DYW relating to gender imbalance in apprenticeships and colleges.

25. In close partnership with **Education Scotland**, you should continue to develop and improve quality assurance processes over the next year, particularly in relation to developing an appropriate mechanism to ensure the quality of the off-the-job training elements of Modern Apprenticeships and in undertaking quality assurance reviews of the delivery of career management skills through the Careers Information Advice and Guidance reviews.

26. I expect SDS to work closely with **Community Planning Partnerships** and with **Local Authorities** in the development and delivery of **Single Outcome Agreements** and the new **Youth Employment Recruitment Incentive**. SDS should also work closely with schools and teachers and via the Curriculum for Excellence Management Board to ensure the successful implementation of our DYW recommendations in schools.

27. The establishment of a network of industry led **Regional Invest in Young People Groups** is an important aspect of the employer engagement strand of the Developing the Young Workforce programme. The groups which are beginning to emerge are benefitting from the contribution of SDS staff in their regions and I would look to SDS to continue to work collaboratively with the Regional Groups within the framework for engagement that we have agreed with you.

28. **Working together: Marketing 2015/16** - Communications work undertaken by the Scottish Government and public bodies plays a vital role in delivering the ministerial priorities of growing the economy and tackling inequalities. It has the power to engage and involve people and improve their lives by changing attitudes and behaviours, and ensure people access the services available to them. Ministers will want to be reassured that all marketing activity is strategically placed within the context of wider SG and public sector activity and that where possible ensure joining up to deliver outcomes and use resources efficiently.

29. Building from the discussions within the Strategic Forum and Economy Board, I expect SDS to work with employers and partners to progress our work on **Workforce Development and Innovation** through the development of **modern workplace practices** to improve job quality and empower workers to boost innovation and productivity.

## Conclusion

30. SDS has, once again, in 2014/15 delivered against our priorities and helped us make substantial progress. I want to commend all your staff for their efforts. As our national skills

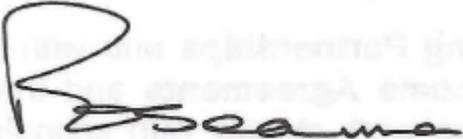
agency I am assured that SDS will continue to take a leading role with partners in delivering our renewed and refocused ambitions.

31. The priorities outlined in this letter will remain in place throughout the period until end March 2016, though some – such as those that attach to the Developing Young Workforce programme – will continue beyond then. However, we must remain responsive to evolving circumstances, particularly in response to additional powers from the Smith Commission and the outcome of the UK Govt. general election in May 2015.

32. In meeting the terms of this letter, as part of securing the maximum benefit from the resources that we use, I expect SDS to use its available funding effectively. SDS should continue to ensure the economical, efficient and effective use of resources within your designated budgets to deliver Value for Money as you develop and implement your delivery plans. As always my officials are ready to discuss and provide advice and assistance with meeting priorities and addressing pressures and contingencies.

33. I trust the recently reviewed joint governance arrangements and the DYW programme governance arrangements will allow robust reporting on SDS's successful delivery against the National Outcomes and provide scope for any further additions or changes of policy to be introduced successfully.

Yours Sincerely



Roseanna

**ROSEANNA CUNNINGHAM**  
**Cabinet Secretary for Fair Work Training and Skills**

## **COPY LIST**

Anabelle Ewing MSP, Minister for Youth and Women's Employment  
Angela Constance MSP, Cabinet Secretary for Education and Lifelong Learning  
John Swinney MSP, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy  
Fergus Ewing MSP, Minister for Business, Energy and Tourism  
Stewart Maxwell MSP, Convener, Education and Culture Committee, Scottish Parliament  
Terry Shevlin, Clerk to the Education and Culture Committee, Scottish Parliament  
COSLA: Rory Mair, Chief Executive  
SE: Lena Wilson, Chief Executive; Crawford Gillies, Chair  
HIE: Alex Paterson, Chief Executive; Lorne Crerar, Chair  
SFC: Laurence Howells, Chief Executive; Professor Alice Brown, Chair  
SFC/SDS Skills Committee: Paul McKelvie OBE, Chair  
Universities Scotland: Alastair Sim, Director  
Colleges Scotland: Shona Struthers, Chief Executive  
STUC: Grahame Smith, Secretary General  
SCVO: Martin Sime, Chief Executive  
Education Scotland: Bill Maxwell, Chief Executive  
SQA: Dr Janet Brown, Chief Executive  
SCQF: Aileen Ponton, Chief Executive  
Scottish Training Federation: Stuart McKenna, Chief Executive; Stuart Leitch, Chair  
Federation of Small Businesses: Andy Willox OBE, Scottish Policy Convener  
CBI – Scotland: Hugh Aitken CBE  
ADES: John Fyffe President; John Stodter General Secretary  
Visit Scotland: Malcolm Roughead, Chief Executive; Mike Cantlay, Chair

**Within the strategic context of this letter, I expect your operating plan to refer to the following priorities that support our ambitions through Scotland Performs.**

**Increasing the proportion of young people in learning, training and work**

1. The Youth Employment Strategy underlines our commitment to reduce Scotland's youth unemployment by 40% by 2021, ensuring all our young people regardless of their challenges having fair access to the employment, learning or training opportunities available to them. At the heart of this is the successful delivery of **Opportunities for All** (OfA) commitment for 16- 19 year olds and increasing the numbers of young people up to the age of 24 make successful transitions into learning, training and work.

2. It is vital that SDS reviews, enhances and reports its contribution to OfA and the successful transition of those up to the age of 24 by supporting the best alignment of provision and services to meet the needs of all young people. SDS must be central to re-engagement activity, challenging inequality and embedding a fair work culture across all its services, partnerships and programmes.

3. The decisions people make as they journey towards and into work must be informed by high quality early advice on labour market opportunities and the range of appropriate educational and training options available. SDS should continue embedding learning from the Education Scotland **CIAG** review process and its innovative work with its staff, including implementing recommendations from Education Scotland's aspect review of **My World of Work** online services which is due to report in August 2015, to continue the enhancement and modernisation of CIAG services in Scotland.

4. In addition SDS should continue to pursue the best use of **data tracking and monitoring** mechanisms. They should continue to improve data sharing with strategic partners including Department for Work and Pensions, schools, local authorities, colleges, Higher Education Institutions, the Scottish Funding Council, the Student Awards Agency for Scotland, and Her Majesty's Revenue and Customs (subject to appropriate legislation and agreed partnership working) to ensure resources/services are appropriately developed and targeted at individuals with the greatest need, in line with delivery of Opportunities for All. I expect SDS to continue its work with the Scottish Government and other strategic partners to use this data to develop the new post-16 participation measure.

5. It is important that SDS continues to assist us to articulate a strong case around the benefits of employing and developing young people. Themed campaigns to support different aspects of promoting youth employment are important and we expect SDS to work with officials to promote **the Investors in Young People accolade** and to contribute to the work of the Regional Invest in Young People Group. We want to ensure a shared message that will encourage employers to do everything they can to help unemployed young people into work and improve awareness of financial support, and advisory help available to companies to invest in young people.

6. It is important that SDS continues to assist us to articulate a strong case around the benefits of employing and developing young people with additional barriers to employment. In particular, SDS should encourage employers to do everything they can to help vulnerable young people into work through the support available from the new £10m Employer Recruitment Incentive programme which will be focussed on those furthest from the labour market and on supporting micro and small businesses to access the MA programme. SDS should continue to work with officials as we develop our approach to **Employer Recruitment Incentives** going forward.

## Improve the skill profile of the population

7. The importance of engaging employers more fundamentally in post-16 education – particularly in work-based learning is a significant focus of our national programme for Developing the Young Workforce. It is essential that we recognise and celebrate the significant role of Scotland's **employers**; their increasing support for vocational education over the coming years is crucial.

8. SDS continues to play a unique role in developing evidence based understanding of Scotland's strategic workforce skills requirements. Undertaking **Skills Investments Plans and Regional Skills Assessments** in consultation with stakeholders, and refreshing them where necessary, will make an important contribution to the planning and management of our skills and education system. It will provide the basis for a unified, single skills narrative against which government bodies and educational institutions can plan more effectively.

9. SDS also has a key role in helping employers meet their more immediate skills and training needs. **Our Skillsforce** is an important development in this regard and I want SDS to continue to work with their partners to further develop the service in the year ahead.

10. The training programmes for which SDS contracts make a highly important contribution in aligning individual aspirations with the needs of employers and of the wider economy. Through the SDS-managed element of the **Employability Fund**, 17,150 training places, including 2,650 college places, will be available in 2015/16 for unemployed people of all ages. At the heart of your commissioning process for the Employability Fund is a partnership approach to aligning client need with labour market demand. SDS should continue in this vein and should lead on developing a proposal to utilise European funding to align the activity of national third sector organisations with labour market demand information from the commissioning process.

11. The Employability Fund will be part of the future delivery of employability support with devolution of current DWP Work Programme and Work Choice. It will be important to align existing and future support for the unemployed to ensure a seamless and effective support framework of Scottish employability services.

12. Supporting small Scottish businesses to improve their skills base and their productivity remains an important priority. The commitment to support 7,000 **Flexible Training Opportunities** remains an important part of our direct support to small business.

13. Supporting **Low Carbon** activity also remains a priority particularly around the development of new and emerging skills within the energy and low carbon sector.

14. The **Energy Jobs** Taskforce will focus on supporting jobs across the energy sector. The taskforce has an initial emphasis on the oil and gas sector, reflecting the scale of the challenge that the sector currently faces, especially in relation to the retention of staff and maintaining the skills within the industry. SDS has a critical role to fully engage with industry and the ongoing work of the taskforce.

15. For many seeking to move into, and remain in, sustainable employment, SDS has a critical role. The continued management of **Individual Learning Accounts** provides a flexible training option for those in low paid, low skilled jobs and for those who are unemployed. This is of particular importance in relation to our ambitions for Fair Work, to tackling in-work poverty, increase the skills of those in the workforce and in improving employability.

## Provide 30,000 new Modern Apprenticeship opportunities a year by 2020.

16. The **Modern Apprenticeship** (MA) programme is a central element of vocational education in Scotland. The programme continues to deliver against our dual aims of supporting our ambitions for economic growth – particularly in our key sectors – and providing opportunities

for young people. SDS should provide 25,500 new starts in 2015/16 as the first step in the year on year increase towards 30,000 new starts by 2020. Within the programme, the majority of places should continue to be allocated to young people aged 16-24 across all sectors with a particular focus on 16-19 year olds. Consideration should also be given to how we can more effectively support the engagement of small employers (under 50) in the MA Programmes.

17. For those aged 25+, SDS should continue to offer MA opportunities in **key and supporting sectors**. The commitment to ringfence 500 places for **energy** will also continue this year. Priority should continue to be given to **higher level** frameworks (Level 3 / SCQF 6 and above) and to those in STEM occupations.

18. To ensure the widest participation in the MA programme, you should develop a Modern Apprenticeship Equalities Action plan to include improvement targets for gender; disability; BME and Care Leavers in line with the recommendations from the Commission for Developing Scotland's Young Workforce. This work will be supported by a dedicated budget of £500k in 2015-16

19. To ensure that the programme remains beneficial to all businesses SDS should also continue to look at options for **shared apprenticeship** models to ensure that SMEs can benefit from the opportunities that this programme can bring.

20. Over the coming year I would also ask you to consider how you measure the **long-term outcomes of the MA programme**, in line with the recommendations from the recent Audit Scotland report, with a view to considering how investment in MAs could be better targeted in line with our wider priorities in future years.

21. Supporting the development of **digital skills** remains a priority. Activity in 2015/16 should continue to implement the actions of the ICT & Digital Technologies Skills Investment Plan and, as the host organisation for the Skills Programme Office for the Digital Scotland – Business Excellence Partnership, ensure that all partners work within the appropriate operational and strategic framework to deliver immediate impact in 2015/16 and beyond. Additional ring fenced funding of £6.6 million (for 2013/14 to 2015/16) has been allocated separately in recognition of the priority and increased momentum required in this area and to support the approach to partnership working in which the expectation is that SDS will take a clear leadership.

22. You will continue to offer £2000 to employers under **Adopt an Apprentice**, however this year First Minister offered additional support to apprentices in the Oil and Gas sector facing the threat of redundancy. Employers in this sector will be offered £5000 to employ a redundant apprentice. This higher level incentive will require additional funding. SDS will receive an initial payment of £200,000 for 2015-16 for set up costs to take this scheme forward, with the remainder of the funding allocated depending on demand. The transfers will take place at SBR. You will work with my officials to agree a monitoring process to ensure the future budget requirements are met.

23. For those facing redundancy, the continued support through our **Partnership Action for Continuing Employment (PACE)** initiative remains of critical importance. Through working with the Scottish Government and PACE Partnership Members, SDS has an important role to play in taking forward actions under the continuous improvement programme to enhance the operation of PACE. Most recent statistics indicate that PACE supports around one-third of individuals who been made compulsorily redundant. As the lead delivery partner for PACE SDS should continue to work with the Scottish Government and with PACE Partners to identify ways to increase the 'reach' of PACE activity and support.

24. The Scottish Government retains a strong commitment to those **Reemploy** workers made redundant since 2012. SDS's role - through the co-ordination of PACE support and the management of the Employer Recruitment Incentive for those affected – remains highly important.

25. To deliver our programme we should consider all opportunities to use budgets to leverage external funding. I expect SDS to work closely with the **European Structural Funds** Division of the Scottish Government and with my policy officials to take forward the opportunities presented by various streams of European Structural Funds. SDS should continue to lead the development and delivery of an ESF challenge fund for national third sector organisations. This does not require SDS to provide match funding for the challenge fund.

### **Developing Scotland's Young Workforce (The Young Workforce programme)**

26. The Young Workforce programme continues to be a top priority. In particular, I want SDS, over the coming year to work with partners to:

- develop and deliver Foundation Apprenticeships;
- improve access to opportunities particularly for equality groups;
- work with Education Scotland to develop the Careers Standard and supporting tools and to establish the Quality Assurance of the off the job training for MAs;
- continue to develop SIPs and RSAs;
- continue to promote the MA programme and the development of online services;
- engage on establishment and operation of the MA Supervisory Board; and
- expand STEM and advanced level MAs.

27. Across all of the areas SDS covers I would like to see an increased focus on how we can develop plans to encourage greater levels of participation in programmes from those who are under-represented across all the age-groups you support. Tackling **inequality** and improving access to our programmes is a critical priority for me and I expect to see progress on delivery against your Equality Outcomes and your Equality and Diversity Action Plan covered explicitly in your reporting against the operating plan in a way that reflects the Commission's recommendations.

### **Be Leaders, Innovators and Exemplar Employers**

28. As government policy around Fair Work develops I expect SDS to lead by example and work with my officials to: work towards accreditation as a Living Wage employer; achieve the highest accolade as an Investor in Young People; work towards gender equality at the highest levels within the organisation, among other developing policies. My officials will of course consult with you as we develop this exciting new focus to our work.

### **Improve the Responsiveness of Public Services**

29. There is rightly significant scrutiny of the delivery and effectiveness of all Government funded activity; given its importance, SDS is no exception to this. The orderly release of robust data and systematic evaluation are important steps in providing reassurance to the public. With support from my officials SDS should continue to follow the UK Statistics Authority *Code of Practice for Official Statistics* when publishing statistics on National Training Programmes and School Leaver Destination Returns. SDS must also continue to develop its Evaluation Action Plan in partnership with my officials.

## SPECIFIC REQUESTS OF PUBLIC BODIES

## ANNEX B

Issue	Further information	Basis of request
Community Planning	We expect those public bodies that will be subject to statutory community planning duties under Part 2 of the Community Empowerment (Scotland) Bill to work with other partner bodies and communities within <b>Community Planning Partnerships</b> , to identify resource and manage effective delivery of shared priority outcomes for their localities. Other public bodies should consider and take reasonable steps to pursue opportunities for partnership working with other bodies, wherever this can support their respective business objectives.	p.75 of the PfG; the Community Empowerment Bill
Digital services	Digital technology is a powerful enabler for improving public services and reducing their cost. We expect public bodies to deliver against <b>Scotland's Digital Future: Delivery of Public Services</b> by ensuring that digital transformation is embedded within your business strategy and corporate plan. Such business change can be challenging and we therefore expect all bodies to make effective use of the Central Government ICT Project and Programme Assurance Framework.	p.33 of the PfG; Scotland's Digital Future: Delivery of Public Services
Gender balance on boards	We ask public bodies to sign up to our new <b>Partnership for Change</b> pledge, to be launched in Spring 2015, pledging to achieve gender balance on boards by 2020. We intend putting in place a new requirement for public bodies to publish on an annual basis the board's diversity composition and an associated action plan to meet the gender balance on the board by 2020. Although appointments are made by Ministers, public bodies can take positive action to support board diversity, including activities such as succession planning; providing mentoring, shadowing and training opportunities for women; and considering the role of nominations committees.	p.28 of the PfG
Living Wage	Public bodies are able to encourage the payment of a <b>Living Wage</b> to people involved in delivering public contracts, and we will publish statutory guidance for public bodies on how workforce-related matters, including the Living Wage, may be taken into account in public procurement processes.	p.26 of the PfG
Young Workforce	You have a vital role to play in working with us to implement the recommendations of the <b>Commission for Developing Scotland's Young Workforce</b> , for example, by recruiting and training young people, working towards achieving the Investors in Young People gold standard and engaging with the education system to provide development opportunities for young people.	Cabinet Secretary for Fair Work, Skills and Training's letter to public bodies of 15 December; Final Report of the Commission for Developing Scotland's Young Workforce
Industrial relations	You will know that the Government commissioned the <b>Working Together Review</b> to examine progressive workplace policies. We will establish a Fair Work Convention and will respond formally to the remaining review findings in the New Year. I would ask you to have regard to that report and the recommendation that public bodies should report publicly on their approach to industrial relations and the impact that has had on workplace and workforce matters.	p. 27 of the PfG; Working Together Review: Progressive Workplace Policies in Scotland
Low Carbon sector and combatting climate change	I look to all public bodies to help realise the significant opportunity for growing the <b>Low Carbon sector</b> both through leadership and directly through reduction of energy demand and integration of low carbon and renewable heat and energy technologies across estates. More generally, we expect our public bodies to lead by example in <b>combatting Climate Change</b> and making a valuable contribution towards achieving our ambitious emission reduction target of 80% by 2050. We will bring into force legislation to require relevant public bodies to prepare reports on compliance with climate change duties, and we will consult on this in the New Year.	p.41-43 of the PfG; policy proposal to bring into force a public body reporting requirement under sections 46 and 96 of the Climate Change (Scotland) Act 2009
Efficiency	Although not explicitly mentioned in the Programme for Government, I should like to take this opportunity to emphasise that <b>we continue to expect every public body to deliver efficiency savings of at least 3% per annum</b> during the course of the current Spending Review (2011-12 to 2015-16) and to report publicly on the actions undertaken and the results achieved.	Efficient Government section of SG website

Strategic Forum Partners Contribution to the **Current** Economic Strategy (GES)

## PARTNER CONTRIBUTIONS TO NATIONAL GROWTH OBJECTIVES

This diagram highlights where Strategic Forum partner activities contribute to National Indicators and Purpose Targets, as part of the National Performance Framework.

NATIONAL INDICATORS		STRATEGIC FORUM PARTNERS					GES PURPOSE TARGETS	
1.	Increase the number of businesses.	<b>1</b> <b>2</b>					Increase Scotland's Economic Growth (GDP)	To match the growth rate of small independent EU countries by 2017.
2.	Increase exports.	<b>1</b> <b>2</b>						
3.	Improve digital infrastructure,	<b>1</b> <b>2</b>					Productivity	To rank in the top quartile for productivity amongst our key trading partners in the OECD by 2017.
4.	Improve Scotland's reputation.	<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>						
5.	Increase Research and Development spending.	<b>1</b> <b>2</b>				<b>1</b> <b>2</b> <b>3</b> <b>5</b>	Participation	To maintain our position on labour market participation as the top performing country in the UK and to close the gap with the top five OECD economies by 2017.
6.	Improve knowledge exchange from university research.	<b>1</b> <b>2</b>						
7.	Improve the skills profile of the population.	<b>1</b> <b>2</b> <b>3</b> <b>4</b>				<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>	Population	To match average European (EU15) population growth over the period from 2007 to 2017. Supported by increased healthy life expectancy in Scotland over the period 2007-2017.
8.	Increase the proportion of young people in learning, training or work.	<b>3</b>						
9.	Increase the proportion of graduates in positive destinations.	<b>2</b> <b>3</b>				<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>	Solidarity	To increase overall income and the proportion of income earned by the three lowest income deciles as a group by 2017.
10.	Widen use of the Internet.	<b>1</b> <b>2</b>						
11.	Reduce Scotland's carbon footprint.	<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>				<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>	Cohesion	To narrow the gap in participation between Scotland's best and worst performing regions by 2017.
12.	Reduce waste generated.	<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>						
13.	Increase renewable electricity production.	<b>1</b> <b>2</b> <b>3</b> <b>4</b>				<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>	Sustainability	To reduce emissions by 80 per cent by 2050.
14.	Improve people's perceptions of the quality of public services.	<b>1</b> <b>2</b> <b>3</b> <b>4</b> <b>5</b>						



1



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Key: **Large Number** = Major contribution  
**Small Number** = Support contribution