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Chair, Skills Development Scotland
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20 December 2024

Dear Frank,

I am writing to set out strategic guidance on priorities for Skills Development Scotland (SDS) in 2025/26, as the national skills body for Scotland.

I wish to thank you, your fellow Board Members, and all staff at SDS for your hard work over the past year and I look forward to working together in the coming year to deliver the priorities set out in this letter.

Policy Context

The [Purpose and Principles and supporting documents](#) published in June 2023 set out the long term framework for decision making for Post-School education, skills and research that will ensure this vital part of our critical national infrastructure is fit for the future - delivering better social and economic outcomes for the investment that we make.

The Purpose and Principles, Initial Priorities and system level outcomes are set out at Annex A. These outcomes are aligned to the [National Performance Framework](#) and contribute to delivery of the First Minister's priorities for Scotland, as set out in the 2024-25 [Programme for Government](#): eradicating child poverty, growing the economy, tackling the climate emergency and ensuring high quality and sustainable public services – as well as the ambitions set out in the [National Strategy for Economic Transformation \(NSET\)](#).

SDS should ensure that strategic and operational plans align with the Purpose and Principles and must be able to demonstrate the impact that their plans will have on making progress towards the outcomes Ministers have set for the system.

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Reform and continuous improvement

Considerable work has been underway over the course of this year to progress with the reform priorities that I set out in my letters to the Education, Children and Young People Committee in [March](#), [June](#) and [October](#) 2024. This has included the consultation on options to simplify the post school funding body landscape and work to develop a new national approach to skills planning and to strengthen regional approaches. These priorities were highlighted in the Programme for Government for 2024/25, which also set out Ministers' plans to introduce a Bill to simplify the post-school funding body landscape.

I recognise that reform and continuous improvement presents opportunities, but is also a source of uncertainty. Ministers will respond to the consultations in due course, and I will provide as much clarity to your Board, your staff and wider stakeholders as I can at the earliest opportunity.

While all decisions will be for Scottish Ministers, I appreciate the detailed contribution that has been made by a number of your staff in supporting the development of the Outline Business Case for simplification of the funding body landscape and I look forward to more of them being closely involved as we prepare for implementation and transition to new funding body structures in the coming years, as well as being engaged in the development of other projects within the programme.

Across the programme, as options are further developed and as the policy direction of Ministers becomes clearer, I expect the full support of the SDS Board and Leadership Team; including, sharing any information required and ensuring that staff with vital expertise are made available to support this work; whether through formal, full time secondments, participation in assurance or working groups or taking forward discrete pieces of work in line with the priorities set by Ministers.

I also look to you and to the SDS Board and Leadership Team to take a positive and active role in supporting reform - delivering on Ministerial priorities and championing these, both within your organisation and with stakeholders - as this important work progresses.

Through the Chief Executive Forum, and the regular engagement that my senior team and I have with you as Chair and with the Chief Executive and leadership team, I will ensure that you are as engaged and involved as possible as Ministers make decisions on next steps.

While the teams leading reform projects and programmes will support you with information and will provide opportunities for engagement, including with recognised trade unions, you know your organisations best. I expect you to lead on providing reassurance to colleagues and supporting their wellbeing as we move towards delivering on the reform priorities.

I recognise that to do this effectively, Scottish Government will have to provide clear leadership, policy direction and implementation plans which provide a sufficient level of detail. That is my intention. I am aware that the evolving picture across budget, Education and Skills and Public Bodies Reform may require an additional letter of guidance in-year.

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Business as usual activity

It is vital that SDS continues to perform its existing roles to a high standard as the programme of reform is taken forward. Importantly this includes continuous improvement of the services you deliver. However, it is also important that any planned changes to business as usual over this transition period are discussed with your sponsor team as part of regular governance and assurance to ensure alignment with reform and best value.

I look to SDS to work with the Scottish Funding Council, the enterprise agencies and other delivery partners to play a full and collaborative role in supporting key Ministerial priorities including the National Strategy for Economic Transformation, our Green Industrial Strategy, Scotland's just transition to Net Zero and actions that will support the eradication of child poverty.

Public Service Reform

The Scottish Government is committed to delivering public service reform which achieves effective and person-centred, fiscally sustainable public services, leading to improved outcomes and reduced inequalities. In the delivery of its functions, SDS should adhere to this commitment and ensure that its services are affordable within a constrained budget, where value for money is a major focus.

SDS is expected to test and exhaust all options for efficiency savings. Budget management processes should be utilised effectively to inform difficult decisions, balancing fairness with affordability and fiscal sustainability.

As part of our approach to Public Service Reform in Scotland I also expect SDS to build on existing good relationships with the other public bodies, particularly those in the education and skills landscape, identifying opportunities for engagement, collaboration, alignment and further opportunities for shared services as reform work progresses.

Engagement with end users

At the heart of all of our work are the learners, employers and communities whom we serve. We can only deliver services and support that meet their needs if we actively engage, listen to what they tell us and act on that intelligence.

This is a recognised area of strength for SDS where you must continue to be able to demonstrate constructive relationships with these key stakeholders and the impact this has on delivery.

It will also be important to bring the expertise you have of working with industry to bear, in partnership with the Scottish Funding Council, on supporting Scotland's colleges to diversify their funding sources to meet local, regional and national skills needs.

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Budget

As you are acutely aware, the Scottish Government is operating in the most challenging fiscal context since devolution. Organisations across the public sector, including the Scottish Government, are subject to constrained funding and must make every effort to deliver within their agreed budgets.

It is a vital part of your role as a public body that you can provide evidence to demonstrate that the money being invested in our post school system is delivering the outcomes and impact envisaged.

SDS should ensure compliance with all additional SG procedures for spend approval, including the requirement for Accountable Officer (AO) templates. The Cabinet Secretary for Education and Skills wrote to all public bodies in her portfolio on 23 August 2024 setting out enhanced spend control measures public bodies are expected to follow. I recognise that this has resulted in decisions that may have previously been within the scope of the Board's responsibility having to progress through different approval processes. I am grateful for the continued cooperation of SDS in implementing these measures.

Governance

The SDS Board is responsible for holding the executive to account for SDS delivery of Ministerial priorities in accordance with its Framework Document. As you know, my officials are currently taking forward work with SDS to update your framework document, which was last updated in July 2019. I look forward to a revised Framework Document being agreed, which reflects the current operating, budgetary and policy environments.

As Chair I look to you to continue to ensure the Board provides leadership, direction, support and guidance to ensure that SDS delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers.

Your Sponsorship Team will also continue work with you on ensuring the recommendations of Eleanor Ryan's review of Scottish Government relationships with public bodies are implemented, building on already well-established working relationships, in line with [our response](#) to this review.

Fair Work

Fair Work continues to be a high priority for the Scottish Government and is central to delivery of outcomes under the National Performance Framework. SDS has a dual role to play in supporting the implementation of Fair Work First: as an employer; and as a steward of significant public funding which supports the delivery of public services and supports Scottish Government priorities, including through procurements or the award of grants/funding. SDS should refer to the Scottish Government's [Fair Work First guidance](#) to inform its implementation of Fair Work First conditionality in grants.

The Scottish Government also recognises its responsibilities to ensure the principles of Fair Work underpin any plans for reform of the skills delivery landscape which are likely to impact on the future work of Skills Development Scotland staff.

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2025/26 Priorities

Apprenticeships

SDS should continue to prioritise maximising delivery of high-quality apprenticeships. This should include consideration of the impact of rebalancing opportunities across frameworks to prioritise Modern and Foundation Apprenticeship opportunities in those sectors that are most vital to Scotland's economy and society, including those that support the transition to Net Zero, and are most likely to result in high quality, long-term employment and meaningful career pathways for participants.

I expect SDS to reallocate places not taken up throughout the year in consultation with my officials and in line with spend controls. SDS should ensure this process helps to address critical skills needs in the economy

SDS also has an essential role to play in apprenticeship reform as a central participant in the Scottish Government's apprenticeships enhancement project. The aim of the project is to reduce the complexity of the system, make it more transparent and to maximise the value of investment to learners and the economy from the collective investment the government and employers make across Foundation, Modern and Graduate Apprenticeships.

SDS should continue working with the devolved governments to manage and develop National Occupational Standards and to contract for the development of Scottish Vocational Qualifications in collaboration with the Scottish Government and Scottish Qualifications Authority.

SDS should continue its current role in the delivery of the new Teaching Bursary scheme and Land-Based Pre-Apprenticeship Programme.

Careers Support

SDS should also continue to prioritise delivery of the all-age impartial Careers Information, Advice and Guidance service. This should include a particular focus on further improvement to the digital offer (My World of Work and the new digital profile) to ensure that this is developed, with key partners and sectors, including those that support the transition to Net Zero, to contain information about the breadth of jobs, careers, and pathways in Scotland - including in new and emerging fields/ industries, and the anticipated economic outcomes associated with these.

This is particularly relevant to the commitment in the 2024/25 Programme for Government to 'improve careers support so that there is better information on career choices, including potential job prospects and earnings, and connecting students, schools, and employers.'

SDS Careers Advisers should continue to offer professional support in the community and in schools, working with the Scottish Government, Education Scotland and partners across the ecosystem to consider any adaptations that may be required to the business model.

SDS should continue to work with Developing the Young Workforce (DYW) regional groups, DYW National Team, School Coordinators and partners from the third and CLD sectors to ensure that learners can access the information and support they need to make decisions about their future.

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SDS should continue to contribute to the future development of the Careers Services Collaborative, working with the Scottish Government to establish a new collaborative planning group and operating arrangements to support a new Chair.

Collaborating across the careers ecosystem, along with other stakeholders, will be vital to improve the quality, coherence and consistency of the careers offer and to implement the policy direction set by Scottish Ministers. This will build on, but not be limited to, the recommendations of the Career Review, and focusing more clearly on user-focused outcomes. Maintaining a strong focus on improving equality remains crucial.

I also expect SDS to continue to play an active role in the 32 Local Employability Partnerships and ensure that it is appropriately signposting individuals and employers to the local employability support services on offer through No One Left Behind, and continuing to support customers through all age CIAG services, while seeking to reduce duplication.

SDS should continue to prioritise ongoing support for those affected by redundancy through our Partnership Action for Continuing Employment (PACE) initiative, working with the Scottish Government and other PACE Partners.

Skills Planning

SDS should remain closely engaged in the skills planning reform work being led by the Scottish Government, and collaborate actively with the Scottish Funding Council and partners on exploring approaches to enable the system to respond to current and future skills priorities. This will include on-going work on current funding models and exploring how better data and evidence on provision can support future skills planning processes at the national and regional levels.

The knowledge, networks, and expertise of a range of SDS staff will be essential in supporting the development of the new national approach to skills planning being led by the Scottish Government. The well-established experience and relationships of your staff across Scotland's regions will also enable regional skills planning approaches to skills planning to be strengthened alongside the national approach, in collaboration with wider stakeholders. A Memorandum of Understanding is in place on this critical part of the Post School Education and Skills Reform Programme, which should continue to enable joint working in a collaborative spirit over the coming months.

Data and Evidence

Good data, evidence and analysis is vital to providing high quality careers advice and labour market intelligence to inform skills planning. Aligned to the Purpose and Principles, SDS should continue to maintain and improve the 16+ data hub as an important source of information and intelligence on the positive destinations achieved by Scotland's young people and to provide the best available information for young people's transitions, including those who are most vulnerable. This will include on-going work with the Scottish Government and HMRC to continue to improve the quality of data around the Annual Participation Measure, and ongoing work on generating evidence for skills planning.

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Conclusion

The challenging operating context, fiscal constraints and the need for public sector reform will require effective decision making, constructive working and clear accountability from all of us, and I am keen that we retain regular dialogue.

Thank you again for your hard work and leadership. If you have any questions, your Sponsorship Team will be happy to discuss in the first instance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Graeme Deay', with a stylized flourish at the end.

GRAEME DEY

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Purpose and Principles – System Level Outcomes & Initial Priorities

Purpose <i>To develop new thinking, products and systems through research and to ensure that people, at every stage in life, have the opportunity and means to develop the skills, knowledge, values and attributes to fulfil their potential and to make a meaningful contribution to society.</i>		
Principles	Long Term System Outcomes	Initial Priorities
Transparent, Resilient and Trusted The system is financially and environmentally resilient; trusted to deliver, and subject to effective governance.	<ul style="list-style-type: none"> Public funding models for education, skills and research are fair, transparent, and maximise value. All parts of the Post-School system are trusted to deliver, environmentally and financially resilient and held to account for their impacts on learners, practitioners, local communities, and the wellbeing economy. Collaboration across the Post-School system is pursued proactively with shared values and a common purpose. 	<ul style="list-style-type: none"> To lead the development of a new model of public funding for all forms of provision. To investigate the options to deliver a single funding body, including tuition and living cost support, paying regard to issues such as the status and scope of the body's responsibilities. To include responsibility for overseeing all publicly funded post school qualifications (except degrees) and the underpinning occupational standards and skills frameworks as part of the new qualifications body.
Supportive and Equitable People are supported throughout their learning journey, particularly those who need it most.	<ul style="list-style-type: none"> The public funding system for student support is perceived as fair, transparent and accessible by learners, providers and employers. Learners have access to holistic, person-centred support, empowering them to access, sustain and complete their learning. 	<ul style="list-style-type: none"> Within financial constraints, build on manifesto commitments and undertake a review of student support for part-time learners to improve the parity of support on offer, especially for those who are returning to learning and may have other caring or work-related responsibilities. Develop a model for student support and engagement that takes account of all provision pathways and not just further and higher education, including considering apprenticeships and CLD.
High Quality	<ul style="list-style-type: none"> A motivated and valued workforce of practitioners 	<ul style="list-style-type: none"> Build on the work of the recommendations from the

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<p>High quality opportunities are available for people to enhance their knowledge and skills at the time and place that is right for them.</p>	<p>are empowered to deliver consistent high-quality learning opportunities.</p> <ul style="list-style-type: none"> • Learners have the skills and knowledge they need to secure or progress in sustained employment that is well-aligned to local, national and international economic and social need. • The system supports a culture of lifelong learning with a 'no wrong door' approach, where learners have equity of access and opportunity to fulfil their interests and potential. 	<p>Careers Review to consider options for embedding careers advice and education within communities, educational settings and workplaces across Scotland; including options for future delivery of national careers services.</p> <ul style="list-style-type: none"> • Build a comprehensive understanding of the Post-School qualifications landscape to inform processes for developing, funding, assuring and approving publicly funded qualifications, and actions for wider reform of the qualifications landscape - including improved articulation with the senior phase. • Lead work to inform our future approach to apprenticeship development and delivery as part of an integrated landscape of pathways. • Work with institutions, public bodies and unions to ensure that staff at all levels are supported and empowered to deliver the high-quality work required by students, society and the wellbeing economy, in keeping with fair work principles.
<p>Globally Respected</p> <p>Research, teaching, innovation and knowledge exchange undertaken by Scotland, must make a difference; enhance and contribute to global wellbeing, addressing 21st Century challenges such as the climate emergency and attracting inward</p>	<ul style="list-style-type: none"> • Scotland's Post-School system is internationally recognised for research, teaching, and innovation, leveraging substantial funding from international and domestic sources. • Providers attract and retain a highly trained teaching, innovation, and research workforce with global reach and impact. • Scotland's internationally competitive economy is 	<ul style="list-style-type: none"> • Use and improve Study in Scotland materials as part of our approach though NSET to talent attraction and retention. • Take forward a pilot international mobility programme co-designed with sector representatives. • Continue to seek to influence the UK Government to secure our future association to Horizon Europe and other EU research programmes and

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investment and talent to study, live and work in Scotland.	underpinned by world-leading research, teaching, innovation and knowledge exchange, driving inward investment and productivity.	ensure Scottish interests are protected regardless of outcome.
Agile and Responsive Everybody in the system collaborates to deliver in the best interests of Scotland's wellbeing economy	<ul style="list-style-type: none"> • Collaboration between policymakers, employers and providers produces a supply of talent and innovation to help drive Scotland's wellbeing economy. • Learners, no matter their background or prior attainment, can develop skills to enter and progress in good quality employment and/or realise their potential. • Scotland has an aligned and responsive regional skills delivery system fuelling a suitably skilled and motivated workforce, increasing productivity and business success at local, regional and national level. 	<ul style="list-style-type: none"> • To take responsibility for skills planning – developing an approach at a national level that works with partners to set clear priorities. • Enhance and embed the role of employers in shaping system planning priorities, pathways and provision. • This will be supported by a regional approach that builds on existing regional economic partnerships and has employers and local providers, in particular colleges, at the centre.

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