Operating Plan 2018-20
Chief Executive Foreword

Welcome to our Operating Plan for 2018-20

Our Corporate Plan 2015-2020 outlines our commitment to making skills work for Scotland. Our achievements to date, and what we are planning to deliver over the next two years, will help create a prosperous nation with more jobs, fair work and a dynamic, sustainable and inclusive economy.

In a period of continued economic uncertainty and change, with tightening public resources, we face a challenge in addressing the skills needs of individuals, employers and the wider economy. New technologies and changes in working patterns, the underutilisation of existing skills and the Scottish Government’s ambition to be in the top OECD quartile for productivity requires significant adjustment in skills provision.

We will continue to work closely with partners to deliver change in the skills system. An important element of this will be our work with the Scottish Funding Council to create and deliver against an evidence-based skills provision plan for Scotland. This will help to better align skills supply with the demand from industry and with the future requirements of the economy.

We will work particularly closely with employers through the Scottish Apprenticeship Advisory Board, Industry Leadership Groups and others to harness the energies of industry leaders and increase understanding of their future skills needs. We will also work with employers to emphasise the increasing importance of adopting business models that impact productivity and skills utilisation and the management practices that foster workplace innovation.

By implementing the recommendations of the Learner Journey review, we will help to further improve the agility and responsiveness of the skills system. We will also deepen our collaboration with the enterprise agencies, joining up support for employers and enhancing opportunities for increased levels of inward investment for Scotland.

Throughout 2018-20, we will continue to support the new Strategic Board, making our contribution to our shared ambition for Scotland and helping to implement the recommendations from the Enterprise and Skills Review.

Through our operational services, we will continue to work with schools and other partners to support future generations of confident, resilient and agile individuals. We will help school pupils to recognise their aptitudes and potential, by developing their career management skills. We will seize upon emerging opportunities in growth areas, by introducing them to the world of work earlier and supporting subject choices that are informed by labour market intelligence.

By further embedding our post-school service offer (Next Steps), we will provide enhanced support to those who feel less able or are unlikely to make successful transitions into employment, providing focused and intensive support for those who need it most.

Over the next two years, we will also further expand our work-based learning pathways. This will include a significant increase in the number of Foundation Apprenticeship opportunities, with more frameworks available in all Scottish local authority areas, and the creation of additional Graduate Apprenticeship frameworks across a greater range of subject areas.

I am confident that progress against our ambitions will, once again, be evidenced by our performance. We will continue to work towards creating a Scotland that values skills, enables people and businesses to reach their potential and we will contribute to building a competitive, inclusive and resilient economy.

Damien Yeates, Chief Executive
1. Economic and Policy Context

Our five-year Corporate Plan outlines the context in which we operate and while the broad picture remains similar, there have been changes in the economic, technological and policy environments since 2015 that impact on SDS. These are summarised in this section. A more detailed analysis, including the performance of the labour market since the financial crisis of 2008 and an analysis of future projections, can be found in our report, Jobs and Skills in Scotland – The Evidence1.

Economic policy

Economic policy remains focused on economic growth, raising productivity and increasing wealth and social wellbeing. As laid out in Scotland’s Economic Strategy2, the Scottish Government ambition is for Scotland to rank in the top quartile for productivity, equality, wellbeing and sustainability, against key trading partners in the OECD. The strategy is challenging, describing the importance of inclusive growth and in harnessing the talent of all Scotland’s people while reducing inequalities.

Scotland’s economic performance

Currently Scotland is ranked 21st from the list of 36 OECD countries, for productivity. Current annual growth in the Scottish economy is 0.6% (compared with around 2%, pre-recession)3. The Scottish Fiscal Commission’s outlook for the Scottish economy (Dec 2017) is for a period of exceptionally weak growth, below 1% annually, for the next 5 years 2020/21.

Slow growth in services and a decline in construction output has affected average economic growth and, although there has been an increase in GDP, GDP per head has been falling. This can be partly explained by the downturn in the highly productive oil and gas industry (and related supply chain) but is compounded by the combination of high employment and low economic growth and the downturn in construction4.

The retail sector is also facing difficulty with a number of high street retailers experiencing reduced turnover and profits during 2017/18 and some going into administration. Retail is Scotland’s second largest sector, employing 244,400 employees in 2015 and had already contracted in terms of employment by 3% during 2009-15, reflecting the economic conditions that have curbed consumer spending.

Our Jobs and Skills Report includes employment forecasts for each industry sector5, with key sectors including chemical sciences; energy; tourism and food and drink under threat of decline over the next decade. Growth is forecast over the same period in key sectors including construction; creative industries; financial and business services and ICT/digital.

Average GVA per worker in Scotland is £46,343: but 71.7% of our workforce (1.97m) work in sectors or occupations with a lower than average GVA6. The services sector had been the main driver of any growth in the Scottish economy (2015 Q4 to 2016 Q4), offsetting significant contractions in the manufacturing and construction sectors.

Understanding the relative contribution of each sector and occupation helps us to identify significant opportunities for skills investment and where we can have greatest impact. It highlights that, to meet the Scottish Government’s ambition to be in the top quartile for economic performance, we need to invest in the skills that support growth in high output sectors and occupations.

Increased productivity is important for driving up wages. Muted levels of productivity and low rates of productivity growth have

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3 https://www.sbs.strath.ac.uk/economics/fraser/20180328/FEC_Vol_42_No_1.pdf
4 https://www.sbs.strath.ac.uk/economics/fraser/20180328/FEC_Vol_42_No_1.pdf
5 In future, we will also report at an occupational level
6 GVA per job (2015) in Scotland’s Industrial Sectors (£000’s) Source: Oxford Economics
been a contributing factor in the limited increases in real wages for the Scottish workforce.

With inflation at 3%, wage growth has fallen behind – leading to negative real earnings and diminishing purchasing power. This, in turn, has an impact on economic growth which has, in the past, been fuelled by buoyant levels of consumer spending.

**Regional engines of economic growth**

Our city regions are considered engines of economic growth, offering the vast proportion of employment opportunities for individuals. City Region Deals have been formalised to help realise this and to support the Scottish Government’s Economic Strategy with a focus on Investment, Innovation, Internationalisation and Inclusive Growth.

Over the life of this plan, we will intensify our support for regional economic partnerships, in line with the Enterprise and Skills Review. A regional focus enables us to more effectively exploit our natural strengths and comparative advantages across key industry sectors and occupations, develop capabilities in new and emerging growth sectors and occupations and widen participation in employment.

**Policy and performance in the labour market**

A vibrant, fair and inclusive labour market is a key component of achieving a strong economy. Scotland’s **Labour Market Strategy**, is focused on creating more jobs, better quality jobs and jobs that work for every individual in terms of skills, pay, security, and prospects. This means a labour market characterised by high employment, a skilled population and fair work conditions.

The labour market is central to Scotland’s prosperity and the skills of the labour force play a key role in improving rates of productivity. Continued investment in skills is necessary to enable Scotland to move to a high wage, high output economy.

Despite the challenges in raising productivity, Scotland’s labour market performance remains strong, with employment at 74.8% and unemployment relatively low at 4.3% (Nov-Jan 2018)\(^8\).

A portion of the recent growth in employment has been driven by rising self-employment, now at a record high accounting for 12.3% of all employment in Scotland, and part-time employment, up 6%, while full-time employment in Scotland has fallen by 2% (2007-2017)\(^9\). Growth has also been concentrated at the top and lower ends of the labour market, with a consequent hollowing out of skilled and technician roles. This presents challenges for many people to progress in the workplace.

An additional feature is the growth in non-permanent employment, up by 12%, which includes ‘zero-hours’ contracts. Latest data show that the proportion of the workforce employed on a zero hours contract amounted to 2.2% of the workforce in December 2016, or approximately 57,000 people\(^10\). This trend has contributed to concerns about underemployment and in-work poverty, with data indicating that rising numbers of those employed part-time are looking for full-time work. Under-utilisation of skills is also impacting the potential for individual prosperity and economic growth where existing skills remain untapped – particularly prevalent among graduates.

The Scottish Government’s **Youth Employment Strategy**\(^11\), Developing the Young Workforce, aims to improve work-relevant skills and employment opportunities for young people by engaging employers in education, creating new work-based learning options, offering earlier careers advice and building new standards for career education and work placements.

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\(^10\) ONS, Labour Force Survey, 2017

Alongside general recovery in the economy, the success of these policies, actively supported by SDS, has contributed to the early achievement of Scottish Government’s ambition to reduce youth unemployment by 40% by 2021. Youth unemployment in Scotland is now around its record low\(^\text{12}\). Although there has been significant improvement, this is inconsistent across different areas of the country and varies dependent on age. Those currently unemployed are most likely to face complex or multiple barriers to work, with a significant proportion from deprived areas or households.

**Demographic change**

Our current workforce is ageing, with fewer younger individuals of working age to fill gaps as older workers retire. This is putting pressure on Scotland’s workforce, leading to individuals working longer and retiring later. In 2017, there were 84,700 individuals aged over 65 still in employment in Scotland (employment rate for those 65+ going from 5.7% in 2007 to 8.5% in 2017). There is a regional dimension to this, with Orkney, Shetland and Highland having the highest rates of employment for those aged over 50\(^\text{13}\). Businesses are also having to proactively consider the implications of training and re-training or up-skilling existing staff, now and for the future.

**Technological change – industry 4.0**

While the high level of political and economic uncertainty is one of the key themes of recent economic commentary, the pace of technological development is likely to be the dominant driver of economic change from the global to the local level.

The unfolding fourth industrial revolution or ‘industry 4.0’ will have an unprecedented impact on the way we work and live and will be a key consideration for SDS in the coming years. This industrial revolution is differentiated from those that preceded it by the scale at which it will have an impact, and the exponential rather than linear pace at which change is taking place.

Emerging technological breakthroughs, in fields such as artificial intelligence, robotics, nanotechnology, autonomous vehicles, 3-D printing and quantum computing\(^\text{14}\) all offer potential opportunities for increased efficiency, productivity and economic growth. The exponential nature of the advances suggests an increasingly uncertain and complex future for all of us.

Meta-skills such as leadership; entrepreneurialism; creativity; complex problem solving and emotional intelligence cannot be replicated through automation and will become increasingly important. The digital infrastructure that provides a simple and cost-effective way to do business on an international scale is wasted without multi-cultural empathy and communication skills. Ensuring that these meta-skills are a core part of education is vitally important to our economy. Our focus on work-based learning, to develop these skills in our current and future workforce, will play a key role in ensuring that individuals have the skills they need to prosper in a changing labour market.

It will be important to understand the opportunities – and challenges – that this revolution presents for the Scottish economy and for the skills that individuals and employers will need to compete and thrive in an increasingly fast changing, and technologically driven, economy.

**Brexit**

The Brexit negotiations began against the backdrop of several unanswered questions including the rights of EU migrants to live and work in the UK, future trade options with EU members and the impact on ongoing and new inward investment. Working within an uncertain environment is, and will continue to be, an issue for those in the skills planning environment.

\(^{12}\) The youth employment rate in Scotland increased by 3.5% over the year from 55.9% in 2016 to 59.4% in 2017, while the UK rate increased by 0.6 percentage points from 53.5% to 54.1% over the same period. Since 2008, youth employment rates have increased in 14 of Scotland’s local authority areas, with significant improvement in Clackmannanshire (up 24.2% from 44.8% to 69.0%) and Midlothian (up 16.7% from 63.4% to 80.2%)


\(^{14}\) World Economic Forum 2017 [https://www.weforum.org/](https://www.weforum.org/)
Any changes to, or removal of, free movement that could have an impact on the pool of appropriate and available EU migrant labour in Scotland could exacerbate current and potential future skills shortages. As the labour supply contracts (resulting from the implications of Brexit as well as an ageing UK population and workforce), demand for labour in certain sectors, occupations and/or regions is likely to increase and could outstrip supply. This is particularly apparent in sectors and occupations that have historically employed a significant migrant workforce – food and drink and construction, for example.

Even without absolute clarity on the impact of Brexit, it is likely that the resulting change will have a negative impact on Scotland’s GDP, with forecasters predicting up to an 8.5% drop\textsuperscript{15}, largely due to changes in trade arrangements. With trade affecting GDP, it is very important that employers are encouraged to be proactive with planning for their future workforce, and investing in the skills and training of their current employees, to improve productivity and competitiveness in an increasingly tough environment.

Public Finances
Despite recently announced taxation changes, the challenges around public sector budgets in Scotland remain significant. There is continuing pressure to deliver efficiencies and public service productivity against the backdrop of a tight UK budget settlement. Like the rest of the public sector, SDS and its partner Enterprise and Skills Agencies, must continue to seek efficiency savings both internally and through enhanced collaboration.

Implications for Scotland’s skills system
The skills system must be flexible and agile to respond in this context of change, to ensure that it is industry-responsive and supports the labour market to develop and adapt to technological innovation. It must also take account of the fact that, although on the surface our employment levels are high, they mask issues around low productivity and skills utilisation, which means that the labour market is not working for everyone. In light of this, Scotland needs to build a high performing, inclusive labour market to improve the return on investment in skills.

High Performing Inclusive Labour Markets (HPILM): In a HPILM, people are equipped with the skills to take up the opportunities which will emerge in the economy, providing employers and individuals with the right skills at the right time.

Figure 1: Understanding and measuring the impact of a HPILM

<table>
<thead>
<tr>
<th>Performance</th>
<th>Productivity</th>
<th>Wellbeing</th>
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<tbody>
<tr>
<td>Performance</td>
<td>• Avg output per employee</td>
<td>• Avg per capita personal earnings</td>
</tr>
<tr>
<td></td>
<td>• Aggregate employment rate</td>
<td>• Growth in personal earnings</td>
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<td></td>
<td>• Skills utilisation</td>
<td>• % individuals in higher skilled, higher waged occupations</td>
</tr>
<tr>
<td>Conditions</td>
<td>• Workplace practices – engaged employees</td>
<td>• Security of employment</td>
</tr>
<tr>
<td></td>
<td>• Investment in skills/training in the work place</td>
<td>• Career development &amp; progression</td>
</tr>
<tr>
<td></td>
<td>• Work flexibilities</td>
<td>• Work life balance</td>
</tr>
<tr>
<td>Fairness</td>
<td>• Fair work practices</td>
<td>• Access to the labour market</td>
</tr>
<tr>
<td></td>
<td>• Gender &amp; diversity pay gaps</td>
<td>• Enabling services, provision of child care</td>
</tr>
<tr>
<td></td>
<td>• Wider &amp; deeper participation</td>
<td>• Equality of pay levels</td>
</tr>
<tr>
<td>Functioning</td>
<td>• Skills gaps – ability to do the job</td>
<td>• Investment in skills &amp; core competences</td>
</tr>
<tr>
<td></td>
<td>• Skills shortages – lack of available skills</td>
<td>• Smoother transitions</td>
</tr>
<tr>
<td></td>
<td>• Frictionless transitions &amp; mobility</td>
<td>• Re-skilling &amp; up-skilling</td>
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</table>

Figure 1 describes the characteristics of a HPILM and the impact that these attributes can realise. The combination of skills development and fairness can have a significant impact on productivity, individual wellbeing and, ultimately, economic growth.

In a HPILM, Fair Work practices are the norm and enable greater access to employment, greater equality within the workplace and improved rates of participation in the labour market.

There are strong economic drivers for increasing the participation of low engagement and underrepresented groups, to both increase the pool of available labour, and to improve the prospect

\textsuperscript{15} Scotland’s Place in Europe: People, Jobs and Investment, Scottish Government, 2018
for a more productive economy. The under-utilisation of skills, for example, may be reduced if employees have access to flexible working arrangements in occupations that match their skills, rather than having to take up more flexible employment in occupations for which they are overqualified.

To realise a skills system that is agile and responsive, realises a clear return on investment and contributes to the development of a HPILM, there needs to be greater emphasis on:

**Engaging industry in the skills system:** successful economies engage industry closely in the skills system. Employers need the opportunity to articulate their current and future skills needs and play a part in the design and delivery of qualifications. The changes brought about by industry 4.0 affect both the current and future workforce and we are focused on moving to an industry led approach to skills provision, to make the skills system more relevant for employers and more effective in driving economic growth. Our operational teams are central in engaging industry and employers in the skills system, enabling them to participate in skills development and work-based learning and giving them a prominent voice in terms of policy influence and future apprenticeship design.

**Improving the learner journey:** An improved learner journey, with clearer pathways and seamless transitions between academic and vocational routes, is needed to enable the labour market to develop and respond to economic and technological change. This will give individuals greater choice in their learning and provide employers with recognised, transferable qualifications that are relevant to their business. Improving the learner journey can also increase the return on investment in skills for individuals, employers and the Scottish economy, resulting in more people being work-ready, once leaving the education system, and productive earlier.

**Work-based learning:** as part of the ‘functioning’ element of a HPILM, work-based learning is designed to meet the needs of industry, addressing skills gaps and shortages. In addition, work-based learning plays a key role in the productivity challenge, as there needs to be a significant focus on improving the work-preparedness of the workforce and facilitating adaptation to technological change in the workplace.

**In work training:** recognising the challenges of longer working lives in the context of more rapid workplace change, there is a need to focus on in-work training at all occupational levels to ensure that workforce skills remain current and productive. Skills under-utilisation also requires to be tackled, enabling individuals to make the most of their talent in the workplace.

**Enterprise and Skills Review - collaboration**

The challenges of improving Scotland’s productivity and enhancing the collective impact of the enterprise and skills agencies in the context of rapid technological change and tight public sector budgets are at the heart of the Enterprise and Skills Review.

Following the establishment of the new Strategic Board, the Enterprise and Skills agencies are working collaboratively to improve our understanding of economic changes and their implications for skills and to progress delivery against the defined workstreams. As described in later sections, work is already underway in critical areas of collaboration.

**Looking forward**

As we move into a new operating year, our work is framed by the policy objectives, challenges and opportunities outlined in this section. The remainder of this plan describes our response over the two years ahead.
2. SDS Response in 2018-20

Our ambition
As Scotland’s skills agency, our core purpose is to make skills work for Scotland. We work with partners nationally, regionally and locally to stimulate an industry-led and evidence-based approach to skills development that will deliver investment in the right skills in the right place and at the right time. Since launching our 2015-20 Corporate Plan, our approach has been guided by the Skills Planning Model (see Figure 2) which aims to ensure that skills planning and delivery is driven by the needs of industry and the wider economy. This approach is now central to the new five step approach (see Annex 1) that we will be implementing jointly with the Scottish Funding Council to develop a single demand statement and provision planning cycle. This will influence the wider skills system in Scotland and deliver better outcomes and return on investment for individuals, employers and our economy.

Our organisational delivery against this model is captured in our strategy map, illustrated in Figure 3. This summarises our corporate goals and broad areas of work, including those of our supporting enabling services, and forms the basis of our 2015-2020 Corporate Plan. In this, our ambition is to work hard with partners nationally, regionally and locally, to create a Scotland where:

- Employers are able to recruit the right people, with the right skills, at the right time
- Employers have high performing, highly productive, fair and equal workplaces
- People have the right skills and confidence to secure good work and progress in their careers
- There is greater equality of opportunity for all

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Figure 3: SDS Strategy Map

**Vision**
SDS contributes significantly to a Scotland that values skills, realising the potential of its people and businesses to build a competitive, inclusive and resilient economy.

**Purpose**
Making Skills Work for Scotland.
We lead skills planning and development, and support employers to get the skills they need and individuals to get jobs and progress in the workplace.

<table>
<thead>
<tr>
<th>Our ambition for employers: Making skills work for employers</th>
<th>Our ambition for individuals: Making skills work for individuals</th>
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<tbody>
<tr>
<td><strong>Goal 1:</strong> Employers are better able to recruit the right people with the right skills at the right time.</td>
<td><strong>Goal 2:</strong> Employers have high performing, highly productive, fair and equal workplaces.</td>
</tr>
<tr>
<td>• Engage with employers to plan demand for skills both now and in the future</td>
<td>• Provide trusted advice and support to enable employers to:</td>
</tr>
<tr>
<td>• Utilise this intelligence to influence the development and funding of:</td>
<td>– Invest in existing skills and plan for, and develop, new talent</td>
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<tr>
<td>– Matching appropriate tertiary education provision</td>
<td>– Create solid business plans that reflect long term skillforce requirements and fairness</td>
</tr>
<tr>
<td>– Work-based education, training and learning pathways</td>
<td>– Access the right products and services to grow their business through their skillforce</td>
</tr>
<tr>
<td>– SDS products and services to respond to demand and equip people with the right skills for employers and our nation</td>
<td>– Establish evidence on the impact effective leadership and a culture of fairness and equality has on workplace productivity</td>
</tr>
<tr>
<td>• Deliver targeted programmes to help employers bridge the gap in industries where the supply does not meet demand in the short term.</td>
<td>– Through strategic engagement with industry, demonstrate and help deliver the benefits of adopting fair workplace and equality practices.</td>
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<tr>
<th><strong>Goal 3:</strong> People have the right skills and confidence to secure good work, progress in their careers and achieve their full potential.</th>
<th><strong>Goal 4:</strong> Increased equality of opportunity for all.</th>
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<tr>
<td>• Drawing on our careers intelligence, help people develop career management skills so they can:</td>
<td>• Work with partners at a local level to create a joined-up pipeline of accessible skills support, delivering greater equality and diversity in the workforce</td>
</tr>
<tr>
<td>– Choose the right pathway through education and into work</td>
<td>• Establish a clear understanding of the barriers to participation some people face by working closely with equalities experts</td>
</tr>
<tr>
<td>– Acquire essential employability and work-based skills</td>
<td>• Collaborate with partners to further shape services to break down systemic barriers and increase participation</td>
</tr>
<tr>
<td>– Take advantage of opportunities available to them within our economy and its employers</td>
<td>• Collaborate with Scottish Government to help design and deliver devolved employability and skills programmes in Scotland</td>
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<tr>
<td>• Anticipate and plan ahead throughout their career</td>
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<tr>
<td>• Champion the wide range of pathways into work, ensuring each route is recognised and valued</td>
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<tr>
<td>• Invest in programmes such as Modern Apprenticeships to help Scotland’s workforce confidently adapt to a changing economy and labour market</td>
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<table>
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<tr>
<th>Our ambition for our organisation</th>
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<tr>
<td><strong>Goal 5:</strong> SDS is an employer of choice, an exemplar of fair work and internationally recognised for excellence, innovation and customer-focus.</td>
<td>• To deliver sector-leading services to customers by:</td>
</tr>
<tr>
<td>• To deliver sector-leading services to customers by:</td>
<td>– Taking an innovative approach to leadership, skillforce development and equality</td>
</tr>
<tr>
<td>• Harnessing our digital capability and making best use of our business intelligence</td>
<td>• Maintaining a focus on quality, efficiency, effectiveness and sustainability underpinned by a culture of continuous improvement.</td>
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**Values**

- We put the needs of our customers at the heart of all we do
- We demonstrate self motivation, personal responsibility and respect
- We continually improve to achieve excellence
- We make use of our combined strengths and expertise to deliver the best outcomes
The two years ahead
As we embark on the final years of our five-year plan, we will continue to work towards our vision of a Scotland that values skills, enabling people and businesses to reach their potential and contribute to building a competitive, inclusive and resilient economy.

We will do this by continuing to embed an **industry-led, work-based** approach to skills development, rebalancing skills provision. We will work closely with the Scottish Funding Council (SFC) to better align skills provision with demand. This will help to effectively deliver the skills that employers need, creating greater return on investment for learners, employers and the economy.

Based on this, our priorities include:

- Delivering higher levels of industry and employer engagement through our operational teams and the Scottish Apprenticeship Advisory Board (SAAB), ensuring that apprenticeships and other SDS services meet the needs of industry.
- Expanding our successful Foundation, Modern and Graduate Apprenticeship work-based learning options.
- Continuing to embed our enhanced CIAG service offer in schools: introducing pupils to the world of work earlier, supporting subject choices and providing intensive support for those who need it most.
- Embedding our new post-school service offer, which will provide enhanced support to those less able to make successful transitions.
- Supporting employees facing redundancy through our PACE services.
- Continuing to demonstrate our commitment to equal opportunities and fair work.
- Acting as lead partner in the Centre for Work-based Learning, developing policy and practice for the future.

We will collaborate with Scottish Government and enterprise and skills agency colleagues to support the new Strategic Board in pursuit of our shared economic aspiration to be among the top performing OECD countries for measures such as productivity, equality and wellbeing, and sustainability. As part of this collaborative work, we will:

- Implement the new 5 step skills alignment model in partnership with the SFC.
- Collaborate with enterprise agencies – joining up support to employers, particularly around inward investment.
- Play an influential role in the design and implementation of regional partnerships and delivery vehicles including the new South of Scotland Economic Partnership.
- Collaborate with the Scottish Government and partners to implement the findings of the learner journey review.
- Contribute to the creation of a single strategic plan, a set of shared outcomes and to building shared information and data across the skills and enterprise system.

**Delivery at local, regional and national levels**
Given our role at the heart of the skills system, partnership and collaboration are fundamental to what we do. Partnership working continues to be key to making the Skills Planning Model a reality and making public services work better for customers. As a national organisation with a firm presence in communities across Scotland, we have formed strong strategic and operational partnerships at national, regional and local levels. Figure 4 summarises our delivery platforms at each of these levels.


Figure 4: Delivery platforms

This combination of national strategic work, our extensive national reach and the ability to shape and deliver services at a local level has been at the heart of our work since we were established. It ensures that we have the flexibility to engage appropriately with partners and customers in response to changing demands.

We will ensure our services and investments contribute to the wider social and economic development agenda locally and that services join up as much as possible. This will be achieved through the continued development of relationships with local authorities and Community Planning Partnerships.

An example of this is illustrated through our role in helping to shape the City and Growth Deal structures. Through these, we help to define strategic skills propositions, ensuring that they add value to, rather than duplicate, existing skills interventions. Through the City and Growth Deal structures, we will continue to:

- Provide regional labour market and sectoral intelligence, developing additional intelligence at an occupational level
- Provide strategic insight to inform City and Growth Deal activity, in skills and other areas
- Drive the expansion of Work-Based Learning and the Apprenticeship Family in Scotland

As a Community Justice Partner, we will also support and contribute to the implementation of Community Justice Outcome Improvement Plans. These will help to drive improvements, increase participation and secure better outcomes for communities and people with a history of offending.

We have developed a robust evidence base, through our Regional Skills Assessments, that is helping to drive regional skills planning in Scotland. Our Regional Skills Investment Plans (RSIP) are a major development in skills planning and enable more localities to understand, articulate and respond to their skills needs. The most recent Regional Skills Assessment (RSA) refresh comprises 46 RSAs providing comprehensive data at a range of geographical scales:

- Regional Outcome Agreement Areas
- Local Authorities
- City Deal Regions
- Scotland-wide level

Collaboration at a regional level will help to deliver improvements locally. By building more dynamic, inclusive regional engines of economic growth, ensuring that our city, rural and island economies are all engaged in growing Scotland’s economic base, we will begin to realise exponential change.

These and other priorities are detailed in this Operating Plan for 2018-20. Key commitments are detailed for each of our corporate goals.
3. Our Ambition for Employers in 2018-20

Our ambition is to ensure the needs of industry and the economy strongly influence investment in education and skills. We do this by working with employers at both strategic and operational levels. Work in this area underpins our first two corporate goals, which are that:

Goal 1: Employers are better able to recruit the right people with the right skills at the right time

Goal 2: Employers have high performing, highly productive, fair and equal workplaces

Central to our first goal has been the development of a clear and robust evidence-base on current and future skills needs, informed and articulated by industry. We work very closely with employers and industry groups to bring the evidence to life and to ensure that our interpretation of it reflects the practicalities specific to sectors, occupations or localities that may, otherwise, be hidden by the raw data. The aim is to use this intelligence to inform and drive the skills investment decisions made by SDS, our partners and the Scottish Government. The significance of this work has been reaffirmed by the Scottish Government’s recent Enterprise and Skills Review which underlined the importance of better aligning skills demand with supply, ensuring that employers can recruit people with the skills they need.

In the last year, we have worked intensely with Scottish Government and the Scottish Funding Council (SFC) to develop a coherent approach to skills alignment and have agreed the basis for a new 5 step model (see Annex 1). This forms part of the collaborative work we are carrying out to support the new Strategic Board. In 2018-20, the focus will be to advance our early work on:

- Establishing a single demand and provision planning cycle with the SFC
- Enhancing the shared use of information on labour market demand and provider capacity between the two agencies
- Coordinating and aligning our teams to jointly develop, support and manage skills provision planning, Outcome Agreements and apprenticeship contracting
- Supporting the new Director of Skills Alignment to establish a core team and a wider virtual team
- Scoping the potential for an Executive Oversight Group, comprising of the Chief Executive and Chair from both SDS and SFC, to provide advice to the Strategic Board

As this new approach develops, we will continue to implement existing skills investment plans (SIPs), and their associated
action plans, and develop any new SIPs as agreed. Our approach to skills planning is critical in directing our investment in work-based learning and our growing apprenticeship family. The focus of our SIPs will continue to be on growth sectors, whilst recognising the importance of other sectors, such as construction, to the economy and labour market. Additional areas of focus will include:

- Greater intelligence at an occupational level
- A continued drive to enhance digital skills
- Early learning and childcare to support the Scottish Government’s commitment in this area
- STEM skills – we are a key delivery partner for the Scottish Government’s STEM Education and Training strategy
- Film & TV, with specific support for the establishment of the new Scottish Screen Unit
- Rural skills: We will work with the Scottish Government, stakeholders and partners to develop a framework that ensures that there is appropriate provision of skills and learning to support the rural economy.

Alongside our work with specific sectors, we will also continue to implement Regional Skills Investment Plans (RSIPs) which are playing a key role in integrating skills investment at local level, including City and Growth Deal proposals.

Underpinning this work, we will continue to update and publish our suite of Regional Skills Assessments (RSAs), including a new assessment for the South of Scotland agency. These provide insight and detail on the demand and supply of skills across Scotland’s regions and local labour markets and help to stimulate an evidence-based approach to skills planning. They also enable us to share the evidence with our stakeholders and drive improvement more widely. We will continue to develop and enhance this evidence base, for example in relation to equalities data, to enable us to better understand the links between skills investment, productivity and inclusive growth.

We will also continue to develop and adapt this rich database to provide accessible labour market information for our CIAG colleagues and customers. The long-term goal is to inspire and prepare the future workforce to engage with the career opportunities that will be available by raising awareness of sectors/occupations or industries where jobs will emerge, and by challenging stereotypes that tend to channel young people into specific professions or roles. This labour market intelligence will also be used to underpin a refreshed, comprehensive set of frameworks and standards across the apprenticeship family.

**Workplace Innovation**
Alongside the skills alignment work, we have a clear role in supporting employers to grow and evolve their businesses by investing in workforce development, building a pipeline of new and diverse talent, and deploying fair work practices.

We will continue to promote work-based learning with Scotland’s employers, raising awareness of the opportunities and benefits that it can bring, including better preparation of young people for the world of work.

Changes in the economic climate mean that is increasingly important that employers consider long term investment in their workforce. Driving up productivity and remaining competitive requires employees to continue to develop and evolve their skills. This will become even more important for Scotland in the wake of the UK’s departure from the EU. We will also support employers in understanding the impact that the adoption of different business models and management practices can have on workplace innovation and productivity.

We will continue to encourage and support employers to address gender imbalance and to recruit and develop under-represented groups including young people who are disabled, care experienced or from an ethnic minority group. Similarly, in our
engagement with employers, we also continue to promote other elements of the Fair Work framework, including a focus on reducing the pay gap between men and women. We will continue to offer the Skills for Growth programme in partnership with Re:markable (formerly IIP), and we will be implementing improvements to the current offer following a full product evaluation that was completed in 2017/18.

As part of our work to bring employers and education closer together, we will continue to support regional DYW groups to roll out of the online platform, Marketplace. We will also work with Founders 4 Schools to develop a joined-up approach to reporting school engagements with employers.

Our work with partners to deliver and continuously improve PACE (Partnership Action for Continuing Employment) support for employees who are encountering redundancy situations will continue, including support for the Scottish Government initiatives set up to address on-going issues in specific sectors and geographies. This will include completing the delivery of the Transition Training Fund, until the Scottish Government’s funding commitment runs out during 2018. Linked to this, any apprentices that face redundancy will continue to receive support through our Adopt an Apprentice scheme which encourages alternative employers to take on part qualified apprentices.

Aligning our work to the ambition of the new Strategic Board in how we offer support to businesses is a key focus of our collaborative work with Enterprise colleagues. We will continue to intensify our engagement with colleagues in Scottish Enterprise, Highlands & Islands Enterprise and Business Gateway to support account managed companies, whilst continuing to develop a service offering tailored skills solutions to smaller companies to underpin growth. We will also work with the new South of Scotland Economic partnership.

We will deliver a cohesive system of business support, available to all businesses, across the agencies and key partners (including innovation, exporting, skills) differentiated across regions. As part of this, the enterprise account managers will be supported to raise their awareness of skills and SDS services and we will collaborate with them to ensure that there is an emphasis on skills for any inward investment opportunities. Underpinning these services is the joint work to develop a shared CRM and employer-facing web-service.

Towards achieving our 2020 Vision
Goals 1 and 2 – Skills Alignment and Employer Engagement

What next?
➢ Implementation of Skills Alignment model with SFC to achieve demonstrable improvement in skills system responsiveness to business needs & economic growth
➢ Translation of evidence into greater action & measurable impacts
➢ More specific and targeted interventions to support emergence of cross sectoral occupations—e.g. data analytics
➢ Within our skills investment and planning team, we will focus a significant amount of resource towards implementing the actions recommended in our sector skills plans
➢ Intensify our collaboration with Highlands and Islands Enterprise, using the Highlands and Islands SIP as a platform for doing so
➢ Emphasise critical importance of ‘meta-skills’ within 4th industrial revolution
➢ Refocus employer engagement in support of high growth, high value jobs, in collaboration with Enterprise agencies
➢ Work with Scottish Government, our agency partners and the STUC to consider how we can collectively inform workplace innovation and training in Scotland
➢ Collaborate with Scottish Enterprise and Scottish Development International, via a virtual team, on workforce and economic development, using our combined expertise to support inward investment
➢ Influence greater engagement between SAAB and Scottish Government to emphasise the critical role of the employer voice in developing and expanding opportunities and trainee places across the apprenticeship family.
### Operating Plan – Goals 1 & 2

<table>
<thead>
<tr>
<th>Region</th>
<th>Evidence is utilised through engagement with partners and providers to ensure that provision responds to demand</th>
<th>Support to employers to invest in skills, plan for and develop new talent and promote fair workplace practices</th>
<th>Deliver targeted support where industries face supply-demand mismatches</th>
</tr>
</thead>
</table>
| Regional Skills Assessments:  
- Over 100 social and economic indicators used to inform RSAs  
- Available in 14 regional bundles  
- 4 city regional deal packs  
- 28 local authority summary packs  
- 1 Islands composite  
- Refreshed annually | Fully resourced team with 5 senior skills experts; 10 sector managers  
- Engagement with over 17 Industry Leadership Groups  
- Continued implementation of 8 Sectoral Skills Improvement Plans  
- 3 additional Sectoral SIPs developed and published  
- 3 Regional SIPs developed | Proactive WBL approach to employer engagement developed  
- Over 500 SMEs supported through our Skills for Growth offer  
- Centre for Work-based Learning established (2017)  
- Scottish Apprenticeship Advisory Board established (2016)  
- 80+ SAAB members  
- Marketplace developed with DYW groups across Scotland to facilitate employer engagement with schools  
- 503 employers registered with Marketplace, as at 31st March 2018 | Employees from over 800 companies supported by PACE  
- £8.781m of £12m Transition Training Fund spent to date  
- Over 3,000 approved TTF applications since launch in 2016  
- TTF beneficiaries in employment 59% (2016/17) rising to 67% (2017/18)  
- 610 redundant apprentices supported through Adopt an Apprentice |

### Headline Achievements 2015/16 – 2017/18

- High Performing Inclusive Labour Market model delivered  
- Provision planning cycle established with SFC, including  
  - evidence and insight to support and inform skills alignment with SFC  
  - a skills demand assessment proposal identifying skills demands at national, regional, occupational and sector levels  
  - test / pilot the 5-step model in Digital and ELC occupations / sectors  
  - Joint recruitment of a Director of Skills Alignment  
- National/regional/sectoral/thematic evidence base for skills planning developed and maintained, including the production of labour market forecasts

### Commitments 2018/19 – 2019/20

- Demand statements delivered for Foundation, Modern and Graduate Apprenticeships  
- Pilot evidence-based provision plans implemented through Outcome Agreements and SDS apprenticeship contracting to align the relevant work of SDS and SFC  
- Ongoing implementation of 11 existing sectoral SIPs through engagement with industry leadership groups  
- Ayrshire and Tayside RSIPs delivered  
- Sector Action Plans delivered for decommissioning and oil and gas  
- Continued implementation of Regional Skills Investment Plans to integrate skills investment at local level  
- Career intelligence used to inform career decisions—through the updated local LMI tool / labour market forecasts

- Work with SAAB to build employer demand for work-based learning  
- Skills Relationship Team proactive engagement with targeted companies, with a focus on work-based learning  
- 150 more SMEs supported by Skills for Growth during 2018/19  
- DYW regional groups supported to roll out Marketplace

- Continued responsive PACE support for individuals facing redundancy situations  
- Continued enhanced service offer for the oil and gas sector including TTF support  
- Ongoing case management support for redundant apprentices
4. Our Ambition for Individuals in 2018-20

SDS provides Scotland’s individuals with a diverse and inclusive range of services that empower them to: choose the most effective personal pathway through education and into productive work; acquire essential career management, employability and work-based skills that meet the needs of Scotland’s employers; take advantage of opportunities available to them in the Scottish economy; and anticipate and plan throughout their career.

The Enterprise and Skills Review echoed the Scottish Government’s ambition for Scotland’s skills system and for streamlining the learner journey. This forms a key theme in our focus for the next two years and actions will be undertaken in collaboration with the Scottish Government and partners across Scotland, with direction from the Strategic Board. This work will help to improve and personalise learner experiences and to create more seamless transitions in the journey through the senior phase of school to sustained employment via efficient and more cost-effective pathways.

SDS resources are targeted to provide additional support for those who need it most, including addressing the barriers faced by disadvantaged customer groups within the labour market. This contributes towards realising our ambition for individuals, and is reflected in our corporate goals which are to ensure:

Goal 3: People have the right skills and confidence to secure good work, progress in their careers and achieve their full potential

Goal 4: Increased equality of opportunity for all

Towards achieving our 2020 Vision
Goals 3 and 4 – Career Information, Advice and Guidance

Progress Since 2015:

- New Career Education Standard developed in conjunction with partners and published in 2015
- Building understanding of the Career Education Standard and developing services to promote Career Management Skills
- My World of Work – world class Career Management Skills web tool, with enhanced functionality launched in 2016
- Defined SDS offer, customised for each school through School Partnership Agreements
- Investment in new service to support subject choice
- Development and roll-out of our service offer to unemployed 15-18 year olds (and care experienced young adults)
- Timely and responsive delivery of PACE services to thousands of individuals facing redundancy
- Extensive improvements to data and reporting including data sharing with partners through the 16+ Data Hub, maintaining the shared Opportunities for All data set and providing partners with real time data on all 16 to 19 year olds
- Development and publication of the Participation Measure
- Positive external Review ratings from Education Scotland

Our School Offer
Career information, advice and guidance (CIAG) work in schools continues to be the cornerstone of our services for individuals. Working across partners, we help young people to build their career management skills, and to understand and use Career Management Intelligence (CMI). We will proactively engage with young people, parents / carers and teachers, providing them with the CMI to make positive and informed choices, corresponding to areas of high demand in the Scottish economy.

Now in its second academic year of delivery, our enhanced CIAG service offer is embedding in schools across Scotland. We now
have an increased focus on providing proactive support at transition points, and of introducing and developing career management skills at an earlier stage; offering digital tools and teacher resources from as young as P5, with Career Adviser-led engagements throughout secondary school. We are already seeing improved outcomes as a result of these changes and will continue to consolidate our approach to delivery of this service. In 2018-20 we will focus on achieving greater consistency of customer experience across the country, and increasing our ability to demonstrate the positive impact of our services.

In S2/S3 our focus remains on supporting pupils to make positive subject choices based first and foremost on their strengths and interests, with additional engagements available for targeted S3 pupils to help them engage fully in the senior phase of school. Further subject choice support in S4 and enhanced online information will ensure pupils are made aware of the full range of learning pathways available, including Foundation Apprenticeships, in line with the learner journey review recommendations.

Our universal and targeted offers in S4-S6 continue to be delivered, with one-to-one coaching support focused on those pupils who are identified as needing additional support to make a positive transition from school.

To support our delivery to young people, we continue, in partnership with others, to refine and develop our offer to parents/carers and other career influencers with the joint aims of:

- increasing engagement in career conversations
- improving awareness of SDS and our products and services
- building capacity to appropriately influence and inform career choices in young people

This will be enhanced by the development of a dedicated campaign website that provides parents / carers with up-to-date intelligence and messaging about in-demand jobs and the probability of success and employment within different career pathways.

My World of Work (My WoW), our award-winning Career Management Skills web tool, underpins and supports our CIAG services. We will place particular focus on increasing school pupil registrations and monitoring use at vital transition points, supported by the continued growth of our My WOW Ambassador programme. We will also introduce individual user accounts to help young people build detailed personal profiles to help them reflect on their strengths, capabilities and skills.

Throughout the learner journey we already collaborate with partners, including schools, Education Scotland, parents/carers and pupils to embed career management skills within the school curriculum and deliver the Career Education Standard. A key focus in 2018-20 will be to expand our work with partners delivering CIAG services in further and higher education, with a particular focus on colleges, to support the alignment of common principles, measurements, approaches and professional standards, and to enable access to clear and consistent CIAG services for all learners.

We will work with DYW partners to develop a framework for schools, aligned with CMS principles, which identifies what ‘good’ employer engagement looks like at each stage from P7/S1 through to S6, and what the intended outcomes of that engagement would be. Through the School Partnership Agreements (SPAs) we will identify areas to support further employer engagement in schools, with an aim of facilitating employer partners for each Foundation Apprenticeship framework (or its relevant sector) offered within the school.

We are ambitious in our commitment to engage and inspire more young people to consider STEM careers. This is, in part, reliant on having teachers in schools to deliver STEM subjects.
To help address this, we will commence delivery of a STEM Bursary on behalf of Scottish Government, to support career changers who want to move from STEM sectors into teaching, to inspire the next generation. We will also continue to deliver, and expand the content of, My WoW Live exhibits. These are designed to provide school pupils with high impact experiential engagements in STEM and other occupational areas where demand for jobs is high.

SDS will continue to contribute to the governance arrangements for the STEM Education and Training Strategy through its representation on the STEM Strategy Implementation Group, and through the official-level Action Group, as well as implementing our own complementary STEM strategy.

**Our Post-School Offer**
The SDS network of local centres across Scotland offers expert universal and targeted advice and guidance, available to all individuals regardless of age or status.

As with schools, within our universal Centre offer, resources are targeted to support those with greatest need. Our ‘Next Steps’ support for unemployed 15-18 year olds, and for care experienced young people up to their 26th birthday, develops the skills and confidence required to secure and retain a place in training, learning or work. Customers over 18 who still need assistance to transition into education or employment can continue to be supported according to their needs, in partnership with DWP and other local stakeholders.

SDS services to this customer group is our key contribution to the Scottish Government’s Opportunities for All policy and is supported by the management of a shared dataset (accessible to partners through the ‘16+ Data Hub’) which records the status of all 16-19 year olds in Scotland. This dataset will continue to be expanded and improved, with the help of new partners, to ensure all young people have support to access a positive opportunity.

In addition to supporting young unemployed people, we will also continue to offer timely, targeted, and local support to any individuals facing redundancy, through the PACE programme. An enhanced CIAG offer is available for any apprentices who have been made redundant. For people in the oil and gas sector facing redundancy, we will continue to provide access to training through the Transition Training Fund; ensuring that as many individuals as possible are supported through often stressful periods of change and uncertainty.

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**Towards achieving our 2020 Vision**

Goals 3 and 4 – Career Information, Advice and Guidance

**What next?**

- Greater focus in our face-to-face and digital CIAG services on supporting positive choices towards high growth and high productivity sectors and occupations, and those with current/future skills gaps
- Develop an integrated cross-functional plan to drive additional value for the CIAG service through other SDS service areas
- Further targeting of parental engagement, with specific focus on reaching areas of significant economic growth or business need, and promoting pathways into high value / high earning jobs
- Create a dedicated campaign website to better inform parents / carers of the opportunities available to young people
- Undertake work to get a deep understanding of the motivating and influencing factors for careers choices/assumptions of young people, parents and employers
- Review the focus of school engagement with industry, to encourage alignment to high growth, high value jobs
- Inform teachers about high value jobs and the critical skills needs of Scottish businesses & economy
- Maximise use and function of our network of local Operational Centres across Scotland
Apprenticeship Family
Alongside our CIAG services, we continue to focus on building a strong work-based learning system in Scotland, with the ‘Apprenticeship Family’ at its core.

In 2018/19, we will fund 28,000 apprenticeship opportunities, in line with the Scottish Government’s Youth Employment Strategy ambition to reach 30,000 annually by 2020/21. We will continue to promote an increase in the number of starts on STEM frameworks and at Level 3 or above, again in line with Scottish Government policy, as well as an increase in starts from under-represented groups. We will also aim to increase the number of Early Learning and Childcare MA starts, subject to demand, based on the projected growth of that sector, responding to ‘in demand’ skills.

Towards achieving our 2020 Vision
Goal 3 and 4 – Work-based Learning

Progress Since 2015:
✓ Major expansion of MAs (from 9,800 in 2009/10 to 27,000+)
✓ Increase in the number of MAs undertaken at level 3 and above
✓ Formal quarterly statistical publications produced for the MA programme and Employability Fund
✓ Development & roll out of Foundation Apprenticeships (FAs); growing to 5,000 starts in 2019/20
✓ Development of Graduate Apprenticeships
✓ Development of work-based learning at SCQF 4/5 underway
✓ Launch and growth of www.apprenticeships.scot to provide an online platform for promoting WBL and local apprenticeship opportunities
✓ MA long term evaluation framework developed with OECD

We have worked with our partners to refine and enhance the Foundation Apprenticeship (FA) and have seen a significant increase in the uptake of FA places in 2017/18. FA opportunities are now available across 10 sector frameworks, and it is expected that a minimum of 2,600 FA places will be available in schools across every local authority in September 2018, increasing to 5,000 FA places in September 2019.

Where individuals leave school prior to completing their FA we will ensure, through our partnership working with the SQA, that they are certificated for any completed units. We are also actively considering the development of more routes into apprenticeships, at SCQF levels 4 and 5, to further expand the inclusivity of the apprenticeship family.

Our Graduate Apprenticeships (GA), the newest member of the Apprenticeship Family, fully aligned to the needs of employers, will enter their second phase of delivery in 2018. It is anticipated that up to 887 GA places will be available in 2018/19, as part of the 28,000 apprenticeship opportunities we aim to achieve. GAs will contribute to the 30,000 target we have for apprenticeship opportunities in 2020/21.

Our apprenticeship family is supported by the bespoke online service www.apprenticeships.scot. Having grown in scope and audience, we will continue to use and develop it as a tool for promoting work-based learning and increasing equal access to apprenticeship opportunities. We will also introduce an online account for apprentices, enabling them to better access support and track their progression. We are also proactively working to strengthen the voice of apprentices, through several means including a new Scottish Apprenticeship Show that we will host in September and October of 2018.
Through collaboration via the Scottish Apprenticeship Advisory Board, we will ensure that apprenticeships continue to meet the needs of industry and are clearly aligned with economic growth and job opportunities. We are also engaging apprentices themselves as part of our work through SAAB to ensure that their voices are heard in apprenticeship development and that they can effectively support the growth in work-based learning through acting as ambassadors and helping to change perceptions around apprenticeships.

As our apprenticeship family expands, we will continue to work with partners and employers to develop and promote different apprenticeship models at different levels, ensuring the availability of appropriate frameworks. Continued development of these will be supported by the Modern Apprenticeship Group and the Centre for Work-based Learning. We will also ensure that we have consistent quality assurance processes across all our apprenticeships.

We will prioritise investment in a new Frameworks and Standards team to reflect changes to Sector Skills Councils, National Occupational Standards and the emergence of Foundation and Graduate apprenticeships.

**Employability programmes**

SDS continues to administer the Employability Fund, which offers training opportunities to unemployed people and has achieved year-on-year improvements in its delivery outcomes. As in 2017/18, 9,000 places will be funded in 2018/19. We will continue to commission opportunities locally with partners, reflecting local skills pipelines and with a focus on 16-19 year olds.

We will continue to develop and manage the National Third Sector Fund to provide early pipeline employability support for those furthest from the labour market. Scotland’s Employer Recruitment Incentive (SERI) will continue to be managed by SDS and delivered by local authorities, offering up to 550 training places each year to vulnerable young people with additional support needs including those with care experience and disability. Where appropriate, we will also continue to support the Open Doors Consortium.

The Individual Training Account (ITA) was introduced in October 2017, replacing the previous Individual Learner Account (ILA), providing a flexible training option for those who are unemployed and for those in low paid, low skilled jobs, helping to address in-work poverty. The ITA will continue to give people access to up to £200 per year for training and skills development, resulting in industry recognised qualifications and providing better outcomes for individuals and employers. In 2018/19, ITAs will support up to 18,500 new training places and we will review programme outcomes to help us drive continuous improvement in programme delivery.

In 2017/18, we managed the delivery of Work Able Scotland (WAS), the Scottish Government’s transition employment programme, offering support for people with long-term health conditions. In 2018/19, we will manage the remaining customers through the programme, continuing to record and share performance and outcome data in line with the reporting requirements agreed by the WAS Delivery Assurance Group. We will also work with SG to support the joint evaluation of the transitional employability service. In addition, we will support the Scottish Government by promoting Fair Start Scotland18 through our web services and our operational centres, where appropriate.

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18 From April 2018, the new Fair Start Scotland service will aim to help at least 38,000 people to find employment, including those facing barriers to entering the labour market.
In support of adult literacy and numeracy, we will maintain the current Big Plus presence on My World of Work.

**Towards achieving our 2020 Vision**

**Goal 3 and 4 – Work-based Learning**

**What next?**

- Expand apprenticeships at Foundation and Graduate level
- Develop and pilot a new Graduate Apprenticeship for the Early Learning and Childcare sector
- Intensify SAAB awareness of, and engagement with, FAs to strengthen SAAB linkage with schools. Consider how SAAB members can help support and shape employer engagement with schools
- Targeted expansion of Apprenticeship Family to address future skills in high growth, high value jobs
- Establish comprehensive maintenance & development plan for all apprenticeship frameworks
- Strengthen and align quality assurance arrangements across the apprenticeship family

**Equality and Diversity**

Alongside specific initiatives such as SERI and the National Third Sector fund, a commitment to increase equality of opportunity and access runs through all our services and programmes.

**Towards achieving our 2020 Vision:**

**Goals 3 and 4 – Equality and Diversity**

**Progress Since 2015:**

- MA Equality Action Plan developed and implemented, driving positive action for change
- Equality Toolkit for Employers and Training Providers developed and published
- Extensive online resources and training modules developed for colleagues working with customers who have additional support needs.
- 2017-2021 Equality Outcomes identified and published
- Corporate Parenting duties adopted and embedded
- Community Justice Partnerships developed
- Second Gaelic Language Plan published

In 2018-20, we will continue to work, both nationally and locally, with equality partners, employers and training providers to understand and address the needs of protected and disadvantaged groups, and to increase the participation of those who are currently under-represented in education, training and employment.

Our role as a Corporate Parent has increasingly informed our service development and delivery since 2015, and in 2018 we look forward to reporting formally on our progress, and making new Corporate Parenting commitments for the period 2018 – 2021.
We will continue to develop our approach to better engaging and meeting the needs of our customers with protected characteristics, and other customers who may face disadvantage in the labour market, including early leavers from HM Forces, those from the most deprived postcodes and people with experience of offending.

We will continue to drive the actions in our ambitious Apprenticeship Equality Action Plan through a wide-ranging programme of locally-delivered partnership activity across Scotland and report progress against them, as well as look to expand its reach to cover the whole of the Apprenticeship family. The SAAB Equality Group will also maintain an important, employer focused, role in supporting the delivery of greater diversity in Scottish apprenticeships.

Challenging stereotypes and pre-conceptions at an early age, as well as raising aspirations when young people take important decisions about their future careers, is of vital importance. We will endeavour to maximise the leverage from earlier inputs in the educational system and work with national and local partners to embed interventions which aim to address deep-seated cultural bias. Across all our work, we will keep challenging unconscious bias in individuals, their influencers, training providers and employers, to support the continued breakdown of barriers.

Our Equality & Diversity Mainstreaming Report 2017-2021, continues to guide our focus as a service delivery body, and as an employer. In line with The Specific Duties (Scotland) Regulations 2012 we will prepare to publish an updated Mainstreaming Report in April 2019, with progress reports against our Equality Outcomes for 2017-2021.

Towards achieving our 2020 Vision:
Goals 3 and 4 – Equality and Diversity

What Next?
➢ Continue to challenge stereotypes and preconceptions that affect subject, career, and learning pathway choices
➢ SDS commitment to publish our second Corporate Parenting Plan
➢ Emerging offer to armed forces veterans, including a qualifications calculator to help translate military qualifications into open market equivalents. Apprenticeship Equality Action Plan expanded in scope to include the wider apprenticeship family
➢ Continued action to attract a diverse range of individuals into apprenticeships and other work-based learning
➢ Continued partnership working at national and local level to ensure a collaborative and cohesive approach to services
➢ Identify additional ways to hear the voice of under-represented groups to inform continuous improvement activity across all services
## Operating Plan – Goals 3 & 4

<table>
<thead>
<tr>
<th>Help people develop career management skills to choose the right pathway from education into work to acquire essential employability and work-based skills and manage their careers</th>
<th>Help people acquire essential employability skills</th>
<th>Actively promote a range of pathways into work with a focus on enhancing work-based skills</th>
<th>Increase participation in learning and skills programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• More than 428,600 individuals supported through our CIAG services</td>
<td>• More than 38,000 Employability Fund starts</td>
<td>• More than 79,000 Modern Apprenticeship starts</td>
<td>• MA starts declaring a disability increased</td>
</tr>
<tr>
<td>• Participation measure which shows % participation in education, training or employment for 16-19 year olds, has risen from 90.4% in 2016 to 91.1% in 2017</td>
<td>• More than 2,400 SERI Starts</td>
<td>• MA achievement rate rose from 76% in 2015/16 to 76% in 2016/17</td>
<td>• Employability Fund starts declaring a disability increased</td>
</tr>
<tr>
<td>• 52% of secondary school pupils registered on My World of Work as at 31st March 2018</td>
<td>Over 6,000 Certificate of Work Readiness starts</td>
<td>• More than 1,900 Foundation Apprenticeship starts</td>
<td>• Rise in the number of care experienced MA and EF starts</td>
</tr>
<tr>
<td>• Continuous improvement in data sharing through the 16+ Data Hub</td>
<td>More than 3,270 National Third Sector Fund starts</td>
<td>10 FA frameworks with 2 more in development</td>
<td>The difference in participation between individuals from the most and least deprived areas in Scotland has decreased</td>
</tr>
<tr>
<td>• More than 1,000 Work Able Scotland starts in 2017/18</td>
<td>More than 49,650 courses attended via Individual Learning or Training Accounts</td>
<td>FAs available in all Local Authorities and delivered in 71% of schools</td>
<td>• More than 250 Graduate Apprenticeship starts (first entries 2017/18)</td>
</tr>
<tr>
<td>• First year of Next Steps offer for unemployed 15-18 year olds see 60% of customers progressing to education, training or employment</td>
<td>• New starts on employability programmes: 9,000 new EF starts in 2018/19</td>
<td>• <a href="http://www.apprenticeships.scot">www.apprenticeships.scot</a> apprentice opportunities have more than doubled over the 3 years</td>
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</tr>
</tbody>
</table>

### Headline Achievements 2015/16 – 2017/18

- School service offer delivered in 359 secondary schools in line with individually responsive school partnership agreements. This will include:
  - Delivering group work to circa 155,000 S1-S3 pupils each year
  - Targeting over 50,000 pupils making subject choices in S2/S3 each year
  - Providing enhanced support to circa 40,000 S4-S6 pupils each year
  - Next Steps offer delivered to around 11,000 unemployed 15-18 year olds and care-experienced young people each year
  - Continued delivery of interactive My WoW Live exhibits, expanding content to include other occupational areas, in addition to STEM
  - Ongoing engagement with partners to improve quality of data shared through 16+ Data Hub, with a focus on HMRC and third sector partners
  - Third Annual Participation Measure published

### Commitments 2018/19 – 2019/20

- Work with SAAB to promote industry leadership and develop future work-based learning standards architecture
- 28,000 new Modern and Graduate Apprenticeship starts with a focus on STEM and higher-level frameworks in 2018/19, increasing to 30,000 in 2019/20
- 2,600 Foundation Apprenticeship starts across a range of frameworks and with starts in every local authority area in Scotland in 2018/19, increasing to 5,000 in 2019/20
- Introduce Apprenticeship Ambassador programme into schools to support the delivery of work-based learning.

- Deliver equality action plan for MAs, extending this to include Foundation and Graduate Apprenticeships
- MA starts with a declared disability—target of 11% (2018/19)
- MA starts from Scotland’s Ethnic Minority communities – target to equal population share by 2021 (in line with DYW expectation)
- % of MA frameworks with a >75:25 gender split – target of 60% by 2021 (in line with DYW expectation)
- Report progress on 2015-18 Corporate Parenting Plan and publish new commitments for 2018-21
- Raise awareness of SDS services to better meet the needs of disadvantaged groups
5. Our Ambition for our business in 2018-20

Our Corporate Plan 2015-2020 focuses our organisational ambition on areas where we believe we can achieve the greatest difference. The main themes are:

- employee engagement and leadership
- Equality and diversity in the workplace
- making best use of our resources, including harnessing our digital capability
- continuous improvement in everything that we do

These themes help ensure we respond to the Scottish Government’s corporate expectations of public bodies, including the continued emphasis on creating public sector efficiencies, as highlighted in the Enterprise and Skills Review. They are reflected in our final corporate goal, where we strive to be:

Goal 5: An employer of choice, an exemplar of fair work and internationally recognised for excellence, innovation and customer-focus

Towards achieving our 2020 Vision
Goal 5 – Organisational Excellence

Progress Since 2015:
- Embedding a Culture of Everyday Leadership
- Improved staff development offer, including SDS Academy and minimum expectation of 21 CPD hours per annum
- Young Talent programme introduced and expanded
- Improving digital capability, including improved customer relationship management systems and roll out of Office 365
- Cross-business focus on Continuous Improvement activity, including embedded approach to self-assessment and external review

Recognising that our people are our most important resource, we continue our journey to transform our culture to one of Everyday Leadership. Aimed at fostering strong personal responsibility and customer focus, underpinned by continuous improvement, this strategy is reliant on strong employee engagement, clarity of direction, development of capability, supportive working conditions and close alignment with our corporate goals and values. Our annual ‘Your Views’ employee engagement survey is a key tool for capturing employee voice within SDS, and for monitoring the progress of our cultural change ambition. In 2017, over 90% of SDS employees contributed their opinions through this survey, and we will continue to use what staff tell us to drive cultural and other improvements across the business.

Our commitment to increasing equality and diversity in our own workplace remains strong, and we continue to develop and implement our approach to becoming an exemplar of fair work with reference to the five dimensions identified by the Fair Work Convention of effective voice, opportunity, security, fulfilment and respect. As an indication of this commitment, we aim to retain both our Investors in Young People and Living Wage accreditations. Further to this we will mark the Year of Young People by developing an updated Youth Strategy for SDS, with a
focus on offering work-based learning opportunities as an employer.

Developments in digital technology continue to offer scope and opportunity to work differently and more effectively. In line with the Scottish Government's revised Digital Strategy\(^{19}\), Digital First Service Standard and Cyber Resilience Strategy\(^{20}\), there is a need for a continued focus on making public services secure, resilient, easy to find and easy to use.

We remain committed to making the best possible use of digital technology to transform and enhance our customers’ experiences and to improve our own business efficiency. Implementation of our emerging digital enablement strategy will help identify and prioritise our internal investment in digital technology, including cloud-based technology and self-service solutions. In support of this, we will also look at how we can best support our people to embrace a culture of change, and harness new ways of working, driven by technological advancement.

On 25 May 2018, the General Data Protection Regulation (GDPR) comes into effect. It is the most important change in data privacy regulation in 20 years, developed to harmonise laws across the EU and protect all EU citizens from privacy and data breaches in an increasingly data-driven world. We are committed to maintaining the privacy of our colleagues, customers and partners and are working hard to make sure we are fully compliant with the new regulation.

In line with the recommendations from the Enterprise and Skills Review, we will continue to build on the IT service we share with SE and HIE, ensuring that we have the most effective IT solutions for delivering customer centred services and new ways of working. The development of a shared customer relationship management system for employer engagement activities will facilitate data integration, help to strengthen data quality and improve service delivery to shared customers across SDS, SE, HIE and Business Gateway.

Further work on the integration of customer databases, financial and other management information systems, including our payment and management information system, FIPS\(^{21}\), will create a more efficient means for managing our service delivery. This will enable us to create business intelligence that will better serve customers, aid our continuous improvement and allow us to more accurately demonstrate the impact of our services.


\(^{21}\) FIPS = Funding Information and Processing System
To support the new Strategic Board and Analytical Unit, we will be working towards the alignment of our foresight, analytical and strategic planning activity with the other Enterprise and Skills Agencies. This will include the development of a shared strategic planning process and supporting performance framework.

We will continue to work with partners to improve the richness and robustness of the shared dataset, as well as effectively manage our own data and statistics in line with guidance for official statistics. During the year we will publish statistics on work-based learning, employability programmes and the Participation Measure.

The years ahead will see us continue to embed initiatives across the business which drive efficiency, and identify and reduce potential waste in our key business processes; supported by a programme of CPD to build capability amongst our employees. Alongside this, we will continue to drive quality assurance and maintain high standards across all business areas at all times.

Having achieved our 2020 carbon reduction target three years early, we will continue to contribute to Scotland’s ambitious target for emissions reduction by 2050, by employing a more focused approach on targeting our energy consumption and private car usage. Details of this will feature in our revised Carbon Management Plan to be published in 2018.

**Towards achieving our 2020 Vision: Goal 5 – Organisational Excellence**

**What next?**

- New approaches to continuous improvement, with a focus on improving business processes.
- Continued focus on digital enablement, including a focus on self-service and cloud-based technology.
- Ongoing emphasis on employee engagement, developing the skills of our own people and moving toward our ambition to be an exemplar of Fair Work.
- Intensify collaboration with Skills & Enterprise agencies, including alignment in corporate planning cycles
- Explore the opportunities for further cross-agency shared services
- Track our application/interview ratios against success rate to understand current performance and identify improvement areas
- Continue to highlight our current positive action on equality and diversity and ensure that this is understood and recognised
<table>
<thead>
<tr>
<th>Operating Plan – Goal 5</th>
<th>Digital transformation to deliver semantic services for customers and enable our staff to perform to the best of their capability</th>
<th>Focus on quality, efficiency and effectiveness, underpinned by a culture of continuous improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation in leadership, workforce development and exemplar of fair work</strong></td>
<td><strong>Enhancements to our web services – <a href="http://www.myworldofwork.co.uk">www.myworldofwork.co.uk</a> and <a href="http://www.apprenticeships.scot">www.apprenticeships.scot</a></strong></td>
<td><strong>23 Education Scotland reviews of our CIAG services completed (including follow-ups)</strong></td>
</tr>
<tr>
<td><strong>Headline Achievements 2015/16 – 2017/18</strong></td>
<td><strong>Implementation of a new management information and finance system for National Training Programmes</strong></td>
<td><strong>Education Scotland review grades have improved every year, with 69% graded 'very good' or above in 2015/16, 73% in 2016/17 and 90% in 2017/18</strong></td>
</tr>
<tr>
<td>Improved staff engagement: 89% of staff are proud to work for SDS (up from 54% in 2015); 89% of staff would recommend SDS as a place to work (up from 64% in 2015) and 91% of staff agree that SDS is an equal opportunities employer (up from 82% in 2015)</td>
<td><strong>Introduction and roll out of MS Office 365 for all staff across SDS</strong></td>
<td><strong>60 self-assessments carried out across the business</strong></td>
</tr>
<tr>
<td>Healthy Working Lives Bronze award achieved and retained</td>
<td><strong>Digital Enablement strategy developed to set out our longer-term vision for digital transformation</strong></td>
<td><strong>81% of teams completed at least one self-assessment</strong></td>
</tr>
<tr>
<td>Relaunch of SDS Academy to enable colleagues to access CPD and perform to the best of their capability</td>
<td></td>
<td><strong>Carbon reduction target met 3 years early</strong></td>
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<tr>
<td>Increase in employees aged 16 – 24, Modern Apprentices and graduate interns through the expansion of our young talent programme</td>
<td></td>
<td><strong>Production of MA and EF quarterly statistics, in line with Official Statistics guidance</strong></td>
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<tr>
<td>Improvement in Stonewall workplace index rank</td>
<td></td>
<td><strong>Modern Apprenticeships Long Term Outcomes framework developed in partnership with OECD – to help us to capture and articulate the long-term benefits of the apprenticeship programme</strong></td>
</tr>
<tr>
<td>Living Wage and Investors in Young People accreditation achieved</td>
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<tr>
<td><strong>Everyday Leadership introduced to foster greater personal responsibility and a culture of continuous improvement</strong></td>
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<td></td>
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<tr>
<td><strong>Commitments 2018/19 – 2019/20</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living Wage employer and Investors in Young People accreditations retained</td>
<td></td>
<td><strong>Continue to drive quality assurance and continuous improvement in service delivery through</strong></td>
</tr>
<tr>
<td>Youth Strategy developed with an emphasis on providing work-based learning opportunities (2018/19)</td>
<td></td>
<td>- 28 self assessments in CIAG services and other teams across the business in 2018/19 and 22 in 2019/20</td>
</tr>
<tr>
<td>Healthy Working Lives Silver award (2018/19)</td>
<td></td>
<td>- 7 External reviews by Education Scotland in 2018/19 and 5 in 2019/20</td>
</tr>
<tr>
<td>Staff engagement survey – Your Views – carried out each year</td>
<td></td>
<td>- Review of our business processes using Lean methodologies</td>
</tr>
<tr>
<td>Fair Work strategy finalised and approved (2018/19)</td>
<td></td>
<td><strong>In conjunction with Scottish Government, utilise linked education-HMRC-DWP datasets to determine long term educational outcomes and investment returns</strong></td>
</tr>
<tr>
<td>Programme of activity for phase 2 of SDS Academy developed and implemented (2018/19)</td>
<td></td>
<td></td>
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<tr>
<td>At least 21 hours of CPD completed by every SDS employee each year</td>
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</tbody>
</table>
6. Budget 2018/19

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

We continue to deliver two Strategic Interventions for which we receive European Social Fund monies, and we expect to receive some income during the year, using Grant-in-Aid to co-finance, where appropriate. We will also work with the Scottish Funding Council during the year to maximise any further opportunities through the current European funding programme.

Our budget plans to support continued delivery of our career information, advice and guidance service, expansion of the Apprenticeship family programmes, the continued development of industry engagement in skills investment planning, and other initiatives, as described in this plan.

At the same time, and in common with other parts of the Scottish public sector, we are identifying and implementing productivity and efficiency gains to reduce the cost, and improve the effectiveness of our organisation.

<table>
<thead>
<tr>
<th>Income 2018/19</th>
<th>£'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Grant-in-Aid (GIA)</td>
<td>192,797</td>
</tr>
<tr>
<td>Transfers, ABR &amp; SBR indicative GIA</td>
<td>16,148</td>
</tr>
<tr>
<td>Strategic Forum Savings</td>
<td>0</td>
</tr>
<tr>
<td>European Social Fund income</td>
<td>15,029</td>
</tr>
<tr>
<td>EIS Partner Re-charges</td>
<td>12,595</td>
</tr>
<tr>
<td>Other income</td>
<td>5,101</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>241,670</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Income</th>
<th></th>
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</table>

<table>
<thead>
<tr>
<th>Expenditure 2018/19</th>
<th>£'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>People Costs</td>
<td>72,514</td>
</tr>
<tr>
<td>National Training Programmes, Funds &amp; Initiatives</td>
<td>129,302</td>
</tr>
<tr>
<td>Careers Information &amp; Guidance</td>
<td>2,404</td>
</tr>
<tr>
<td>Industry and Employer Engagement</td>
<td>5,708</td>
</tr>
<tr>
<td>IT/IS Infrastructure</td>
<td>21,754</td>
</tr>
<tr>
<td>Estates</td>
<td>7,232</td>
</tr>
<tr>
<td>Indirect and Enabling Services</td>
<td>2,806</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>241,720</strong></td>
</tr>
</tbody>
</table>
7. Performance Monitoring & Evaluation

Corporate planning and performance framework
Our Corporate Plan 2015-2020 sets our goals for the planning period. The strategy map, which details our goals (Figure 3), is complemented by a corporate performance framework to monitor our progress towards these over the lifespan of the Plan. This framework (illustrated in Figure 5) identifies nine outcomes, behind each of which is a set of performance measures identifying both what we have delivered and the difference we are making.

These measures are tracked and reported and form the basis for service and programme evaluations.

Figure 5: SDS Corporate Performance Framework

Our contribution to National Frameworks
As a public body, we also align our performance to the Scottish Government’s National Performance Framework (NPF). This has been designed to measure and report on progress in achieving the aims of the Scottish Economic Strategy. We have also aligned our corporate performance framework to the Scottish Government’s Inclusive Growth indicators. Annex 2 illustrates this alignment.

Performance and statistical reporting
We report regularly on our performance internally and publish an extensive range of performance and statistical information to external stakeholders, including:

- Quarterly updates to the ‘In Your Area’ statistics on the SDS website and bi-annual briefings sent to all Local Authorities
- Annual Review published in June providing an overview of progress and achievements against Operating Plan targets.
- Series of statistical publications, produced under Official Statistics guidelines, including Modern Apprenticeships, the Employability Fund, the Annual Participation Measure and, introduced in March 2018, a new annual publication on Foundation Apprenticeships.

This commitment to providing stakeholders with clear information on our services will be further strengthened with the introduction of:

- A new annual publication on our Graduate Apprenticeship programme (December 2018).
- Reports on school CIAG service delivery and usage of My World of Work to Education Scotland and Head Teachers

Research and Evaluation
We conduct much of our research and evaluation in-house. Recently, this has included:

- capturing the views of senior phase school pupils
- capturing the views of training providers involved in delivering apprenticeships
- capturing the views of over 2,000 users of MyWoW
- Career Education Standard - demonstrator school review
- employer engagement satisfaction research

We also carry out internal research to support continuous improvement across our business. This helps us to reflect on where
we can make further improvements and empowers our employees with greater opportunities to express their opinions and to be heard.

We collaborate closely with the Scottish Government and with partners in evaluation and research, including:

- the joint approach to the evaluation of Scotland’s new employability services – Work Able and Work First Scotland
- contributing to an effective evaluation of the Developing the Young Workforce (DYW) programme
- commissioning joint research into areas of interest, such as the Partnership Action for Continuing Employment (PACE) and the Young People in Scotland Survey

External reviews
Our CIAG services and Modern Apprenticeship off-the-job training are externally reviewed by Education Scotland. To date CIAG reviews have been undertaken in 14 local authority areas and 4 MA framework reviews have been completed. 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
Following Audit Scotland’s recommendations in 2014, we worked closely with the Organisation for Economic Co-operation and Development (OECD) to develop an apprenticeship long-term outcome framework for Scotland. The aim is to estimate the economic and non-economic benefits of apprenticeship investment to individuals, employers and the Exchequer. This work is being taken forward in collaboration with the Centre for Work-based Learning.

We are also collaborating in the Scottish Government’s Longitudinal Educational Outcomes (LEO) project linking 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.

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

- align our planning, performance and evaluation systems to the new Enterprise and Skills Strategic Plan and its associated performance framework, which we anticipate will be published in the autumn of 2018.
- 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.

Looking ahead
Our commitments, as described in this Plan, build on the achievements in 2017/18 and represent the next step towards achieving our five-year goals. We will continue to work with partners to drive further change, innovation and improvement in the enterprise, skills and learning systems to achieve our ambitions and make a difference for the people, businesses and economy of Scotland.
Annex 1: 5 step skills planning process

The purpose of Skills investment is to maximise the positive impact on the Scottish economy and learners. The 5-step skills planning model proposes to achieve this by:

- **Reducing core skills undersupply:** By increasing investment in core areas deemed essential by industry and learners
- **Removing oversupply of non-essential skills:** By releasing capacity in the system by removing oversupply in skills deemed less essential by industry and learners.

1. **Skills Demand Assessment**: Provide a robust and multi-faceted assessment of the current and future demand for skills in Scotland
2. **Provision Planning**: Develop a coherent plan for the provision of skills for Scotland that aligns with assessed demand
3. **Institutional Outcome Agreements (OAs) and Commissioning with Training Providers**: To collectively ensure that decisions for commissioning OAs and procuring Training Providers aligns with an authorised plan for national, regional, sectoral and occupational skills provision
4. **Outcome Agreement Execution and Training Provider Management**: To collectively support the performance management and monitoring of the performance of OAs and Training Providers
5. **Review and Evaluation**: To deliver a single evaluation methodology that assesses the supply of skills versus demand. This will:
   - ensure that the joint skills provision plan adequately balances the needs and priorities of inclusive growth, the economy, industry sectors, employers, regional economies; learners, institutions and private providers
   - align performance and evaluation systems with common performance measures that support the aims of the Strategic Board, the inclusive growth framework and the realisation of an improved return on investment throughout the system
Annex 2: Aligning our Corporate Performance Framework to the National Performance and Inclusive Growth Indicators

Public services treat people with dignity and respect
- Gender balance in organisations
- Quality of public services
- Trust in public organisations
- Educational attainment
- Young people's participation
- Economic participation

Innovative businesses
- Employees on the living wage
- Employee voice
- Confidence of children and young people
- Resilience of children and young people
- Skill profile of the population
- Skill shortage vacancies

Pay gap
- Skills under-utilisation
- Productivity
- Economic growth
- Scotland's reputation
- International relationships
- Influence over local decisions

Inclusive Growth Indicators
- Employment in 'high skilled' occupations (%)
- % of all employees (18+) with hourly pay below the Living Wage
- Median hourly pay gap for full-time male and female workers (%)

Economic Performance
- GVA per head (£) Change in GVA per head (%)

Labour Market Access
- Unemployment rate (%)
- Female employment rate (%)
- Economically inactive who want a job (%)

People
- Degree qualification (%)
- No qualifications (%)
- % of school leavers in a positive destination

Place
- % of individuals fairly or very satisfied with local schools

Scotland's Employers...
Goals 1 and 2
- Inform and participate in an Effective Skills System
- Employers reporting skills shortages/gaps
- Job readiness of individuals leaving education
- Production and use of skills intelligence base
- Development of Work Based Learning framework

Scotland's Individuals...
Goals 3 and 4
- Have access to Coherent Career Pathways
- Expansion of Work Based Learning, including the Apprenticeship Family
- Participation rates for under-represented groups in SDS programmes

Achieve and Progress in their Careers
- School leaver destinations
- The Participation Measure (overall participation rate and participation rates for sub-groups)
- Achievement rates for SDS programmes
- Sustained positive outcomes

Are able to make Informed Choices
- Reach of CoG/AC in schools and careers centres
- Utilisation of My World of Work
- Reach of My World User
- Individuals supported by PAC/ACE activity

Our Organisation...
Goal 5
- Is an Employer of Choice
- Employee profile
- Fair Work indicators
- Employee engagement indicators

Makes Best use of its Resources
- Carbon reduction
- Value for Money indicators
- Facilities management indicators

Is Recognised for Excellence and Innovation
- Accreditations / awards achieved and held

Has Satisfied Customers
- Individual satisfaction with services

External review ratings
- Employer satisfaction with services