Protecting and Renewing Scotland's Skills
Annual Operating Plan 2021-22

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Introduction from the Chief Executive

Welcome to our Operating Plan for 2021-22

Like all organisations, Skills Development Scotland (SDS) has rapidly responded to the dramatic and sudden change caused by the Covid-19 pandemic. As we progress into the recovery, we remain resolutely focused on equipping Scotland’s people, businesses, and economy with the skills they need to adapt and thrive.

Our Strategic Plan 2019-22 outlines the importance of adaptive resilience in responding to disruption, and the economic, demographic, environmental, and technological changes that our society faces. The pandemic has been a catalyst for this change and our clear priority is working with national and local partners to support Scotland’s people and businesses on the road to recovery.

Upskilling and reskilling

With restrictions easing and the economy re-opening, the future of our labour market remains uncertain, with clear challenges ahead. The full impact of the pandemic may not be realised until the end of the job retention scheme. We must be ready to provide the right support to those most affected, including young people and under-represented groups, so they can access sustainable and fair work.

By focussing on upskilling and reskilling, we can give people the opportunities to transition into roles which provide stronger prospects for growth and development.

Responding to the climate emergency

Emerging and growth sectors such as digital technology provide opportunities to fuel the economy and can help Scotland to achieve its wider ambitions, including the critical transition to net-zero. Partnership working sits at the core of all SDS does. We will intensify our work with Scottish Government and organisations across the education and skills system to ensure that our investment in skills exploits these opportunities to their fullest, for the benefit of all.

Adaptive and responsive services

The pandemic has demonstrated our ability to innovate and adapt our ways of working, particularly through the smarter use of technology. While we look forward to engaging with customers and partners face-to-face again, we are building on lessons learned over the past year to fundamentally improve the way we work.

SDS was recently awarded ‘Seven Star Recognised for Excellence’ by the European Foundation for Quality Management (EFQM), gaining the highest recognition possible and becoming the first public sector organisation in Scotland to achieve this. We will continue to look to international best practice to drive further improvement in all we do.

A focus on wellbeing

The health and wellbeing of our people has been, and continues to be, a key priority throughout the pandemic. I want to thank all SDS colleagues for continually going ‘above and beyond’ during these challenging times.

While uncertainty remains, I am confident that our people, products and services are well placed to deliver the support that the nation’s people, businesses and economy need to fulfil their potential.

Damien Yeates
Chief Executive, Skills Development Scotland
Strategic Context

The First Minister of Scotland described the Covid-19 pandemic as the biggest challenge of our lifetimes\(^1\). It has had a profound and continuing impact on our health and wellbeing, economy and society which will undoubtedly be long-lasting.

Before the pandemic hit, Scotland already faced issues of skills shortages in key industries and regions, pressures of an ageing population, the global climate emergency, automation & technological change, and uncertainty in relation to Brexit. While the longer-term implications of the pandemic have not yet manifested, Covid-19 has brought a new focus to these issues and a sense of urgency to their response.

There is a clear need for a compelling economic vision, with new approaches to skills interventions and investment, to drive recovery, growth and prosperity at a pace and scale never previously achieved. Within this, there exists an opportunity to rebuild an economy which is strong, inclusive, and green, addressing the pre-existing as well as new challenges with clear commitments to promoting wellbeing, tackling inequality and poverty, and providing high quality and fair work.

Scotland’s Economy

Along with countries around the world, Scotland is facing one of the biggest economic shocks in history. Scotland’s Gross Domestic Product (GDP) fell by 7.4% between February 2020 and February 2021\(^2\).

With many measures still in place to suppress the spread of the virus, Scotland’s GDP is forecast to shrink by a further 5.2%\(^3\) in the first quarter of 2021. However, with the current vaccination programme and easing of restrictions, it is predicted that there will be a return to growth in the 2021-22 financial year\(^4\). Despite this, the Scottish Fiscal Commission\(^5\) estimates that GDP will not return to pre-pandemic levels until the beginning of 2024. The Fraser of Allander Institute has a more optimistic central estimate of Autumn 2022.\(^6\)

While economic activity has fallen in Scotland, the extension of the Job Retention Scheme has so far masked the full impact of the pandemic on employment. As of February 2021, 21% of the Scottish workforce were still supported through the scheme\(^7\), equivalent to over 360,000 jobs. Changes to the headline unemployment rate in Scotland, sitting at 4.1% in February 2021, have been relatively small\(^8\) so far, however, the rate is anticipated to rise when the scheme ends. The Fraser of Allander Institute estimates the unemployment rate could reach as high as 7.5% later in 2021\(^9\).

The economic shock of Covid-19 has not been equally felt, with particular sectors, locations and groups of society being impacted deeply and disproportionately. Previous experience shows that young people are hardest hit by recessions\(^10\), with employers making redundancies, and reducing or stopping intakes of apprenticeships, internships, and young talent programmes. Young people (16-24

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\(^1\) Nicola Sturgeon, *First Minister address to the nation*, March 2020.
\(^5\) ibid.
\(^6\) https://www.strath.ac.uk/business/economics/fraserofallanderinstitute/publications/commentary/

\(^7\) Fraser of Allander, Latest data on the Scottish economy, April 2021.
\(^10\) TUC, *Jobs and Recession Monitor – Young People*, November 2020
year olds) are two and a half times more likely than other workers to be employed in sectors of the economy that are the most exposed in this current crisis\textsuperscript{11} – including retail, hospitality, and tourism. In the year to March 2021, 811,000 payroll jobs were lost in the UK, with under-35s accounting for 80\% of these cuts\textsuperscript{12}. In Scotland, the youth unemployment rate in 2020 Q4 (Dec 2020-Feb 2021) was estimated to be 10\%, equivalent to 33,000 jobs\textsuperscript{13}.

Across all ages, the lowest earners before the pandemic lost their jobs at four times the rate of the highest earners (8\% compared to 2\%)\textsuperscript{14}. Existing programmes to support or incentivise unemployed people into work are designed for achieving outcomes in buoyant labour markets and are less likely to be effective if there is high unemployment and few job vacancies\textsuperscript{15}. Opportunities for work-based learning are also likely to be restricted in these circumstances. Where vacancies are available, these are likely to be taken by those closest to the labour market. To address the emerging youth unemployment crisis, a different approach, backed by significant investment, is required.

Sectoral variation in business activity is a key driver of the impact of COVID-19 in geographies across Scotland. Cities have been disproportionately affected by the pandemic. While Edinburgh is the least impacted city in the UK, due to its sectoral mix and relatively low virus case rate, its economy\textsuperscript{16} still declined by 9.1\%, compared to an average of 9.7\% across all Scottish cities, a 10.4\% decline in Glasgow, and an average 11\% for UK cities. The economic recovery profiles of Scotland’s two biggest cities are similar, with Edinburgh’s economy predicted to grow by 3.9\% and Glasgow by 4.6\% in 2021\textsuperscript{17}. Rural areas have also been significantly affected. For instance, Highlands and Islands Enterprise (HIE) estimate GDP in their region is likely to decrease by £1.5-£2.5 billion by the end of the 2020/21 fiscal year\textsuperscript{18}, as a consequence of the severe impact on key sectors in the area, including hospitality and tourism. As at the end of February 2021, 112,100 jobs were furloughed in Rural Scotland, accounting for nearly one third of Scotland’s furloughed workforce\textsuperscript{19}.

Pre-crisis, there were several structural and other inequalities in existence in the labour market. Concerns remain around the quality of work, in-work poverty, and the rise of the gig economy. According to the Poverty Alliance\textsuperscript{20} 60\% of adults living in poverty in Scotland are in working households. The percentage of adults on zero hour contracts has quadrupled from 0.7\% in 2012 to 3.3\% in 2020, while 55\% of workers on zero-hour contracts are women\textsuperscript{21}.

In its Economic Recovery Implementation Plan\textsuperscript{22}, the Scottish Government commits to building a green recovery, with an emphasis on wellbeing, underpinned by an education and learning system focused on delivering the country’s skills needs. Recognising the role that it has played during the pandemic, the government also committed to enhanced investment in digital connectivity as an essential enabler of growth, productivity, and inclusion.

\textsuperscript{11} Institute for Fiscal Studies, \textit{Sector shutdowns during the coronavirus crisis: which workers are most exposed?} 2020.
\textsuperscript{12} Office for National Statistics, \textit{Labour market overview}, March 2021
\textsuperscript{13} Fair Work Convention, \textit{Fair Work in Scotland Report}, 2020
\textsuperscript{14} House of Lords Economic Affairs Select Committee, \textit{Universal Credit isn’t working: proposals for reform}, July 2020
\textsuperscript{15} Measured in Gross Value Added (GVA)
\textsuperscript{16} Highlands and Islands Enterprise, \textit{The Impact of COVID on the Highlands and Islands}, September 2020.
\textsuperscript{17} https://www.skillsdevelopmentscotland.co.uk/media/479527/rsa-infographic-rural-scotland.pdf
\textsuperscript{18} The Poverty Alliance, \textit{Key facts about poverty in Scotland}, 2020.
The Future of Work

The nature of work has changed. Covid-19 has intensified the pace of change and catalysed structural changes to Scotland’s economy such as a dramatic move away from office working and a sharp increase in the demise of high street retail. Set against the backdrop of green investment, with a prominent role for digital technology, work will continue to change.

Attitudes to what constitutes ‘the workplace’ and how work is undertaken - remote and homeworking, flexible working - have evolved. By the end of 2020, three times as many people in Scotland were working from home than before the pandemic. Recent survey data suggests Scottish firms expect flexible and home working to increase fivefold by 2025, although more work is needed to establish the impact of this change on productivity. As businesses rethink how they operate, these changes may provide opportunities to introduce a range of more flexible forms of employment, which offer a better balance between the needs of the employer and the circumstances of the employees, than more traditional models. For example, addressing barriers that may be faced by disabled adults when accessing a fixed workplace, or supporting those who have caring responsibilities to work more flexibly.

To compete in this emerging post-Covid-19 global context, the McKinsey Global Institute identifies the adoption of digital technologies as an important contributing factor to future economic growth. Therefore, ongoing improvements in digital infrastructure and the development of associated skills will also be a critical factor in creating the conditions for long-term business sustainability and resilience, and in improving the prospects for recovery across all sectors.

Population and Talent Attraction

Scotland’s population is ageing – this is expected to become more pronounced in future - simultaneously putting pressure on people to work longer while also increasing dependency ratios. Between 2016-2041, Scotland’s working age population is expected to grow by only 1% compared with 8% in the UK. Over the same period, Scotland’s population of over 75s is expected to rise by 79%. The impact of population change varies across Scotland with rural and island communities particularly vulnerable. Each year for the next 25 years, all of Scotland's population growth is projected to come from migration. However, Brexit means that international migration to Scotland is projected to decline, further inhibiting population growth.

For Scotland’s economy to grow and flourish, the country requires innovative solutions to attract and retain skilled workers from the rest of the UK and beyond. Pandemic-related increases in technology use and remote working may particularly enable remote and rural communities to access the learning and employment opportunities, and attract and retain the people and skills, they need. With less migration expected, technology presents employers and individuals with both increased opportunity and competition; with employers able to potentially recruit workers not domiciled in Scotland, but with Scottish workers more able to take up jobs based elsewhere.

In its Inward Investment Plan, the Scottish Government sets out that investment will be prioritised for foreign businesses that can provide new jobs and skills. The emphasis will be on creating regional opportunities aligned to a number of key sectors, including energy transition, digital financial & business services, and food & drink innovation. The Plan outlines that investment will be sought in line with Scotland’s values around fair work, net zero and sustainable and inclusive economic growth.

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24 Ibid.
27 Ibid.
Public Finances

Left unaddressed, the economic challenges already mentioned, such as increasing unemployment, our ageing population, and the need to attract and retain talent could place further pressures on Scottish Government expenditure. The reduction in the proportion of the population that is of working age causes a decline in tax contributions combined with an increase in the cost of healthcare and state pensions. This could be further compounded by an increase in remote workers, who are employed by Scottish businesses but live, and importantly pay tax, elsewhere.

Since the devolution of new tax powers to Scotland in 2014 and 2016, a more progressive income tax regime has been implemented, designed to protect those earning less and raise additional revenue to support public investment. However, the traditional welfare model was designed assuming a small proportion of welfare recipients, and an increasingly larger working population. With unemployment anticipated to rise as a result of the pandemic, this number of people on welfare is likely to continue to grow. Having committed to a range of policies, including a number of measures to mitigate the cost of UK welfare cuts, this could place a substantial financial liability on the Scottish Government.

Commitments from the Scottish Government’s 2021-22 Budget to combat the impact of Covid-19 indicate higher spending than seen in recent years, including ringfenced allocations for public bodies to support individuals and businesses as Scotland starts to recover. Challenges around public sector funding will remain significant as Scotland’s budget deficit increases. However, targeted investment in the country’s skills needs can contribute to the recovery, and improve the tax base, by raising employment rates and attracting business and people to live and work in Scotland.

Supporting a Green and Just Recovery for Scotland

Throughout the current crisis, there have been strong collaborative efforts between Scotland’s enterprise and skills agencies and other partners at a local, regional, and national level. Support has understandably been focused on helping employers and individuals in distress and sustaining jobs and businesses through times of lockdown.

To achieve a period of sustained recovery and growth following the pandemic, Scotland’s focus has been placed firmly on supporting people into good, fair, and green jobs. As recovery gains momentum, the pressures that existed within the labour market pre-Covid-19 will need to be addressed. Ongoing demographic challenges and restrictions on migration from the EU due to Brexit might exacerbate skills shortages in the economy. Workers displaced by the recession may form part of the solution, as employers look to recruit and reskill workforces to deliver a just transition to net-zero30. Going forward, the Climate Emergency Skills Action Plan sets out a clear direction for the reorientation of the skills system, and signals the role that businesses, communities and individuals will need to play in order to achieve Scotland’s 2045 net zero target.

Targeted support measures will be required to help businesses to adapt or diversify in response to the sustained changes and new opportunities within the economy. Workers, including those displaced by mass redundancies, will require support to retrain, upskill or use their transferable skills in other sectors or locations to secure new employment. Investment in workforce development, in the form of upskilling, retraining, and the development of meta-skills, will be required in order to equip Scotland with the highly skilled, flexible workforce needed to drive a high growth, high performing economy.

Prior to the pandemic, the Scottish Government’s policy perspective had shifted towards equating the importance of wellbeing to GDP as

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a measure of national success. A wellbeing economy is one that generates strong growth with the creation of quality jobs, and that does so with a focus on resilience, climate change, fair work, inclusivity, diversity, and equality. Achieving a wellbeing economy remains a clear aspiration for Scotland.

Integral to the adoption of this approach will be addressing the quality of work through the promotion of fair work approaches, including those outlined in the Scottish Government’s Fair Work Action Plan\(^{31}\) and the Fair Work Convention’s Framework\(^{32}\). This is closely linked to ambitions for inclusive growth, achieved through tackling labour market inequalities faced by, for example, women, disabled people, and ethnic minorities in Scotland. Analysis by Close the Gap\(^{33}\) highlighted that improving gender equality alone could add £17 billion to the Scottish economy.

To inform its response going forward, the Scottish Government has asked a range of experts to set out their position on how to address the hardship created by the pandemic and the underlying, deep-rooted inequalities that already existed. Recommendations have emphasised that sustained post-Covid-19 renewal in relation to money & work, rights & equality can only be achieved through people having both security and opportunity.

The challenges for Scotland, its economy, businesses, and people are evident, and potentially of a scale that none of us have seen before or will again. As Scotland’s national skills agency, SDS has a clear responsibility to make a strong contribution, both in helping Scotland’s people and businesses to come through the pandemic, but also, as we emerge to help Scotland start on the road to recovery.

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\(^{32}\) https://www.fairworkconvention.scot/the-fair-work-framework/

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**Scottish Government’s Response**

Contributing to Scottish Government priorities, including those set out in the Future Skills Action Plan and Programme for Government will be a key focus for Skills Development Scotland in 2021/22.

The 2020 Programme for Government underlined the need for our recovery from Covid-19 to be led by green growth and to also promote fairness and wellbeing. It committed to a national mission to create new jobs, good jobs, and green jobs, with a particular focus on young people; promoting lifelong health and wellbeing; and advancing equality and helping our young people grasp their potential. We will continue to work with employers and individuals to build the skills and infrastructure that are needed for the industries of the future.

Aligned with this, we remain committed to contributing to, and reporting against, the National Performance Framework (NPF). A high-level summary of this contribution is available in the Annexes of this Plan.

Together with our Enterprise and Skills Agency partners, we have identified the key drivers of change in our operating context, as summarised on the next page. These factors, in addition to the changes arising from the pandemic, will shape our delivery in the year ahead.
Figure 1: The Strategic Context

**Climate Change & Net Zero**
- Scotland aims to be a Net-Zero Economy by 2045
- 1 in 10 jobs in Scotland already relate to the circular economy
- 2-3°C increase could reduce global economic outputs by 15-25% this century

**Economy, Business Investment & Labour Market**
- Scottish economy forecast to grow by 1.8% in 2021, then 7.5% in 2022. Economic activity may not fully recover until 2024
- Employment expected to fall by almost 40,000 over 2021
- True extent of unemployment in Scotland may be masked by furlough scheme
- The UK public sector deficit grew from 1.8% of GDP in 2018/19 to 14.5% in 2020/21

**Digital Transformation**
- New technologies and skills could + £25 billion to Scottish economy over next 10 years
- 73% Scotland’s businesses adopted new digital technologies during Covid-19
- Working from home expected to increase fivefold by 2025 in UK

**Demographics & Talent Attraction**
- Scottish population projected to grow by 2.5% between 2018-43, with significant regional variation
- Estimated 50-80% reduction in net EU migration to Scotland after 2020
- 18,000 new opportunities in 2021/22 promised through the Young Person’s Guarantee

**Fair Work & Wellbeing**
- Covid-19 exacerbating pre-existing structural inequalities for all protected characteristics
- Lowest earners pre-pandemic lost their jobs at 4x rate of highest earners
- 1,950 accredited living wage employers in Scotland – 300 achieved accreditation in 2020

**Global economic output expected to grow 6% over 2021**
- UK overseas exports forecast to fall by £665m in 2021, but recover in 2022
- Over half of inward investors are scaling back or pausing UK investment plans
**Figure 2: Our 2019-22 Strategy Map**

### A Human Future – Scotland in 2035
Driving productivity and inclusive growth through skills

#### 2019–2022 Strategic Plan

<table>
<thead>
<tr>
<th>Productivity</th>
<th>Equality</th>
<th>Wellbeing</th>
<th>Sustainability</th>
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**All people in Scotland**

All people in Scotland have the skills, information and opportunities to succeed in the labour market

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


**Scotland’s businesses**

Scotland’s businesses drive productivity and inclusive growth

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

### Scotland has a dynamic and responsive skills system

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

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

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

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

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

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**Customers at the Heart**

**Strengths and Expertise**

**Motivation, Responsibility and Respect**

**Achieve Excellence**
2. Our Response in 2021-22

Our Strategic Plan 2019-22 set out our belief that disruption and rapid change would alter the future of work; affecting not just the type of work we do, but the way we do it. We structured the Plan around our approach to equipping Scotland’s people and businesses with the skills they would need to be adaptive and resilient in the face of this change. Our Strategy Map (Figure 2) outlines this approach.

While the economic shock caused by the Covid-19 pandemic created faster and deeper change than we had perhaps anticipated, the essential response required from us remains the same. Now, more than ever, we remain committed to working to help create a Scotland in which:

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

As an organisation, we too have had to adapt and innovate in response to the challenges of the pandemic. At a time when our customers have been most in need of our help, we have had to find new ways to reach, connect with, and support them effectively. Figure 3 summarises the nature of our ongoing COVID response initiatives in the year ahead for the support and wellbeing of both our customers and colleagues.

In the following sections we outline the actions we intend to take over the 2021-22 operating year to ensure this contribution is made.

The Young Person’s Guarantee

Announced in the 2020-21 Programme for Government (PfG), the Young Person’s Guarantee (YPG) seeks to ensure that every young person aged 16-24 is given the opportunity to gain employment, including apprenticeships, or a place in education, training or formal volunteering.

SDS will play a pivotal role in leading or contributing to the implementation of key actions within the YPG Activity Plan to make this a success. In 2021-22, this will include:

• Ensuring a robust evidence base, including the ongoing publication of monthly Labour Market Insights and the monthly snapshot Participation Measure (during November-May).
• Identifying cohorts of young people and key sectors of opportunity for them.
• Continuing to develop, manage and deliver the YPG web platform within My World of Work.
• Supporting the wider communications strategy for the YPG.
• Continuing to enhance operational delivery arrangements with partners, including Department for Work and Pensions (DWP) and Local Authorities
• Implementing the new strategic partnership arrangement with Developing the Young Workforce (DYW) and the Regional DYW groups.

In addition, we will align our existing work that contributes to the YPG, including:

• Promoting apprenticeships as a core offer of the Guarantee
• Utilising internal and external communication channels to signpost the activities of the Guarantee
• Working with employers, supporting them to understand the Guarantee and identify opportunities within their organisations
• Working with SG on the development of a shared measurement framework

Incorporated within the YPG, SDS is undertaking an end-to-end review of Career Service provision up to the age of 24 in Scotland, in line with the 2020 Scottish Government’s Career Strategy. The Review will consider how career advice could be integrated through early years provision, school, further and higher education and employment. Collaborating with partners, including third sector providers and equality experts, we will deliver a set of recommendations resulting from this review by December 2021.
## Figure 3: SDS: Our ongoing response to the COVID-19 Pandemic

### Insight & Intelligence
- **Data Gathering**
  Gathering regional and national data to assess the short-and long-term impact to Scotland’s workforce
- **Industry engagement**
  Engaging with industry and partners to understand the challenges caused by the pandemic
- **Systemic approach**
  Working as part of the Enterprise and Skills Strategic Board to ensure a cohesive approach from the enterprise and skills agencies to mitigate the potential impact on the labour market
- **Skills Alignment**
  Continued engagement and joint-working with Scottish Funding Council (SFC) and the regional colleges network to embed and implement Skills Alignment through recovery

### Responsive Career Service
- Adapted groupwork delivery (incl webinars, broadcasts, Next Step episodes and e-Sgoil sessions)
- Direct engagement and support for school leavers
- Strong coordination with local services & partner programmes
- Direct access to 1-2-1 career advice through the SDS Helpline
- **Enhanced digital content** for adults, school pupils, and parents/carers
- School leaver webinar programme (inc winter leavers)
- **Enhanced redundancy support** through Scottish Government’s PACE partnership initiative, including PACE webinar and helpline services and dedicated PACE Chairs

### Support for Apprenticeships
- Protecting Apprentices, including adaptations for physical distancing
- Digital innovations, including the option for ‘virtual’ work experience in Foundation Apprenticeships
- Bespoke support for redundant apprentices, including Adopt an Apprentice
- Maximising the available opportunities through stimulating employer demand, and linking employers to available incentives
- As appropriate, continued delivery of apprenticeship support measures including Pathway Apprenticeships and Apprenticeship Transition Plans

### Remote working and colleague wellbeing
- Continued prioritisation of the health, safety and wellbeing of our customers and colleagues
- Exploring opportunities to introduce ‘hybrid’ working models utilising technology and building on learning and innovation of enforced remote working during pandemic lockdown
- Continued flexibility for colleagues balancing work and caring responsibilities during ongoing restrictions
- Ongoing internal campaigns to support colleague physical, mental and social wellbeing and maintain high levels of colleague engagement
1. Enabling Scotland’s People

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

Scotland’s workforce was quickly and severely impacted by the pandemic. Likewise, our response was rapid and significant, transitioning all of our services to online delivery in a matter of days. As detailed on page 11, core components of our response to the pandemic, including our contribution to delivering the Young Person’s Guarantee (YPG) will continue into 2021-22 as the impact on people and businesses continues to be realised. As we move into this second year of delivery during the pandemic, our commitment to continue providing the support that Scotland’s people need, in a way they can access safely and conveniently, remains resolute.

Career management skills are essential to navigating the rapidly changing labour market. Building on the innovations achieved in lockdown, this year we will continue to deliver our all-age, universal and targeted career information, advice and guidance (CIAG) through a blended approach. Our careers professionals will continue to offer one-to-one and group engagements while our digital CIAG services are further developed and enhanced. Alongside this, and when restrictions allow, we will also make a safe return to in-person delivery through Scotland’s schools, our network of public access centres and partner delivery sites. The review of careers services, described on page 10, will inform future developments of our offer.

Enhanced service provision is available for customers going through the difficult time of facing redundancy. At the heart of this is the Scottish Government’s Partnership Action for Continuous Employment (PACE) initiative, including our new PACE webinar and helpline services. These ensure support is available to anyone who needs it, regardless of their location, sector, or employer. Bespoke support for redundant apprentices will also continue, including help to secure an alternative employer through the Adopt an Apprentice programme.

Work-based learning remains vital to upskilling the current and future workforce. While the pandemic has impacted the ability of employers and training providers to offer new opportunities, we will continue to work with our provider network and partners, including the SFC, to deliver Modern, Graduate and Foundation Apprenticeships. Where individual demand for Modern Apprenticeships cannot be met by employers, we will retain the option for Pathway Apprenticeships and Apprenticeship Transition Plans as options to progress toward learning outcomes.

Upskilling and retraining will be an essential component of recovery, as individuals develop themselves in order to take up new opportunities in the economy. At the heart of this, our My World of Work digital offer will help adults to identify their skills needs and access appropriate learning. To aid this, we will continue to offer options to do so, including through Individual Training Accounts, the STEM Bursary and agreed elements of the National Transition Training Fund. The Employability Fund and the National Third Sector Fund will likewise continue to build the employability skills of those further from the labour market.

We know the pandemic has affected some groups in society more adversely than others. Our new Equality Outcomes, published in April 2021 will ensure our service delivery continues to focus on driving equality, diversity, and inclusion across all our work.

Our goal one commitments and key deliverables for 2021-22 are summaries on the next page.
<table>
<thead>
<tr>
<th>Strategy</th>
<th>In 2021-22 we will:</th>
<th>Key deliverables in 2021-22</th>
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<tbody>
<tr>
<td>Enable learners and workers to make informed learning and career choices</td>
<td>Deliver Scotland’s career service, by providing career information, advice and guidance (CIAG) in schools, in public access centres and through digital services</td>
<td>• School CIAG service offer provided from P7-S6, including enhanced support for school leavers • ‘Next Steps’ service offer delivered to unemployed young people • All-age, universal CIAG services delivered • Review of Career Service provision undertaken • My World of Work developed to support school pupils, in partnership with DYW and Education Scotland • Enhanced content on My World of Work for adults looking to develop their CMS and those looking to upskill and retrain • 1-2-1 career advice delivered through SDS Helpline</td>
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<td></td>
<td>Work with partners to implement actions in response to the Young Person’s Guarantee to support 16-24 year olds into opportunities in work including apprenticeships, in education or training, or in formal volunteering</td>
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<td>Inspire people to make learning and career choices which support the critical skills needs of the Scottish economy, including promotion of STEM subjects and occupations.</td>
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<td>Empower people to achieve equitable learning and employment outcomes</td>
<td>Continue to deliver, and monitor progress against, our 2021-25 Equality Outcomes, to ensure equality of access and opportunity across our products and services.</td>
<td>• Equality &amp; Diversity Mainstreaming Report 2021-25 published • Gaelic Language Plan 2021-24 delivered • Corporate Parenting Plan 2021-24 developed and published • UN Convention on the Rights of the Child Report published • National, regional, and local equality partnerships maintained and developed • Service development and design processes enhanced to better consider the lived experience of equality groups</td>
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<td>Continue to engage with equality partners at national, regional, and local levels to better understand and help address disadvantage in learning and employment.</td>
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<td>Provide effective learning pathways into productive employment</td>
<td>Enhance provision of work-based learning in the senior phase of secondary school, through the delivery of Foundation Apprenticeships at SCQF Level 4-6.</td>
<td>• Up to 1,882 Foundation Apprenticeship (FA) opportunities made available through non-college provision, at SCQF Levels 4-6 • Programme management and quality assurance provided for all SDS and SFC-funded FAs and Graduate Apprenticeships (GAs) • Modern Apprenticeship starts delivered, maximising starts • Pathway Apprenticeships and Apprenticeship Transition Plans delivered in line with demand • Apprenticeships.scot maintained and improved</td>
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<td></td>
<td>Increase the competence and skills of the current workforce and provide effective learning pathways into employment, by providing Modern Apprenticeships and supporting Graduate Apprenticeship delivery.</td>
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<tr>
<td>Help create an increasingly productive and resilient workforce for Scotland</td>
<td>Provide bespoke support for people facing redundancy situations including through PACE and Adopt an Apprentice</td>
<td>• Enhanced PACE support delivered to people in redundancy situations, including webinars and PACE helpline service • Adopt an Apprentice support provided • Up to 8,000 people supported through the Employability Fund • SDS allocation of National Training Transition Fund delivered • National Third Sector Fund delivered • Individual Training Accounts (ITAs) funded • 150 STEM Bursaries offered • Women Returners Programme launched and delivered</td>
</tr>
<tr>
<td></td>
<td>Provide opportunities for people to retrain or upskill, to improve their chances of entering or sustaining employment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Deliver employability support to people seeking work, including those furthest from the labour market</td>
<td></td>
</tr>
</tbody>
</table>
2. Mobilising Scotland’s businesses

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

In the current economic climate, our primary role is to help businesses and employers to recover and rebuild through investment in Scotland’s people and skills as a key contributor to wider economic recovery.

Encompassing the aims of the Enterprise and Skills Strategic Board, we will continue to work with our agency partners to progress the development of simplified and streamlined business support. We will deliver the skills element of cross-agency support for employers looking to newly invest or grow their business in Scotland, contributing to the delivery of Shaping Scotland’s Economy: Scotland’s Inward Investment Plan.

Covid-19 has acted as a catalyst in creating opportunities for Scottish employers to adopt business models which promote a culture of equality, wellbeing and the further adoption of fair work practices. Working closely with Scottish Government and other partners, we will also continue to collaborate on the establishment of a Centre for Workplace Transformation with the goal of driving the adoption of progressive business models and innovative work practices across all sizes of enterprise. This will seek to improve business performance, productivity, fair work, and worker wellbeing, with the potential to deliver outcomes across a wide range of Scottish Government’s policy aims.

Through our direct engagement with individual employers, we will encourage businesses to take a strategic, and longer-term approach to workforce development and planning, enabling them to access the skills interventions necessary to support existing jobs and to create new ones. Our approach includes the active promotion of work-based learning including Graduate, Modern and Foundation Apprenticeships as a means to attracting new, and developing existing, talent. Through our work with the Scottish Apprenticeship Advisory Board (SAAB) we will continue to ensure that work-based learning in Scotland is informed by, and responsive to, the current and future needs of its employers. Other available support for upskilling and retraining employees, such as the Flexible Workforce Development Fund, will also be highlighted.

This year we will also redevelop our digital platform ‘Our Skillsforce’ to offer enhanced online support and resources for employers.

Our work with Developing the Young Workforce (DYW) and the regional DYW groups will continue to strengthen employer engagement in schools and curriculum development. Specifically, this will include adoption of a new strategic partnership arrangement, incorporating the joint development of a new Annual Action Plan and agreement of a new Target Operating Model. This will set out clear entitlements for pupils in every year group, allowing for more effective monitoring of the impact of this work for young people in Scotland moving forwards.

To support all employer-facing activity, we will work with our partners to ensure that our services are differentiated, as appropriate, across regions and delivered in conjunction with regional economic partnerships.

**Our goal two commitments and key activities for 2021-22 are summarised on the next page.**
<table>
<thead>
<tr>
<th>Strategy</th>
<th>In 2021-22 we will:</th>
<th>Key deliverables in 2021-22</th>
</tr>
</thead>
</table>
| Deliver an aligned and integrated service offer for employers           | Work with the Enterprise Agencies to further simplify and streamline employer access to support | • FindBusinessSupport.gov.scot further developed with agency partners  
• Organisations supported to improve their resilience to change  
• Growing businesses supported to identify and meet their skills needs  
• Contribute to cross-agency implementation of Scottish Government’s Inward Investment Plan  
• Work collaboratively with partners to successfully deliver the Scottish Manufacturing Recovery Plan  
• Advice and insight contributed to the development of a new Talent Attraction Service for Scotland |
| Inspire and enable employers to take a strategic approach to workforce planning | Provide bespoke skills advice to employers looking to grow or establish their business in Scotland, as part of a ‘Team Scotland’ approach to attracting investment |                                                                                                                                            |
|                                                                          | Continue to work collaboratively with other agencies to explore further opportunities to share data and intelligence |                                                                                                                                                  |
| Promote the development of productive and innovative workplace practices | Engage with employers, encouraging them to think strategically about their current and future skills needs, and how these can be met | • Employer engagement and support to maximise take-up of Foundation, Modern and Graduate apprenticeships from employers in Scotland  
• Support provided for SMEs through Skills for Growth  
• New strategic partnership arrangements with DYW developed and implemented  
• Support for upskilling and reskilling employees promoted to employers, including sectoral strand of the NTTF and non-college Flexible Workforce Development Fund provision  
• Scottish Apprenticeship Week 2022 delivered |
|                                                                          | Drive demand for work-based learning products from employers in Scotland               |                                                                                                                                                  |
|                                                                          | Promote the benefits of workforce development to employers, including the upskilling and reskilling of their current employees |                                                                                                                                                  |
| Drive understanding and adoption of fair work practices                  | Support businesses to respond to change, disruption, and technological advancement through investment in emerging skills needs | • Continue to support providers to develop Ecommerce capacity in partnership with SE and other agency partners  
• Cross-agency Business Models and Workplace Innovation employer offer developed and agreed  
• Contribution made to the establishment of a Centre for Workplace Transformation |
|                                                                          | In conjunction with the enterprise agencies, continue to develop and deliver a Business Models and Workplace Innovation service offer for employers |                                                                                                                                                  |
|                                                                          | Continue to promote the value of Fair Work practices to employers, particularly through encouraging the provision of accessible opportunities to learn and work. | • Implications considered of widening SDS application of Fair Work First criteria, to include employer support  
• Cross-agency Fair Work Tool promoted through digital and face-to-face employer services  
• Employers encouraged and enabled to increase diversity in their apprenticeship recruitment  
• Employer-led Gender Commission Report published |
3. Influencing the skills and learning system

**Goal Three: Scotland has a dynamic and responsive skills system**

Achieving a dynamic and responsive learning and skills system requires working closely with industry and employers across the economy to understand and articulate their needs. In the current period of rapid change and disruption, timely labour market intelligence is required to inform the decisions of stakeholders across the learning and skills ecosystem.

We know that effective use of the evidence base remains fundamental to identifying key sectors where jobs are most at risk, while also identifying those sectors which continue to recruit, or where growth is predicted. Going forward, all our existing evidence-based products, including the monthly publication of our Covid-19 Labour Market Insights and Regional Skills Assessments will be maintained, providing our partners with the evidence they need to support Scotland’s recovery. Through sustained high levels of engagement with a wide range of stakeholders we will continue to support the practical application of the evidence base in making decisions on skills alignment, provision planning, and investment in regions and sectors.

Given the economic and labour market challenges created by Covid-19, the effective use of that evidence ourselves and particularly in partnership is now even more critical. Our work with Scottish Funding Council (SFC) to enhance and extend skills alignment activity remains a priority. We will progress our joint evaluation to measure the effectiveness of the skills alignment in achieving its objectives, outcomes, and impact. This will include building on the strategic data sharing arrangements we already have in place to enable the ongoing running of the programme.

In partnership with the Analytical Unit of the Enterprise and Skills Strategic Board, Scottish Government and SFC, we will also continue to deliver the Education and Skills Impact Framework (ESIF), providing a comprehensive way of measuring both economic and social return on our joint investment in the skills system.

Our cross-agency activity with SFC this year will also see the implementation of a new Foundation Apprenticeship and Graduate Apprenticeship funding and delivery model for the academic year 2021-22. In this, we will seek to ensure that the quality of programme delivery and of employer and learner experience is maintained, regardless of learning provider type and funding source.

To support the Enterprise and Skills Strategic Board’s ‘Skills for the Future’ mission, in the year ahead we will support the implementation of the Climate Emergency Skills Action Plan and the Skills Action Plan for Rural Scotland. A cross-sectoral Digital Economy Skills Action Plan will also be developed by March 2022.

Led by the Scottish Apprenticeship Advisory Board (SAAB), we will continue to ensure a strong employer voice in the design and development of Scottish Apprenticeships. As part of this, we will work with the SAAB Standards and Frameworks group to explore and endorse the ongoing development and use of National Occupational Standards within Scottish Apprenticeships and work-based learning.

Building on the progress in the development and assessment of meta-skills achieved so far, we will continue to work towards embedding meta-skills within all of Scotland’s Apprenticeships, ensuring appropriate consideration of how emergent pan-occupational skills, such as sustainability, might be included.

**Our goal three commitments and key activities for 2021-22 are summarised on the next page**
## Operating Plan – Goal Three: Scotland has a dynamic and responsive skills system

### Strategy

**Strengthen industry ownership of the skills system**
- Engage strategically with industry leaders, employer bodies and other stakeholders, to **understand skills demand in the Scottish economy**
- Help strengthen relationships between educators and businesses, including through engagement with Developing the Young Workforce (DYW) groups
- Ensure a **strong employer voice** in the design and development of Scottish apprenticeships, led by the Scottish Apprenticeship Advisory Board (SAAB)

**Build a high-quality evidence base using robust and comprehensive data**
- Maintain the quality and robustness of the evidence base, making it accessible to stakeholders
- Progress work to demonstrate the **longitudinal economic outcomes** for all types of learning

**Influence the prioritisation of resources in line with the evidence base**
- Produce demand assessments to **inform decision making** in relation to learning and skills investment
- Work with the Enterprise and Skills Strategic Board, the Scottish Government and the SFC to progress **Skills Alignment objectives**
- Contribute to the delivery of the **Future Skills Action Plan for Scotland**, **Climate Emergency Skills Action Plan** and the **Skills Action Plan for Rural Scotland**
- Support the practical use of the evidence base to **develop and promote sectoral and place-based approaches** to skills planning

**Ensure work-based learning is efficient, responsive, and future-focused**
- Ensure **good governance of Scottish Apprenticeships**, including the alignment of framework approvals and quality assurance
- Continue our work to ensure the **frameworks and standards** for work-based learning is relevant and responsive to the needs of the Scottish economy.
- Use research and insight to **inform the work of SAAB** and the ongoing development of Scottish apprenticeships

### Key deliverables in 2021-22

- Industry and employer representatives engaged in the co-design and delivery of learning and skills
- Living Labs programme delivered, and Open Innovation Platform maintained and improved
- Strong relationships maintained with industry and employer representatives
- With DYW groups continue to develop the Marketplace platform,
- Co-ordinate and support the work of SAAB
- Labour Market Insights published
- Regional and Sectoral Skills Assessments updated
- Education and Skills Impact Framework developed with partners
- Delivery of sectoral and regional skills investment plans progressed
- Skills alignment priorities progressed, in collaboration with SFC, and in line with Ministerial priorities and the work of the ESSB and its Skills Alignment Assurance Group.
- Climate Emergency Skills Action Plan implemented, including the establishment of the Green Jobs Workforce Academy
- Work to develop the National Manufacturing Institute Scotland
- Digital Economy Skills Action Plan developed to support economic recovery and the SG’s Digital Strategy
- Continued engagement with City Region Deals and Regional Economic Partnerships to align investment of skills and support regional economic growth ambitions
- Ayrshire Regional Skills Investment Plan (RSIP) developed with local partners and published
- Inter-agency work progressed with SFC to embed a sustainable funding and operational delivery model for FAs and GAs
- Apprenticeship frameworks developed through Technical Expert Groups
- Apprenticeship Approvals Group (AAG) work supported
- Use of National Occupations Standards system explored and endorsed with the SAAB Standards and Frameworks group
- Development and assessment of meta-skills embedded into Apprenticeships
- Recommendations from Education Scotland review of FAs implemented
4. SDS as an organisation

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

The pandemic has fundamentally changed the nature of the workplace. While many people continue to work from home as restrictions remain in place, organisations are rethinking how their employees will work and interact with their workplaces in the future. Our colleagues are at the heart of our service delivery, and their wellbeing is vital to our organisational success. We will continue to listen to colleagues and prioritise their health, safety, and wellbeing as we return to working in offices, schools, and public access centres.

Our ambition to be an exemplar of fair work remains paramount. Through the adoption of fair and innovative recruitment and retention practices, the development of all our people, and an open and ongoing dialogue with colleagues and trade unions, we seek to create a diverse and engaged workforce.

Technology has positively impacted our ability to remain connected and continue working, at a time of great need. Building on the learning from the past year, we will explore how a hybrid approach to office and remote working could support the wellbeing and high-performance of our people. In the coming year, we will explore further opportunities to use digital technologies to continuously improve the reach and functionality of our products and services. The digital capability of our people is fundamental to this, and we will continue to provide training to support them to make best use of the technology available to them.

We remain committed to the ambition set out by the Enterprise & Skills Strategic Board for each of the agencies to pursue smarter delivery, better customer experience and streamlined ways of working. This year, we will continue to work with our agency colleagues to explore opportunities for developing further cross-agency shared services, similar to our existing Enterprise IS model. More detail on our partnership and collaborative working is available on page 20.

To ensure we make efficient, effective, and sustainable use of our resources, we will remain focused on delivering productivity gains through simplifying and streamlining our key business processes.

As a public body, SDS recognises its responsibility in playing a leading role in Scotland becoming net zero by 2045. Over the next year we will work with colleagues and stakeholders to identify and implement specific actions that will help us to deliver our Climate Change Strategy 2020-30. Through colleague engagement and by driving sustainable colleague behaviours, we will help to build momentum towards achieving Scotland’s long-term target.

We have embarked on a programme to enhance our reporting and data management solutions to deliver new levels of business intelligence, improve the service we deliver for our customers and drive efficiencies across the business. This will progress in the coming year and include engagement with enterprise & skills agency partners to share best practice in data management and analytics.

Our goal four commitments and key activities for 2021-22 are summarised on the next page.
## Operating Plan – Goal Four: SDS leads by example and continuously improves to achieve excellence

<table>
<thead>
<tr>
<th>Strategy</th>
<th>In 2021-22 we will:</th>
<th>Key deliverables in 2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adopt high-performing workplace practices, leading change in others</strong></td>
<td>Continue to demonstrate the development of <strong>progressive and inclusive workplace practices</strong>, as part of our commitment to be an exemplar of fair work. Consider how, as an employer, we can <strong>prepare for the future of work</strong>, enabling our people to embrace change and perform to the best of their capability.</td>
<td>• Progress our agreed Fair Work priority objectives&lt;br&gt; • Investors in Young People accreditation maintained&lt;br&gt; • SDS Wellbeing Strategy Action Plan refreshed to enable employee physical, mental and social wellbeing&lt;br&gt; • Equality, diversity, and inclusion promoted and driven within the SDS workforce, including through a new Race Equality Strategy.</td>
</tr>
<tr>
<td><strong>Improve customer experience and customer service through enhanced use of data and technology</strong></td>
<td>Continue to develop <strong>management information systems and systems architecture</strong> to drive higher quality business intelligence and enhance customer service and experience. Drive greater use of <strong>cross-agency data sharing</strong>, predictive analytics, and intelligence, including shared data platforms. Manage and maintain multi-partner data-sharing through the <strong>16+ Participation Portal</strong>.</td>
<td>• Cross-agency data strategy roadmap progressed&lt;br&gt; • Agreement with HMRC to facilitate identification of employment status of 16-24 year olds&lt;br&gt; • Multi-partner data sharing improved through the development of a new 16+ Participation Portal&lt;br&gt; • Continued roll out of Office 365 to colleagues&lt;br&gt; • SDS Information Management Strategy implemented&lt;br&gt; • Cyber risk planned and budgeted for, and the Scottish Public Sector Cyber Resilience Framework and Supply Chain Cyber Security Guidance are utilised&lt;br&gt; • Cyber Maturity Assessment Improvement plan progressed.</td>
</tr>
<tr>
<td><strong>Make efficient, effective, and sustainable use of our resources</strong></td>
<td>Maintain our focus on <strong>environmental sustainability</strong>, in support of Scotland’s ambition to be a <strong>net-zero society by 2045</strong>. Uphold a culture of <strong>continuous improvement</strong>, where colleagues all take responsibility for achieving <strong>business excellence</strong>. Uphold <strong>transparency and accountability</strong>, including through the publication of official statistics.</td>
<td>• SDS Climate Change Strategy 2020-2030 implemented and actions progressed&lt;br&gt; • Official Statistics, including the Annual Participation Measure, and other performance information published. &lt;br&gt; • SDS colleagues upskilled through ‘Continuous Improvement – the SDS Way’ training&lt;br&gt; • Action Plan developed in response to SDS’s EFQM Recognised for Excellence Report.</td>
</tr>
<tr>
<td><strong>Driver better customer outcomes through deeper collaboration and partnership working</strong></td>
<td>Continue to manage and deliver the shared <strong>Enterprise IS service</strong> on behalf of partner agencies. Work with agency colleagues to explore more opportunities to provide additional <strong>cross-agency shared services</strong>. Sustain our extensive commitment to <strong>partnership working</strong> at national, regional, and local levels, to improve outcomes for all.</td>
<td>• Delivery and management of shared services continued, including IT support from EIS&lt;br&gt; • Continue to build on and strengthen our strategic partnerships with DWP, Local Authorities, Education Scotland and DYW&lt;br&gt; • All Community Planning Partnerships contributed to, as a statutory partner&lt;br&gt; • Regional Economic Partnerships and Improvement Collaboratives engaged with to drive improved outcomes across Scotland&lt;br&gt; • Diverse network of partners engaged with at national, regional, and local levels.</td>
</tr>
</tbody>
</table>
Partnership and Collaboration

Our corporate values indicate the importance we place on using the combined strengths of all parties to achieve the best outcomes for our customers. As we work to support recovery in the coming year, we will require constructive, partnership approaches to addressing needs.

Close partnership working is critical to delivering better and more cost-effective services. We remain committed to cross-agency collaboration in line with the ambitions of the Enterprise and Skills Strategic Board’s Strategic Plan. The events of the past year have demonstrated the ability of cross-agency work to deliver aligned, responsive, and effective products and services, particularly in supporting businesses to contend with the disruption caused by the pandemic and Brexit.

Beyond our work with the other enterprise and skills agencies, we collaborate extensively at national, regional, and local levels with strategic stakeholders and operational partners to bring about the greatest benefit for Scotland’s economy, employers, and people through investment in skills.

Key to delivering cost-effectively is our work with our strategic and delivery partners, and the year ahead will see a further intensification of our collaboration at local, regional, sectoral, and national levels.

The events of the past year have demonstrated the ability of the enterprise & skills agencies to deliver aligned, responsive, and effective products and services (see Figure 4). In the coming year, we will continue to work together to deliver shared services and collaborative activities.

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**Figure 4: ESSB Agency Collaboration and Shared Services**

<table>
<thead>
<tr>
<th>Collaboration in service delivery</th>
<th>HIE</th>
<th>SE</th>
<th>SDS</th>
<th>SFC</th>
<th>SOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Find Business Support</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Support for Inward Investors</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Skills Alignment</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Data and Insights work (e.g. joint CRM, Brexit &amp; Covid data sharing)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Strategic and Business Planning</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Business Support Partnership</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Business Support campaigns</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>(e.g. Covid and Brexit responses)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Rapid Response Unit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>(support for companies at risk)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Shared corporate services**

| Enterprise Information Services (EIS) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Internal Audit                       | ✓ | ✓ | ✓ | ✓ | ✓ |
| Services for SOSE (Business support, some HR and Finance functions) | ✓ | ✓ | ✓ | ✓ | ✓ |
5. SDS Budget

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

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

Our budget will also support continued delivery of our CIAG service, skills investment planning and other initiatives described in this plan.

We endeavour to make best use of resource through shared services with other public agencies where it is beneficial and practicable to do so. This year, our budget will support the Enterprise Information Services (EIS) partnership with Scottish Enterprise, HIE and South of Scotland Enterprise to deliver information technologies and systems. Additionally, we provide shared services support for South of Scotland Enterprise HR and Finance transactions and participate in an internal audit shared service managed by Scottish Enterprise.

We will continue to identify and implement recyclable productivity and efficiency gains to ensure our services deliver value for money.

---

<table>
<thead>
<tr>
<th>Income 2021-22</th>
<th>£'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Grant-in-Aid (Cash and Non-cash)(^{34})</td>
<td>230,900</td>
</tr>
<tr>
<td>Transfers, ABR &amp; SBR indicative GIA</td>
<td>9,300</td>
</tr>
<tr>
<td>European Social Fund income</td>
<td>13,000</td>
</tr>
<tr>
<td>EIS Partner Re-charges</td>
<td>9,000</td>
</tr>
<tr>
<td>Other income</td>
<td>1,700</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>263,900</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure 2021-22</th>
<th>£'000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>People Costs</td>
<td>88,300</td>
</tr>
<tr>
<td>Work-based Learning</td>
<td>101,700</td>
</tr>
<tr>
<td>Employability Fund</td>
<td>14,100</td>
</tr>
<tr>
<td>Individual Training Accounts (ITAs)</td>
<td>3,500</td>
</tr>
<tr>
<td>Other National Training Programmes, Funds &amp; Initiatives</td>
<td>8,500</td>
</tr>
<tr>
<td>WBL Development and Industry and Employer Engagement</td>
<td>7,300</td>
</tr>
<tr>
<td>IT/IS Infrastructure</td>
<td>18,500</td>
</tr>
<tr>
<td>Estates</td>
<td>8,100</td>
</tr>
<tr>
<td>Indirect and Enabling Services</td>
<td>6,200(^{35})</td>
</tr>
<tr>
<td>Covid-19 Responses</td>
<td>8,800</td>
</tr>
<tr>
<td>Flexible Workforce Development Fund</td>
<td>2,000</td>
</tr>
<tr>
<td>Budget Challenge</td>
<td>(3,100)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>263,900</strong></td>
</tr>
</tbody>
</table>

\(^{34}\) Indicative figures, will be finalised through ABR/SBR process

\(^{35}\) Includes £900K non-cash
6. Performance Monitoring & Evaluation

Corporate planning and performance framework
Our Strategic Plan for 2019-2022 sets our ambition for the planning period. The SDS strategy map, which details our goals, is complemented by a corporate performance framework (CPF) comprising 16 KPIs and a range of supporting measures. We have continued to develop and refine the CPF to help us monitor progress against our corporate goals throughout this corporate planning period and beyond.

Performance and statistical reporting
Progress against KPIs and supporting measures is reported regularly internally, through a suite of corporate and management reports. SDS is a recognised producer of Official Statistics, which are released quarterly, and we will soon be releasing a monthly Participation Measure snapshot to help monitor the economic status of Scotland’s young people. We also publish an extensive range of additional performance and statistical information for external stakeholders.

Covid-19 and performance reporting
Since March 2020, our services have adapted and evolved in response to Covid-19. Accordingly, we have developed additional performance reports to monitor and report on new products and enhanced or adjusted service delivery. Like any business, it has been crucial for us to understand the impact of the pandemic on our performance and to ensure that timely management information is made available to inform decision-making that directly impacts our customers and our own staff.

Research and Evaluation
We conduct much of our research and evaluation in-house, as well as in collaboration with the Scottish Government and partners. Findings from this research and evaluation are reported regularly internally and through a range of publications for external stakeholders. Some of our regular survey work was disrupted in 2020 due to school and centre closures, but we intend to resume this activity in 2021-22.

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

In March 2021, SDS was assessed against the EFQM Excellence framework gaining seven star recognition. This will enable us to understand our corporate strengths, identify areas for improvement and benchmark against other EFQM assessed businesses.

Continuous improvement
By monitoring our performance, improving the accessibility and visibility of our business intelligence, undertaking evaluation and research activity, and addressing the findings from Education Scotland reviews, we can inform and drive continuous improvement and programme development. It will also assess the impact of our customer-facing and internal services.

Long Term Outcomes and Return on Investment
We continue to measure the economic and social impacts of post-school education pathways under the Education and Skills Impact Framework (ESIF), in collaboration with the Enterprise and Skills Strategic Board, Analytical Unit, SFC and Scottish Government. In addition, we also continue to deliver and enhance the Longitudinal Educational Outcomes (LEO) project work with Scottish Government and SFC. LEO links higher education, further education and apprenticeship data to existing information held by DWP and HMRC. The linked learner data provides a powerful analytical resource with which to evaluate the outcomes and impacts of different skills interventions.

These programmes will allow a better understanding of the comparative return on investment from different skills interventions and pathways throughout the learner and employee journey.

Enterprise and Skills Strategic Board
We continue to work closely with the Enterprise & Skills Strategic Board and Analytical Unit to align our planning, performance, and evaluation systems to the Strategic Board’s performance framework – developed in partnership with the other agencies. We remain committed to supporting efforts to evaluate the impact of the combined activities of the enterprise and skills agencies, identifying where improvements can be made, and return on investment enhanced across the skills system.

Annex 1 and 2 indicate how SDS activity and outcomes map to the Strategic Board’s high level outcomes and to the relevant indicators within the Scottish Government’s national performance framework.
Annex 1: High Level SDS Performance Indicators by Strategic Goal

**Goal One - Scotland’s People**
- Improved Career Management Skills for customers
- Sustained customer progression into learning, training or work
- Youth participation rates (Annual Participation Measure)
- Outcomes for CIAG customers with protected characteristics
- Diversity profile of apprenticeship starts and outcomes
- Apprenticeship Starts and outcomes
- PACE customers achieving employment outcomes
- Uptake and outcomes of national training programmes
- Customers of employability programmes achieving outputs or outcomes, including progression into work

**Goal Two - Scotland’s Businesses**
- Through cross-agency ‘Team Scotland’ activity:
  - Businesses case managed to grow or invest in Scotland
  - Jobs created and safeguarded
- Large companies relationship managed to promote work-based learning opportunities
- Flexible Workforce Development Fund uptake and outcomes
- National Transition Training Fund uptake and outcomes
- SMEs supported through Skills for Growth
- Employer response to targeted campaigns, including Scottish Apprenticeship Week
- Employer uptake of Marketplace
- Contracts awarded with Fair Work First criteria

**Goal Three - Scotland’s Skills System**
- Extent of our engagement with colleges, universities, employers and industry bodies
- Change in levels of resource commitment to skills, by Industry
- Evidence-based products updated & published to schedule
- Change in partner awareness and use of evidence base
- Change in spend in critical and growth skills areas
- Education and Skills Impact Framework (ESIF): destinations and earnings outcomes for learners
- Value of Return on Investment for SDS work-based learning products

**Goal Four – Skills Development Scotland**
- Diversity profile of SDS workforce
- Pay gaps (Gender, Race, Disability)
- Young Talent opportunities offered and outcomes
- Colleague perceptions of SDS as an employer / organisation
- Stonewall workplace equality ranking
- Customer experience and satisfaction measures
- Internal Digital Systems and Services survey results
- Sources contributing to the shared data set
- Carbon reduction and sustainability measures
- Value for money savings achieved
- Procurement: supply chain diversity
- 7* EFQM Recognised for Excellence Award maintained
- Partner and stakeholder feedback
- Effectiveness and quality of shared services
Annex 2: Our Contribution to the National Performance Framework

<table>
<thead>
<tr>
<th>National Performance Framework Indicators</th>
<th>Population skills profile</th>
<th>Skills shortage vacancies</th>
<th>Skills utilisation</th>
<th>Young people’s participation</th>
<th>Economic participation</th>
<th>Economic growth</th>
<th>Innovative businesses</th>
<th>Workplace learning</th>
<th>Wealth inequalities</th>
<th>Mental wellbeing</th>
<th>Employee voice</th>
<th>Employees on a Living Wage</th>
<th>Contractually secure work</th>
<th>Carbon footprint</th>
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| SDS Corporate Performance Outcomes      |                           |                          |                    |                            |                       |                  |                      |                   |                   |                |                 |                  |                          |                 |                     |
| **Flag 1**                              | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Informed choices**                    | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Equitable outcomes**                  | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Effective pathways**                  | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Resilient workforce**                 | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Integrated services**                 | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Workforce planning**                  | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Workforce practices**                 | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Fair work**                           | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Flag 2**                              | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Industry ownership**                  | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Evidence base**                       | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Prioritised resources**               | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Future of work-based learning**       | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Flag 3**                              | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **High-performing workplace**           | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Customer experience**                 | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Use of resources**                    | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |
| **Deeper collaboration**                 | ![Checkmark]              | ![Checkmark]             | ![Checkmark]       | ![Checkmark]               | ![Checkmark]          | ![Checkmark]     | ![Checkmark]       |                   |                   |                |                 |                  |                          |                 |                     |