

Skills
Development
Scotland

Annual Operating Plan

2022/23



Foreword

I am pleased to introduce the Skills Development Scotland (SDS) Annual Operating Plan for 2022/23.

The past few months and years have demonstrated how rapid, disruptive change can impact society in unprecedented ways. Brexit, the pandemic, climate change, geopolitical unrest, and the rising cost of living have all contributed to heightened challenges and uncertainty in the economy, with those in greatest need often hardest hit.

Against this backdrop, it has never been more important for Scotland's skills system to respond effectively and flexibly to the changing needs of the economy to deliver the skills that will help businesses and people to adapt and thrive.

New Strategic Plan

This Plan is published alongside our new Strategic Plan for the period 2022-27 and represents the first year of delivery against that new plan.

As an organisation we have spent the past year working on its development, engaging extensively with our colleagues, partners, and stakeholders. The new vision and strategic goals introduced in this Plan are ambitious, system-wide and designed for a changing world. We believe that in pursuing them, SDS will play its vital part in delivering the ambition of the National Strategy for Economic Transformation (NSET). Strengthened collaboration will be essential if Scotland is to have the skilled population that is fundamental to business productivity and economic prosperity.

Focus on delivery

SDS welcomes the Independent Review into the Skills Delivery landscape and looks forward to working with James Withers to help bring about the more agile, responsive, and efficient skills ecosystem that will help to deliver a fairer, greener, and wealthier Scotland.

Our Letter of Guidance, received prior to the Review announcement, set out a range of priorities for this year, aligned to NSET. While we will work hard this year to support the Review reach its recommendations, our primary focus at this time remains the delivery of our core services to Scotland's people and businesses, through careers information advice and guidance, apprenticeships, and skills planning.

Professionals and Partnerships

As ever, I am inspired by the dedication of our people at SDS, and their willingness to innovate, adapt and keep our customers at the heart of all they do. I am also grateful to all the partners and stakeholders who give their time, expertise, and effort to work with us at national, regional, and local levels. We are ambitious for Scotland, its people, businesses, and communities, but we cannot deliver the change they need alone.

We look forward to working with you all this year, to deliver this annual Plan, and to shape the skills system needed to respond to the changing world

Damien Yeates

Chief Executive, Skills Development Scotland

Contents

Introduction	4
About Skills Development Scotland	4
About this Plan	4
Our New Strategic Plan 2022-27	5
Our Strategy Map 2022-27	6
Our Activity for 2022/23	7
Industry-focused skills	8
Inclusive talent pool	9
Invested employers	10
Intelligence-led system	11
Impactful organisation	12
SDS Indicative Budget 2022/23	13
Measuring progress	14
Mapping our performance to national and international ambitions	15

Introduction

About Skills Development Scotland

Skills Development Scotland is the national skills agency.

Our ambition is that skills contribute to a thriving, productive and inclusive Scotland. The key to Scotland's future prosperity is to ensure that it's people and businesses are inspired and enabled to develop the right **skills for a changing world**. SDS collaborates across the skills ecosystem to make this happen.

We achieve this through intelligence-led delivery of Scotland's Career Service, Apprenticeships, and other learning and skills interventions in support of Scottish Government ambitions. Through the sharing of expertise, intelligence, and extensive partnership working, particularly with our agency colleagues, we enable the development and delivery of innovative solutions to Scotland's skills and labour market challenges.

About this Plan

Our world is changing fast. Even before the COVID-19 pandemic, the fourth Industrial Revolution (Industry 4.0) and other global drivers, such as the need to develop greener and more sustainable ways of living and working, were accelerating the pace of change dramatically. The world of work is being reshaped, and the length of time skills remain relevant is reducing quickly. For most people, the prospects of a linear career and job-for-life are no longer an option.

Skills will play an essential role in how we all respond to these societal and economic shifts. With change increasingly unpredictable and rapid, Scotland's future success will be reliant on the ability of its people and businesses to adapt quickly and positively to disruption in the world around them. However, change brings possibilities. Scotland has the opportunity to capitalise on its potential, and create a society that is thriving across economic, social, and environmental dimensions, delivering prosperity for all areas of the economy, and the people and places that support them.

We are ambitious for Scotland. With our agency and other partners, our role is to facilitate and support the evolution of Scotland's approach to education and skills, enabling a more dynamic response to the rapid changes taking place within the labour market, society, and the economy.

Our new Strategic Plan 2022-27, aligned to the first five years of the National Strategy for Economic Transformation (NSET), sets out a framework for SDS's unique contribution to achieving the necessary change. We believe it will help ensure all people and employers have, and continue to develop, the skills they need to thrive individually, and drive a fairer, more equal, and inclusive economy for Scotland. This, our first Annual Operating Plan within this timescale, sets out the initial steps we will take towards our newly articulated ambitions.

Our New Strategic Plan 2022-27

Scotland's changing demographics, reduced inward migration, increased economic inactivity, and entrenched structural inequality, all present significant challenges to the current and future supply of labour in the economy, with implications for fiscal sustainability. The inter-play between all these drivers is impacting on both productivity and the labour market in Scotland.

Against this challenging backdrop, the Scottish skills system must act urgently to ensure it maximises its contribution to **generating inclusive growth, driving productivity, building prosperity, achieving a just transition to net zero and tackling social inequality.**

Facilitating the right change will be essential to delivering on the ambitions of NSET, and to ensuring the future prosperity of Scotland's people, its businesses, and its economy.

At SDS we are committed to generating the change that will lead to inclusive growth, greater productivity, a more prosperous and skilled workforce, and a fairer, more equal society. Our vision is that:

Scotland has an agile, dynamic, and employer-led skills and careers ecosystem which enables all people to develop the skills, adaptive resilience, and personal agency to thrive in a vibrant and inclusive labour market.

This vision is one for Scotland and cannot be achieved by SDS alone. We recommit to working with Scottish Government, agency colleagues, and actors across the whole of the skills and careers ecosystem to generate real change and achieve shared outcomes.

As the national skills agency, SDS clearly has a distinct role to play within this ecosystem, and our new Strategic Plan sets out how we

will use our resources effectively to make that unique contribution over the coming years.

Our new corporate goals, shown on page 7, reflect our vision:

- **Industry-focused Skills: People develop skills and competencies that drive productive businesses and regions, and help create a fairer, more equal society**
- **Inclusive Talent Pool: Talent is diverse and resilient, with people who can all adapt and thrive in the changing world of work**
- **Invested Employers: Employers invest in Scotland's workforce through job opportunities, skills development, and fair work**
- **Intelligence-led System: An agile, responsive, resilient, and inclusive skills ecosystem consistently delivers the skills the Scottish economy needs**

As a responsible public body, we will also ensure that we are an:

- **Impactful Organisation: Team SDS maximises return on investment, collaborating to deliver better outcomes and experiences for our customers, colleagues, and the economy.**

Embedded throughout all our goals are actions which reflect our commitments to equality, diversity and inclusion¹, tackling poverty, and to supporting a just transition to net zero. This reflects our belief that these themes must run across all we do, rather than being treated as standalone issues.

¹ Further detail on our Equality Outcomes and the work we do to achieve them is available in our [Equality and Diversity Mainstreaming Report](#).

Our Strategy Map 2022-27



Our Activity in 2022/23

In the following section we set out the actions we will take in the 2022/23 Operating Year, in response to our Letter of Guidance from Scottish Government (SG), and towards achievement of our goals as shown.

Our Strategy Map on page 6 and our Performance Framework on page 15 demonstrate the contribution these goals will make to SG ambitions, including those defined by NSET and the National Performance Framework.



Industry-focused Skills



Our goal

People develop skills and attain standards that drive productive businesses and regions, and help create a fairer, more equal society

Our customer commitment

We will create opportunities to learn that can help you to access, and progress in, rewarding jobs

To achieve this goal, in 2022/23 we will:

a) Maximise delivery of apprenticeships in priority sectors and occupations, contributing to a skilled and productive Scottish workforce

- Deliver at least 25,000 Modern Apprenticeship starts across Scotland
- Work with the Scottish Funding Council (SFC) to provide 1,378 Graduate Apprenticeship (GA) opportunities and contribute to the further development of GAs
- Maintain our web platform, Apprenticeships.scot, improving its user experience, technical approach, and digital service offer

b) Improve access to rewarding work through apprenticeships and other training opportunities for people who often face barriers to employment

- Continue to work with customers, learning providers and equality partners to generate more equal demand for, and access to apprenticeships, in line with the priorities set out in our Equality Outcomes 2021-2025
- Undertake work to further understand and actively reduce the achievement gap for apprentices with equality characteristics

c) Help people understand the need to continue developing their skills throughout their careers

- Deliver targeted campaigns to increase awareness of, and demand for, Scottish Apprenticeships, including Scottish Apprenticeship Week and the Scottish Apprenticeship Awards
- Promote opportunities for people to engage with lifelong learning aligned to the needs of the Scottish labour market

d) Develop industry-critical skills among the workforce through upskilling and retraining initiatives

- Deliver initiatives designed to support individuals to retrain and upskill, including Individual Training Accounts (ITAs) and the STEM Bursary
- Complete delivery of the National Transition Training Fund
- Further develop the Green Skills Workforce Academy, to support individuals to access opportunities in the transition to a net zero economy
- Through signposting, help adults identify and access other relevant, high-quality upskilling and retraining opportunities
- Work with SG and other partners to progress actions from the National Strategy for Economic Transformation in relation to upskilling and retraining

Inclusive Talent Pool



Our goal

Talent is diverse and resilient, with people who can all adapt and thrive in the changing world of work

Our customer commitment

We will help you, throughout your life, to prepare for and progress in the career you choose

To achieve this goal, in 2022/23 we will:

a) Equip people with the skills they need to prepare for, plan and manage rewarding careers throughout their lives

- Deliver Scotland's career service, by providing career information, advice, and guidance (CIAG) in schools, in public access centres, and through partner locations
- Continue to provide digital services, including My World of Work and wider support for the Young Person's Guarantee
- Provide bespoke support for people facing redundancy situations including through Partnership Action for Continuing Employment (PACE) and Adopt an Apprentice

b) Provide engaging and relevant career intelligence, education and experiences that help inform individual learning and career choices

- In relation to Foundation Apprenticeships (FAs):
 - Fund in the region of 2,500 FAs through Local Authorities and Independent Learning Providers
 - continue to collaborate with the SFC on the delivery of all FAs, including the 2,500 FAs funded through colleges
 - with partners, respond to the findings of the Education Scotland review of FAs
- Provide interactive and inspiring work-focused experiences in schools through delivery of My WoW Live!
- Continue to equip teachers, parents and carers as key influencers of young people's learning and career choices

c) Address known barriers to participation and deliver person-centred services which support all customers to pursue the learning and work they choose

- Continue to provide targeted and enhanced CIAG support to customers who need it most
- Deliver, and monitor progress against, our 2021-25 Equality Outcomes, to ensure equality of access and opportunity across our products and services
- Sustain engagement with equality partners at national, regional, and local levels to continue to enhance understanding and address barriers to participation, including poverty and intersectional impact

d) Contribute to Scotland's ambition to grow the size and diversity of the available talent pool

- Participate in the Ministerial-led Talent Attraction Industry Group and support the development and implementation of a Talent Attraction and Migration Service for Scotland.
- Maintain an active role in Local Employability Partnerships to influence and support local employability provision.
- Support people to re-engage with the labour market, by delivering the Women Returner's Programme and the National Third Sector Fund (until December 2022)
- Complete the closure and transfer of the Employability Fund
- Continue to support the work of Skills Recognition Scotland

Invested Employers



Our goal

Employers invest in Scotland's workforce through job opportunities, skills development, and fair work

Our customer commitment

We will encourage and support employers to offer better work and learning opportunities in Scotland

To achieve this goal, in 2022/23 we will:

a) Increase employer participation in apprenticeships, including micro and small businesses and those in priority sectors and occupations

- Maintain a relationship management approach to driving demand for work-based learning products from employers in Scotland
- Consider approaches to increasing access to apprenticeships for business start-ups, micro- and small businesses

b) Encourage employers to become more invested in the development of their current and future workforce

- Support businesses to identify their skills needs and plan how to meet them, including through the further development of our employer-facing web content and functionality, and through the creation of a Green Jobs Skills Hub
- Encourage and enable employers to upskill and reskill their existing employees, including through delivery of non-college Flexible Workforce Development Fund provision and the Digital Skills Catalyst Fund
- Through the work of the Young Persons Guarantee, work with DYW regional groups, employers, and other partners to help young people into employment

c) Inspire employers to adopt and demonstrate equality, inclusion, and fair work practices, and to drive quality in their delivery of apprenticeships

- Continue to work with employers, learning providers and equality partners to promote inclusion and diversity in apprenticeship recruitment and delivery, contributing to a reduction in under-representation and occupational segregation
- Consider the implications of widening how Fair Work First criteria are applied, including as appropriate, encouraging further adoption of Fair Work First approaches from learning providers and employer networks

d) Ensure a 'collaboration-first' approach to delivering cross-agency products and services to employers

- Through collaboration with strategic partners, including the Business Support Partnership, continue to design and deliver simplified and streamlined cross-agency business support
- Contribute to 'Team Scotland' implementation of SG's Inward Investment Plan, including through the provision of bespoke skills advice to employers looking to grow or establish their business in Scotland

Intelligence-led Skills System



Our Goal

A dynamic, resilient, and inclusive skills ecosystem consistently delivers the skills the Scottish economy needs

Our customer commitment

We will work with other organisations to make sure that your learning helps to prepare you for the available jobs in Scotland

To achieve this goal, in 2022/23 we will:

a) Work to ensure that Scottish Apprenticeships remain agile, flexible, and fit for the future

- Consider how the apprenticeship system can be adapted to support entrepreneurial growth and provide opportunities for women and under-represented groups
- Continue to work with SAAB, SG and SFC to ensure the standards and frameworks which underpin apprenticeships are fit for the future, including embedding green credentials, and the development and assessment of meta-skills

b) Collaborate extensively at a national, regional, and sectoral level to shape intelligence-led skills investment and delivery

- Work with SFC to deliver the Shared Outcomes framework collaborative projects, particularly the Skills Alignment Pathfinder Projects and the further development of ESIF, and on a National Impact Framework.
- Work collaboratively with regional partners to develop and implement City Region and Growth Deals
- With partners, continue to implement regional and sectoral skills assessments, the Climate Emergency Skills Action Plan and the Skills Action Plan for Rural Scotland
- Continue to provide recovery support to the tourism and hospitality sectors

c) Together with customers and partners, support the design and delivery of approaches to meeting current and future skills demand

- Work closely with SG to develop a new Lifetime Skills Offer
- Develop the Digital Economy Skills Action Plan and a Skills Action Plan for the Retail Sector
- Deliver activity which further grows the cyber security skills pipeline, aligned with the Strategic Framework for a Cyber Resilient Scotland
- Continue to implement the National Occupational Standards (NOS) Strategy to develop NOS and to contract for the development of Scottish Qualifications Products (SVQs) in collaboration with SG and SQA Accreditation, ensuring they meet the needs of industry
- With SG and agency partners, play a key role in supporting the Purpose and Principles for the post-school education, and skills ecosystem, and reforms arising from the Muir and Hayward Reports

d) Collaborate across the careers ecosystem to deliver more consistency in Scotland's career services, and improve customer outcomes

- Take forward the recommendations of the Careers by Design Report in partnership with government and other eco-system partners, co-designing and developing the implementation plan before moving into implementation

Impactful Organisation



Our goal

Team SDS maximises return on investment, delivering better outcomes and experiences for our customers, colleagues, and the economy

Our customer commitment

We will work with you to make sure the public funds and resources we have are used efficiently and in your best interest

To achieve this goal, in 2022/23 we will:

a) Attract, nurture, and retain a diverse team that share and achieve our ambitions, demonstrating fair work practices

- Sustain our focus and commitment to building a culture of fair work, inclusion, and wellbeing, including testing our interim hybrid working approach
- Retain our commitments to recruiting and developing Young Talent, investing in the skills of our people through guaranteed CPD for all colleagues, and developing approaches that support progression across different SDS career pathways

b) Transform our use of system-wide data, intelligence, and customer voice to deliver better customer outcomes

- Continue to build and strengthen our skills intelligence through data analysis, customer insight, research, and links to academia, to produce official statistics and statistical publications, and to inform dynamic skills planning provision, service design, innovation, and continuous improvement
- Initiate the replacement of legacy data sharing architecture, assuring the quality and security of the overall shared data set in line with legislation
- Enable SDS to make best use of its data through initial implementation of a revised Information Management Strategy
- Develop a new, integrated approach to impact assessments

c) Continue to enhance our digital capability in ways which drive organisational and employee efficacy

- Develop a roadmap for reimagining our digital services, which simplifies the digital journey and user experience, and aligns with the ambition of our new strategic plan
- Continue the delivery and management of the EIS shared cross-agency IT services
- Continue to roll-out enabling technologies to colleagues, and develop their capability to use them effectively in their roles

d) Steward our resources efficiently and effectively, ensuring that SDS is a resilient and sustainable organisation

- Progress an organisational effectiveness review
- Develop our Organisational Resilience Framework
- Implement a new Finance Target Operating Model
- Establish new approaches to integrated business planning and portfolio prioritisation
- Drive value for money through a continued focus on financial stewardship, change management, continuous improvement, and quality assurance
- Advance our Cyber Maturity Assessment Improvement Plan
- Report on progress towards delivering the SDS Climate Change Strategy 2020-2030

SDS Indicative Budget 2022/23

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. These underpin growth for the apprenticeship family, and third sector employability initiatives.

Due to financial constraints and legal commitments, our opening budget position is a deficit of £2.4m. We intend to eliminate this through selective use of budget variances emerging in-year.

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, Highlands and Islands Enterprise 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.

At the time of publication (October 2022), dialogue on our budget for this year is ongoing with Scottish Government. The outcome of those discussions may impact these figures and the associated funded activity.

Anticipated Income 2022/23	£'000s
Core Grant-in-Aid (GIA)	224.2
Employability transfer to No-one Left Behind	(7.5)
Transfers, ABR & SBR indicative GIA	5.8
European Social Fund income	6.4
Shared Service Re-charges	11.6
Other income	1.4
Total Income	241.9
Projected Expenditure 2022/23	
	£'000s
People Costs	90.5
Apprenticeships and Employability	101.7
Other Programmes, Funds & Initiatives	11.2
Industry and Employer Engagement & Planning	5.4
IT/IS Infrastructure	7.2
Estates	7.1
Shared Services	11.6
Indirect and Enabling Services	2.8
Digital Delivery Infrastructure	6.8
Total expenditure	244.3

Partnership and Collaboration in Delivery

As we work to support implementation of NSET and delivery of our new Strategic Plan in a cost-effective manner, constructive and effective collaboration with partners will be at the heart of our approach.

The events of the past two years have demonstrated the ability of cross-agency work to deliver aligned, responsive, and effective products and services, particularly to businesses and people disproportionately impacted by the pandemic and Brexit.

Beyond our work with Government and the other 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.

Measuring progress

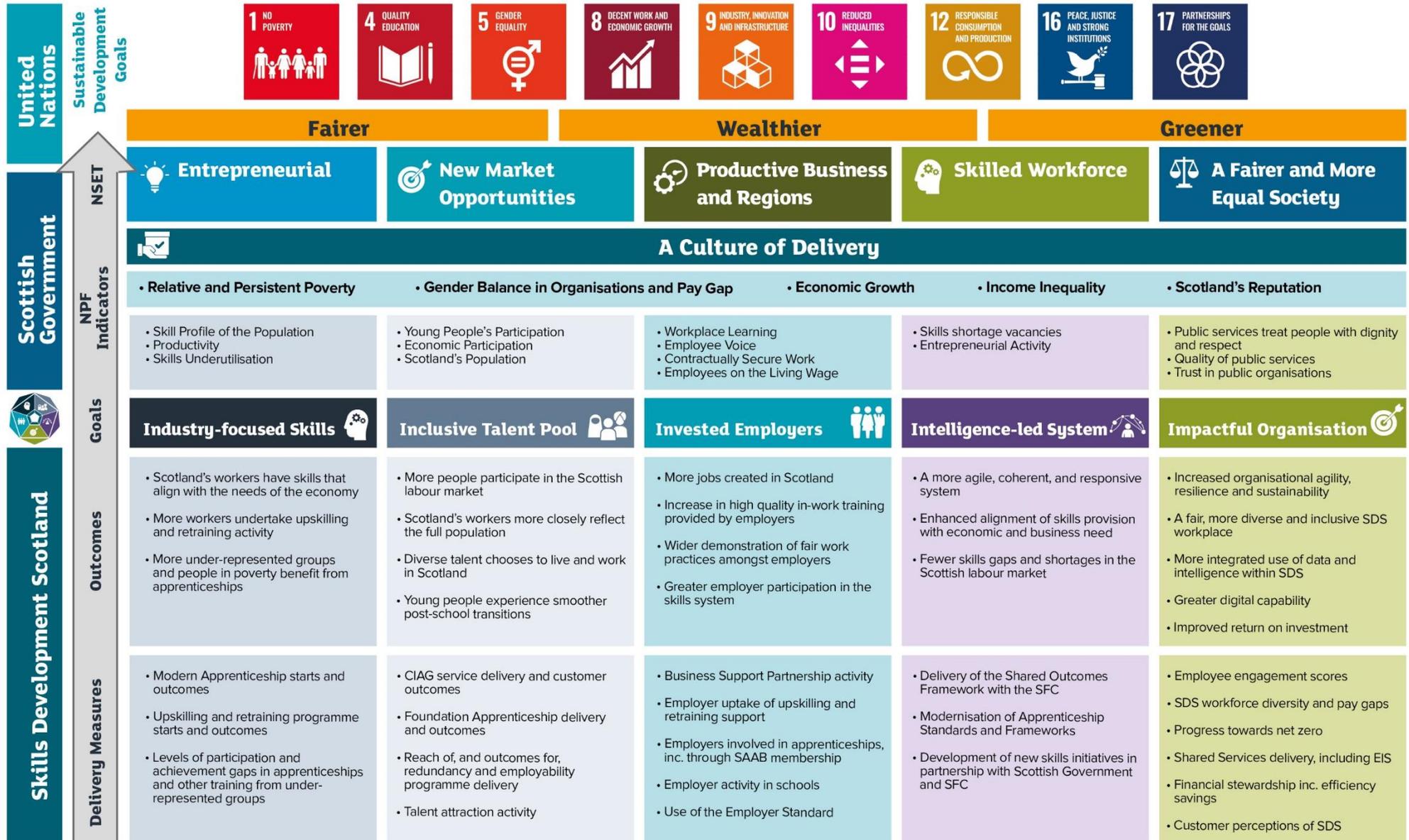
As articulated in our corporate goal, as a responsible public body, we are determined in our efforts to maximise the impact of our return on investment. To deliver on this requires clear articulation of the outcomes we intend to achieve, and the measures we will use to monitor and report progress towards them.

Our Corporate Performance Framework

SDS has a comprehensive Corporate Performance Framework, aligned to both our corporate goals and directorate work plans supporting transparency and accountability. This Framework identifies the performance measures that best demonstrate achievement of our strategic goals. Our Corporate Performance Framework is fully aligned to the Scottish Government's National Performance Framework and the United Nations Sustainable Development Goals, as shown on page 15.

Performance across the business is reviewed by directors and senior leaders every month and by the Board and its sub-committees every quarter. We are transparent in our reporting and provide regular external performance reports, including an annual performance review, official statistics, and annual accounts. As a provider of official statistics, we ensure the integrity and quality of the data which underpin our systems and performance reporting.

Mapping our performance to national and international ambitions



Skills Development Scotland

Monteith House
11 George Square
Glasgow G2 1DY

www.sds.co.uk

