



Annual Operating Plan

2025/26

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Foreword

Welcome to our Annual Operating Plan for 2025/26.

A time of change

In recent years, our success as individuals, organisations and as a society has become increasingly dependent on our resilience and our capacity to adapt to change. While trends such as the climate emergency, economic uncertainty, political volatility and disruptive technology have been unsettling, at Skills Development Scotland (SDS) we have sought to embrace the potential of change.

We continue to provide leadership and intelligence into vital conversations about where changes in the economy and labour market are creating opportunities for Scotland, and how the right skills provision can harness investment for our communities and industries of the future. This is particularly evident in our Workforce North mission to help secure significant future investment into the Highlands and Islands by ensuring the area has the skilled workforce it will need to capitalise on that opportunity.

Future-focused public services

In the delivery of our Career Information, Advice and Guidance (CIAG) services, through our ambitious Transform 27 programme, we have been reviewing our current offer to generate even greater impact, and co-designing new, innovative approaches for the future. Working directly with young people, schools and other partners, we will be piloting these in the year to come. Similarly, our digital skills profile, co-developed with Education Scotland and other partners, will provide young people with the opportunity to recognise, record and evidence their achievements over time.

Beyond this, we are embracing artificial intelligence (AI) and emerging technology to enable our transformation of services and organisational effectiveness, protecting and empowering our expert and professional staff to address the increasing demand for the services we provide.

As the needs of employers and learners also change, we continue our extensive collaboration with industry and learning providers to ensure our Apprenticeship offers equip Scotland with the skills to thrive, including those required in a digital and net-zero economy. With apprenticeships a key focus of the Scottish Government's reform agenda, we are proactive and constructive in playing our part in shaping the future of the post-16 education and skills landscape.

Our 2022-27 Strategic Plan set out an ambition to maximise our return on investment, and at a time where the need for public sector reform is evident, we have also risen to the challenge. Against a backdrop of significant budget reductions, we have delivered efficiencies and real cost savings, while protecting front-line services to customers, and retaining a focus on the wellbeing and engagement of our staff.

Delivering for Scotland

We have already delivered tangible progress against our ambitions for transformation, facilitating the achievement of significant efficiencies and cost reductions, while protecting frontline service delivery, and transitioning towards a more sustainable operating model. However, as we look to the coming year, we know there is more to do.

Amidst the uncertainty and change, one message is clear.

We will be relentless in our focus to deliver impactful products and services for Scotland's people, employers and places. I would like to take this opportunity to thank everyone at SDS who collectively ensure that our customers are always at the heart of all we do.

This plan sets out, at a high level, the actions we will take this year in support of our Strategic Plan and to deliver against our Letter of Guidance for 2025/26. I look forward to working with you all in the coming year as we jointly continue to create a thriving, productive and inclusive Scotland.

Damien Yeates

Chief Executive, Skills Development Scotland

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Introduction

About Skills Development Scotland

Skills Development Scotland (SDS) is the national skills agency. Our ambition is that skills contribute to a thriving, productive and inclusive Scotland. We help inspire and enable Scotland's people and businesses to develop the right **skills for a changing world**.

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.

Partnership and Collaboration

To make this happen, SDS collaborates extensively across the education and skills system. By sharing expertise and intelligence, we enable the development and delivery of innovative solutions to Scotland's skills and labour market challenges and ensure that our work is led and informed by the diverse voices of Scotland's communities and employers.

Working with Scottish Government, our partner agencies, and other national stakeholders we seek to create greater efficiency and consistency throughout the careers and skills ecosystem.

We have dedicated place-based resource, who provide leadership on regional skills issues, share skills intelligence and insight, and help facilitate collaborative approaches to driving economic development.

Locally, we work with every community planning partnership, local employability partnership, and state-funded school in Scotland as well as local training providers, colleges and universities, employers, and equality organisations.

Further details on SDS's strategic approach and operational activities can be found in *Skills for a Changing World*, our [Strategic Plan 2022-27](#), published in November 2022.

About this Plan

The ambition of our Strategic Plan 2022-27 is as relevant today as when it was published, but with deepening complexity and change in the external environment (see Strategic Context section), and continuing pressures on public finances, achieving that ambition remains challenging. This annual operating plan covers the fourth operating year within its five-year strategic framework.

We recognise that there are a range of Scottish Government reform priorities that will be advanced in this operating year, including those which will directly or indirectly impact the work of SDS. This includes the progression of the Tertiary Education and Training (Funding and Governance) (Scotland) Bill through Scottish Parliament. Our Board and Executive remain committed to working productively with Scottish Government to achieve our shared ambitions for a reformed skills system, which meets the changing needs of Scotland's economy, employers, communities and people.

Our Letter of Guidance for 2025/26 makes a clear ask of SDS to retain a focus on delivering, and continuing to improve, our core products, services and functions during this time of change.

In addition, the Scottish Government's Programme for Government 2025-26, announced earlier this year, also contains a number of commitments which are relevant to the work of SDS. This includes "Reviewing and improving school-age and adult careers support, including better information on career choices, job prospects and earnings". We are committed to working with Scottish Government to understand and implement its policy ambitions as they relate to Programme for Government.

This Plan sets out how we will deliver our operational priorities for 2024/25 including a range of actions to support continuous improvement of SDS services.

Transform 27

Transform 27 is an ambitious programme of change, established as the approach for achieving the intent of the SDS Strategic Plan 2022-27, including future-focused products and services which will meet the changing needs of our customers. Fully aligned to Scottish Government priorities, Transform 27 also ensures we play an active role in informing the wider public sector reform agenda, and easing known pressures on public finances.

Whilst we continue to prioritise delivery of high-quality products and services to our customers in 2025/26, our Transform 27 programme will ensure we progress the transformation of those services, and our organisation, towards a more sustainable target operating model for the future.

The programme has already achieved significant efficiencies. For example:

- As a result of moving our career information, advice, and guidance (CIAG) delivery to community-based partner locations, property costs have halved since 2021/22, saving £4m per year whilst bringing staff closer to the customers they support.
- Through stringent vacancy management, and an innovative self-funding voluntary severance and voluntary early retirement programme, SDS has reduced its FTE by 18% between March 2022 and March 2025, saving over £23m per year against the 2021 baseline.
- By bringing delivery of the Skills for Growth programme in-house, upskilling SDS staff to deliver the service directly rather than through an external organisation, SDS has reduced the cost of the programme by £500,000 whilst maintaining quality of service.
- By reducing spend on 'back-office' and delivery support services, SDS has cut costs by £3.5 million per year, a reduction of 35%.
- By prioritising core programmes, SDS has reduced expenditure on non-core services by £6m per year.

Priorities for 2025/26

Reflecting an evolution towards integrated service planning in 2024/25, we have restructured and prioritised the Transform 27 programme around our four core areas of delivery. In the year ahead, we will focus on:

Careers: We will take action to rationalise, enhance, and extend our existing careers offers. Our goal is to maximise the time our careers professionals spend with their customers and broaden support. Looking to the future, we will pilot innovative approaches to experiential career learning and career guidance in schools, supported by digital resources. These initiatives will ensure that our career services remain world-leading in the years to come.

Apprenticeships: Where possible, we will continue our work to innovate and improve the delivery of Apprenticeships. This will include continuation of significant partnership work with the SQA, SFC to develop and design the apprenticeships of the future.

System Enablement: We will work to adapt and enhance our approaches to stakeholder engagement, ensuring that our resources are prioritised to where the greatest impact can be delivered for our partners and customers. This will include the ongoing development and implementation of the Workforce North mission and the development of further strategic partnerships building on the Careers Collaborative approach.

Corporate Enablement: We will continue our work on how to transition towards our future operating model, and becoming a skills-based organisation, supported by the launch of a new People Strategy for 2025-2030, building the capability and agility of our workforce for the future.

Reform: As already acknowledged, significant work will be required in the coming year in response to announced Scottish Government reforms. By aligning our transformation programme with this reform work, we will ensure a consistent focus on delivering high-quality and sustainable services for the future.

Strategic Context

Our operating context and operational priorities are impacted by a mix of global, national and local factors. This section outlines those of particular significance as we enter the 2025/26 operating year.



Geopolitical Landscape

The global geopolitical landscape is becoming increasingly complex and unstable. Conflicts including those in Ukraine and the middle east have caused impacts across the world, such as energy supply and security and diversion of funds into defence spending. Wider shifts in international relations, including those linked to USA-imposed trade tariffs, have also created tension amongst established allies. It is not yet clear how substantial the global economic impact of these policies will be on the Scottish economy, or the extent of the potential impact on jobs and skills supply. Many countries are choosing to focus on economic security as they work to increase resilience to risks by protecting critical infrastructure and supply chains.



Climate & Environment

Across the world, the impacts of climate change are also being felt, with the rise of extreme weather events. The need to reduce emissions and work towards a net-zero world has become even more urgent. While obviously concerning, this creates opportunities for the Scottish economy, as efforts to navigate a Just Transition look to maximise the potential of renewable energy sources such as wind and hydrogen¹. Ensuring the skills system is responsive to these emerging opportunities will be critical to achieving net zero targets and growing the green economy.



Technological Advancement

Over the past decade, the rapid advancement of technology has been transforming industries and businesses including the

nature of jobs and workplace practices. Currently, the accelerated growth of artificial intelligence (AI) is the battleground for competitive advantage, increasingly pushing the boundaries of how services are delivered and what jobs entail. With the capacity to help generate solutions to complex societal issues, the Scottish Government is increasing investment to support the further development of AI².

In 2024, the Gross Value Added (GVA) of Scotland's digital technologies sector was estimated to be worth £6,687m, generating 4.7% of Scotland's total economic output, and forecast to grow an average of 2.6% each year between 2024 and 2034. The sector's workforce is estimated to have increased by 21,900 people (33.2%) between 2014 and 2024³. Businesses plan to strengthen their digital capability, with notable demand for skilled workers in areas such as software development, data analytics, AI and machine learning, and cybersecurity⁴. Technological advancement is creating many new opportunities for digital transformation which could positively impact domestic productivity and international trade.⁵



Economy & The Labour Market

The economic environment continues to provide challenges, with recent UK GDP data indicating a continued slowdown in growth, and inflation reaching its highest level since March 2024. Scotland's employment rate has risen marginally since October 2024, while economic inactivity rates have decreased slightly in the last year despite small mid-year spikes.⁶

Job postings in Scotland increased by 2,000 (5%) from January 2024 to January 2025.⁷ Globally, technology-related roles show the highest percentage growth. Skills gaps remain a significant challenge for businesses⁸, with UK Government concerned that employers are addressing this through overseas recruitment rather than by investing in

¹ [Green Industrial Strategy – SG](#)

² [Improving Lives through AI - SG](#)

³ [Digital Technologies Sectoral Skills Assessment 2024 - SDS](#)

⁴ [ScotlandIS Survey 2024](#)

⁵ [Geopolitics and Global Trade – UK Parliament](#)

⁶ [ONS. Labour Force Survey \(18th February 2025\).](#)

⁷ [Economy, People & Skills Feb 2025 - SDS](#)

⁸ [Future of Jobs – WEF](#)

training⁹. Upskilling and reskilling will be vital to Scotland meeting its future skills demands and attracting inward investment¹⁰.



Poverty & Inequality

Tackling poverty is a key priority, with over a million people in Scotland, including around a quarter of a million children, living in poverty¹¹. The ongoing cost-of-living crisis is exacerbating this challenge, with adverse effects continuing to be experienced by low-income households, disabled people, ethnic minority groups, and women¹². Since the Covid-19 pandemic, the number of people in Scotland living in relative poverty has increased, alongside a rise in food insecurity, fuel poverty and homelessness¹³. Data has also shown that Scotland continues to struggle with inequity in health outcomes, as life expectancies in the wealthiest areas exceed those in the poorest by more than a decade, with little improvement from 2011 to 2022¹⁴. Supporting individuals who face disadvantage in education and the labour market, including those with protected characteristics, into fair and sustainable work is a critical part of efforts to break the cycle of poverty in Scotland.



Demographic Shifts

Scotland's ability to grow and thrive is dependent on our talent supply. However, the population is ageing, with data showing Scotland now has in excess of one million people aged 65 or over, but fewer than 750,000 under the age of 15¹⁵. Migration has been predicted to be the main driver of projected population growth¹⁶, from 5.4m in 2022 to 5.8m in 2047. However, emerging UK Government immigration policy¹⁷ may prevent Scotland from being able to attract and retain the talent it needs. To meet the rapidly changing skills needs of the

economy, Scotland will need to create support and capacity for the existing workforce to upskill and reskill, rather than being able to rely on a pipeline of young talent to meet emerging skills needs. The ageing population also impacts jobs and skills demand in the economy, for example by driving growth in key sectors such as health and social care¹⁸.



Public Finances and Reform

The financial sustainability of Scotland's public sector continues to be a significant challenge due to rising costs, pay increases, the cost of employer National Insurance, and increased demand for public services^{19,20}. Figures showed that Scotland's public spending deficit increased by £3.6bn in 2023-24, indicating an urgent need for reform²¹. In response, the development of more efficient, collaborative, and financially sustainable delivery models is being prioritised across the Scottish public sector, along with initiatives to minimise fixed costs and 'right-size' the workforce.

Amidst the drive for wide-scale public sector reform, work to simplify the post-school education funding landscape, following James Withers' independent review of the skills delivery landscape in 2023, will progress during 2025/26. As set out in the 2025/26 Programme for Government, the funding for apprenticeships will be consolidated into one single body²². Subject to legislative processes this year, this will involve the future transition of related SDS responsibilities, colleagues and resources, to a redesigned Scottish Funding Council

Against this backdrop, our Annual Operating Plan indicates how we aim to respond to these challenges in the coming year.

⁹ [Restoring Control over the Immigration System – UK Gov, May 2025](#)

¹⁰ [SDS Evidence Session at Economy & Fair Work Committee](#)

¹¹ [JRF Poverty in Scotland, 2024](#)

¹² [Understanding the Cost of Living Crisis in Scotland – SG](#)

¹³ [2024 Inequality Landscape – Scottish Health Equity Research Unit](#)

¹⁴ [Understanding Changes in Health & Socioeconomic Inequality since 2011 – Scottish Health Equity Research Unit](#)

¹⁵ [Scotland's Population 2023 – National Records of Scotland](#)

¹⁶ [Projected Population of Scotland 2022-based – National Records of Scotland](#)

¹⁷ [Restoring Control over the Immigration System – UK Gov, May 2025](#)

¹⁸ [Global Issues: Ageing – United Nations](#)

¹⁹ [Fiscal Sustainability and Reform in Scotland – Audit Scotland](#)

²⁰ [Scotland's Budget 2024 – Fraser of Allander Institute](#)

²¹ [Government Expenditure and Revenue Scotland \(GERS\) 2023-24 - SG](#)

²² [Tertiary Education and Training \(Funding & Governance\) \(Scotland\) Bill – Scottish Parliament](#)

Our Strategy Map 2022-27



Our Activity in 2025/26

Our Strategy Map (page 8) and our Performance Framework (page 16) demonstrate the contribution SDS makes to Scottish Government ambitions, including those defined by the Programme for Government and National Performance Framework. Key Performance Indicators (KPIs) are used to track progress against each of our strategic goals and are listed alongside them in this Plan.

The following section sets out the actions we will take in 2025/26 in response to our Letter of Guidance from Scottish Government, and to progress the delivery of our Strategic Plan, including the continued implementation of our Transform 27 programme.



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

KPI 1: Individuals across Scotland participate in work-based learning throughout their working lives

KPI 2: On completion of work-based learning, individuals sustain in employment or other positive outcome

To achieve this goal, in 2025/26 we will:

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

- Within available budget, maximise delivery of high-quality Modern Apprenticeships (MA), particularly in those sectors which are most vital to Scotland's economy and society, and are most likely to result in meaningful career pathways for participants.
- Continue inter-agency working with Scottish Funding Council (SFC) on the delivery of Graduate Apprenticeships (GA), and fund final GA liabilities for 2020 cohort starts.
- Maintain our web platform, Apprenticeships.scot, with a continued focus on user experience.
- Through capturing the voice of apprentice learners and employers, gather intelligence and insight which informs continuous improvement and high-quality delivery of apprenticeships.
- Work productively with Scottish Government and others, as a central participant in the apprenticeships enhancement project.

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

- Continue to deliver the Land-based Pre-Apprenticeship Programme to support access to MA opportunities.

- Continue to work with customers, learning providers, employers and equality partners to generate more equal demand for, and access to apprenticeships, in line with the priorities set out in our Equality Outcomes 2025-2029.
- Continue to undertake targeted action for increasing participation in MAs by under-represented groups, including the implementation of actions from the SAAB Gender Commission and the Commission on Race in Apprenticeships.
- Undertake work to actively reduce the achievement gap for apprentices with equality characteristics.

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

- Within available budgets, deliver targeted campaigns to increase awareness of, and demand for, Scottish Apprenticeships, including Scottish Apprenticeship Week 2026.
- Through signposting, help adults identify and access other relevant, high-quality upskilling and retraining opportunities.

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

- Deliver a programme of Teaching Bursaries to support individuals to transition into a teaching career in STEM subjects or Gaelic language.
- Continue to support individuals to access opportunities in the transition to a net-zero economy.

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

KPI 3: 16-19 year olds in Scotland are in learning, training, or employment

KPI 4: SDS career services support individuals to sustain in learning, training, or employment

KPI 5: Young people can participate in experiential work-related learning as part of their education

To achieve this goal, in 2025/26 we will:

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

- Deliver Scotland's all-age career service, by providing impartial CIAG in schools, in public access centres, via telephony and through community locations, targeting those in greatest need of support.
- Continue to provide and improve 24/7 digital services through My World of Work, including the new digital profile, to support individuals to plan and manage their careers.
- Provide support for people in redundancy situations.
- Continue our collaborative work with partners to plan and deliver services and build capacity through CPD.

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

- Pilot innovative approaches to delivering experiential career education and career guidance in schools, to shape our future CIAG offer.
- Provide interactive and inspiring work-focused experiences for young people through the delivery of My World of Work Live and the Apprentice for a Day initiative.
- Fund circa 2,500 Foundation Apprenticeships (FAs) continuing collaboration with SFC and other partners on delivery and improvement of all FAs, incl. those funded through colleges.

- 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

- Further improve and enhance our current CIAG service offer, in response to diverse customer and colleague feedback.
- Deliver and monitor progress against our 2025-29 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.
- Collaborate with schools, local authorities, Developing the Young Workforce (DYW), DWP and other partners to ensure our collective efforts are maximising outcomes for young people.

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

- Support Scottish Government with development, implementation and promotion of policies and projects to attract and retain talent, including the Talent Migration and Advisory Service.
- Maintain an active role in Local Employability Partnerships to influence and support local employability provision.

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

KPI 6: Scotland's employers invest in work-based learning, training, and growth opportunities

To achieve this goal, in 2025/26 we will:

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

- Work with employers to support their involvement in the development and delivery of apprenticeships in Scotland.
- Promote and raise awareness of apprenticeships in priority sectors and occupations.

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

- Work with DYW regional groups, DYW National Team, School Coordinators and other partners to facilitate the provision of work-related experiences for young people, ensuring they get the information and support they need to make decisions about their future.
- Engage strategically with industry and sector representatives across Scotland's economy to encourage employer involvement in the design and delivery of apprenticeships, including through the facilitation of employer-led Technical Expert Groups.
- Help employers to identify their current and future skills needs and integrate skills development into their business planning, through the provision of the online Employer Hub and face-to-face support.

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

- Work with employers to enhance the quality of apprenticeship experiences for their employees and to improve sustained learning and achievement.
- 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.
- Encourage learning providers and employers to adopt Fair Work First criteria in their organisations and apply Fair Work First conditionality to grant funding.

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

- Collaborating with the Business Support Partnership and other strategic partners, continue to design and deliver simplified and streamlined cross-agency business support for employers, including conclusion of the current phase of Master Customer Record and user interface development.
- Contribute to the 'Team Scotland' implementation of Scottish Government's Inward Investment Plan, including through the provision of bespoke skills advice to employers looking to invest in Scotland, and cross-sector collaboration on careers and skills development for emerging opportunities.

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

KPI 7: Skills investment and delivery in Scotland is increasingly intelligence-led

KPI 8: Scotland's learning and training opportunities are better aligned with current and future economic need

To achieve this goal, in 2025/26 we will:

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

- Continue to work with Scottish Apprenticeship Advisory Board, Scottish Government, Scottish Qualifications Authority (SQA), SFC and employers to ensure the standards and frameworks which underpin apprenticeships are fit for the future.
- Deliver agile and flexible apprenticeship frameworks which are transferrable across occupations and aligned to National Occupational Standards (NOS).

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

- Working with partners, provide a range of labour market and skills evidence and insight at national, regional and sectoral levels to inform skills investment.
- Engage with partners across the Highlands and Islands to develop, agree and deliver an evidence-led implementation plan for Workforce North, helping to the expansive economic opportunities in that region.
- Remain closely involved with the skills planning reform work led by Scottish Government.
- Work collaboratively with Regional Economic Partnerships to develop and implement City Region and Growth Deals.
- Continue to provide support to Scotland's regions and key sectors to address skills shortages and skill gaps, including

implementing regional and sectoral skills plans such as the Digital Economy Skills Action Plan.

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

- With Scottish Government and others, support the ambitions aligned to skills in NSET.
- Continue to work with the devolved governments in Scotland, Wales and Northern Ireland to implement the NOS strategy and develop NOS, and to align and simplify the skills landscape.
- Contract for the development of Scottish Qualifications Products in collaboration with Scottish Government and SQA Accreditation, ensuring they meet the needs of industry.
- With Scottish Government and agency partners, play a full role in supporting the implementation of the Purpose and Principles: Initial Priorities and wider reform of the lifelong education and skills system.

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

- As part of the Career Services Collaborative, nurture strategic partnerships within the ecosystem to maximise our collective impact and investment, improve customer outcomes and, building on the Career Review and other publications, implement the policy direction set by Scottish Ministers.

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

KPI 9: SDS has satisfied customers and employees

KPI 10: SDS is a resilient and sustainable organisation

To achieve this goal, in 2025/26 we will:

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

- In support of our Transform 27 programme, ensure effective voice and colleague involvement across all activity, and build our people manager capability to lead change.
- Sustain our focus and commitment to building a culture of fair work, inclusion, and wellbeing, including continued commitment to addressing race equality in the workplace.
- Retain our commitments to developing the skills of our people through guaranteed CPD for all colleagues.
- Launch and implement our new SDS People Strategy 2025-30.

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

- Continue to inform service design, dynamic skills provision, innovation and continuous improvement through research, gathering customer voice and insight, and data analysis.
- Embed and further develop the new 16+ Participation Portal, as a replacement for the 16+ Data Hub.
- Continue to deliver improvements in our approach to Information Management.
- Continue to implement and monitor integrated equality impact assessments to improve customer experiences.

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

- Simplify and enhance the digital customer experience across channels while driving continuous improvements.
- Continue the delivery and management of the Enterprise Information Services (EIS) shared cross-agency IT services.
- Roll out the use of Microsoft Co-Pilot for colleagues and evaluate its impact on productivity.
- Develop and launch a strategy for digital technology and data.
- Improve digital capability and modernise systems to increase efficiency and improve usability to enhance internal services.

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

- Progress Transform 27 activity to develop and move towards a more sustainable and impactful target operating model, including work towards becoming a skills-first organisation.
- Drive value for money through a continued focus on financial stewardship, continuous improvement, quality assurance and effective change management to ensure services remain affordable within a constrained budgetary environment.
- Implement the Cyber Action Plan in line with the SDS Cyber Strategy 2023-27, including ongoing review of our cyber estate.
- Continue action to deliver and report on the ambition of our Climate Change Strategy 2020-2030, including ongoing rationalisation of our estates.

Measuring progress

SDS is committed to demonstrating improved public value and 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

The SDS Corporate Performance Framework identifies the performance measures that best demonstrate achievement of our strategic goals and informs our external and internal monitoring and reporting.

It is fully aligned to our Strategic Plan, the Scottish Government's National Performance Framework, and the United Nations Sustainable Development Goals, as shown on page 16.

Performance across the business, against service expectations where appropriate, 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.

We track performance against each of our 10 KPIs using a collection of measures, as summarised in the bottom row of the illustration on page 17. As much of the work we carry out is done in partnership with other agencies, or contributes to a shared ambition (for example, youth participation rate, employer engagement and skills investment outcomes), single agency delivery expectations are not appropriate.

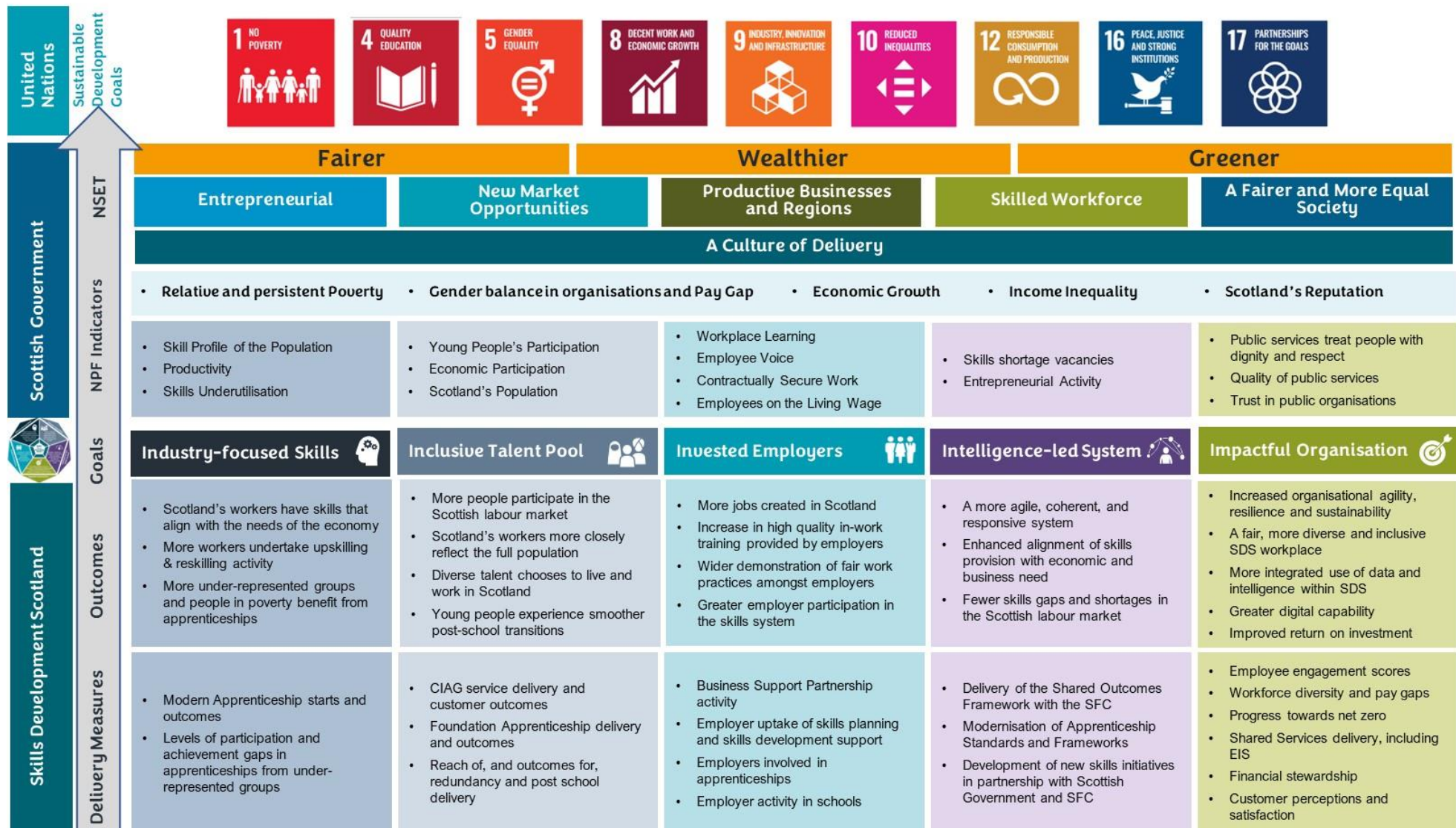
Where we can attribute performance to SDS, we have quantifiable targets. Our key delivery measures and service expectations are included in the table below.

Delivery measure	Expectations
Apprenticeships	
Modern Apprenticeship starts	c. 25,500
% MA starts with disability	Sustain / improve ¹
% MA starts with care experience	Sustain / improve ¹
% MA starts from minority ethnic group	Sustain / improve ¹
MA achievement rate	Sustain / improve ¹
MA achievement rate gap	Sustain / improve ¹
Foundation Apprenticeship starts	c. 2,500
Career Information, Advice & Guidance	
% BGE (S1-S3) pupils reached	85%
% senior phase (S4-S6) pupils reached	80%
% senior phase pupils with a 1:1 engagement with improved Career Management Skills (CMS) ²	85%
% Next Steps customers with improved CMS ²	70%
% Next Steps customers progressing	65%
% Next Steps customers sustaining	60%

¹ Sustained/Improved from the baseline of 2024/25 performance

² The measures of customers developing their Career Management Skills (CMS) are currently subject to review. Future reporting against these measures may have slightly amended wording, although the performance expectations are likely to be similar to previous years.

Aligning SDS performance with national and international ambitions



SDS Budget 2025/26

Our grant-in-aid this year is 94.7% of budgeted funding, while shared service recharges are projected at 4.4%.

Due to financial constraints and legal commitments, our opening budget position is a deficit of £87k. We intend to eliminate this through in-year efficiency savings and identified budget adjustments.

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

Anticipated Income 2025/26 – Scottish Government	£'000s
Core Grant-in-Aid (GIA)	199,222
Known Budget Transfer (Additional Employer National Insurance)	825
Other Transfers, ABR/SBR indicative GIA	TBC
Total Scottish Government	200,047

Anticipated Income 2025/26 – Other sources	£'000s
Shared Service Re-charges	9,235
Other income	1,150
Total Other Sources	10,385

Anticipated Income 2025/26	£'000s
Total income from all sources	210,432
Projected Expenditure 2025/26	£'000s
People Costs	82,470
Apprenticeships	101,989
Equality & Critical Skills Development	1,736
Industry, Employer Engagement, Skills Planning	460
Evaluation, Research, Evidence & Impact	616
Digital Delivery and Platforms – My World of Work, FIPS, CSS, Employer Hub	1,839
Enterprise Information Services	6,344
Estates and Enabling Services	5,830
Shared Services	9,235
Initial Working Deficit – Managed in-year	(87)
Total expenditure	210,432

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