Skills Development Scotland

Skills for a Changing World

Strategic Plan

2022-27

Foreword

In the three years since we published Skills Development Scotland's (SDS)'s last Strategic Plan, none of us could have predicted the seismic societal and economic changes that would occur in that time. Predicted changes in the labour market and workplace practices for 15 or 20 years in the future were catalysed by the pandemic and Brexit – the future became now.

The climate emergency has moved from a threat to a pressing reality, inequality and poverty have deepened and, against a backdrop of spiralling inflation and a cost of living crisis, economic growth will be hard fought for in the coming years.

Opportunity

We do not underestimate the challenges ahead for Scotland's businesses and individuals. As the national skills agency, we understand the need to act responsively, collaboratively, and sustainably, to meet the rapidly changing needs of our customers, and to maximise the combined impact of public sector resources.

In these unprecedented times of uncertainty and change, it has never been more important for Scotland's businesses and people to cultivate adaptive resilience and meta skills. Enhanced forms of work-based learning which can keep pace with this change, and experiential, person-focused careers services that build personal agency, will be critical to delivering these skills.

The National Strategy for Economic Transformation (NSET) sets out an ambitious vision for the nation's future – for a fairer, wealthier, and greener Scotland. Scottish Government and its agencies are united in our commitment to deliver those aims.

This Plan sets out our vision, priorities, and direction of travel, outlining the areas we know we must focus on to deliver a more agile, responsive, resilient, and inclusive skills and careers system.

Achieving our vision through collaboration

But we cannot change the system alone. Partnership and collaboration have always been at the core of SDS's approach. We are grateful to all of our government and agency colleagues, and partners at national, regional, and local levels, for their ongoing commitment to finding more effective ways of working together with us to achieve our shared ambitions. The need for this will only strengthen going forwards.

We are committed to achieving a more cohesive and efficient public sector, and we look forward to working with new and existing partners to drive this forward. As a responsible public body, we understand the need to innovate and adapt to increase productivity, and deliver new, more efficient ways of working. It is also essential that our products and services continue to meet the evolving needs and ambitions of Scotland's people and employers.

Every aspect of what we do, and how we do it, will be considered afresh as we seek to unlock the potential of Scotland's people, employers, and economy, through investment in skills.

Delivering change

Over the past year we have consulted extensively with colleagues, partners, and stakeholders, as we have sought to understand the shape and nature of the challenge ahead, and the response

needed. The result of that work, this Strategic Plan, is a framework for achieving our vision and shaping our transformation over the next five years.

The success of this Plan will be in the hands of our colleagues at SDS. We have no doubt that, despite trying times ahead, their passion and commitment will continue to provide Scotland's people, businesses, and economy with access to the skills they need.

Frank Mitchell
Chair, Skills Development 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. The key to Scotland's future prosperity is to ensure that its 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.

In August 2022, the Scottish Government announced that it would be initiating an Independent Review of the Skills Delivery Landscape which will make recommendations on the future of the public body and advisory group landscape. The Independent Adviser to the Review, James Withers, will report his recommendations to Scottish Ministers in Spring 2023. We welcome the Review and acknowledge that the content of this Plan may need to be adjusted in the light of the Review's recommendations.

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.

Context: A changing world

The world is experiencing a historic transformation in how people work, where they work and even why they work. The skills we each need to enter and progress in work are changing too. As we face an unpredictable and rapidly evolving future, continuing to develop the right skills in response to this change will be critical for us all. The COVID-19 pandemic undoubtedly impacted the economy, labour market and society and, at the time of writing, new economic challenges are emerging. Our strategic operating context continues to be shaped by these and a wider range of interconnected drivers of change, as explored in this section.

Industry 4.0

As advancing technologies change how we work and the type of work people do, the skills system must be able to respond. While industrial revolutions are characterised by disruptive change, in the past jobs still remained well defined, standardised, and specific, with clear skills and tasks linked to them.

In contrast, today we are experiencing a rapid increase in the number of job types, coupled with a lack of job standardisation, making the change far more complex to predict and respond to. As technologies and jobs continue to change throughout people's careers, workers will need to continuously develop adaptive resilience and a diverse skillset, including baseline digital skills, to remain competitive in the labour market. Similarly, as technology replaces routine tasks, people will need to adapt, developing related, uniquely human skills which continue to add value in the workplace. Where technology is responsible for jobs being created, refocused, or replaced, the skills system must be ready to retrain and upskill workers so they can adapt and access the good, new jobs of the future.

In this context, it is essential that Scotland's workers have lifelong opportunities to acquire and use new knowledge and skills which allow them to remain competitive in the labour market and support a growing Scottish economy. This will require a more balanced portfolio of learning provision in future, combining the best of traditional academic routes with greater investment in work-based learning, and new forms of rapid upskilling and retraining.

Climate change

The urgent need to decarbonise major industries across Scotland will also put new demands on Scotland's skills system, as whole sections of the workforce may need support to transition into new or altered job roles. New green industries are emerging, but the green economy needs to grow faster to meet ambitions for a 'just transition' to net zero. Having the right skills will help us smoothe the transition to a green economy. Despite 'green jobs' accounting for less than 1% of 2021 hiring activity, LinkedIn highlight that recruitment in this category of the global workforce is rising faster than any other. They project that demand for green jobs will outstrip supply of adequately skilled people in just five years' time[1]. Policies and actions facilitating transitions to new skills are therefore fundamental for labour market resilience in both the short and long term.

The National Strategy for Economic Transformation (NSET) highlights the opportunity for Scotland to strengthen its position in new markets and industries, generating new, well-paid jobs from a just transition to net zero[2]. Scotland already occupies a position of global leadership in the design, development, and operationalisation of a range of current and future key industries including financial services,

1 LinkedIn, An Action Plan for Climate Change: LinkedIn's Global Green Skills Report 2022
2 Scottish Government, Scotland's National Strategy for Economic Transformation, 2022

eco-tourism, and emerging enabling photonics and quantum technologies[3]. Significant opportunities for the Scottish economy also exist in energy transition, construction, transport, manufacturing, and agriculture[4]. Realising these opportunities, and the higher-skilled, higher wage jobs they create, will require support for lifelong training which helps people and employers have the skills they will need to be competitive and grow.

Inflation and the cost of living crisis

Scotland, like the rest of the UK, is experiencing sharp increases in the cost of living. Inflation reached 10.1% in July 2022[5] and is expected to reach over 13% in the final quarter of 2022-23[6]. The UK also reported negative growth in June 2022[7], and is projected to enter a lengthy recession[8].

The main drivers of consumer price inflation – energy, transport and food – make up a large part of essential spending for most households and are therefore likely to have a disproportionate effect on lower income households as they have less disposable income that can be used to cover necessities[9].

One of the major contributors is the rising cost of energy, with warnings that a typical household is predicted to pay the equivalent of £4,266 a year[10]. Furthermore, the war in Ukraine has caused a considerable shock to the global economy by disrupting supply chains, including for energy, contributing to rising domestic inflation and cost of living for individual households.

While wages continue to grow – by 4.7% between April and June 2022 – they have not kept pace with inflation meaning a record drop of 3% in pay in real terms[11].

An anticipated 600,000 more people, a quarter of them children, will be pulled into poverty by the cost of living crisis[12]. The number of children living in poverty in Scotland ranges from one in eight to almost one in three across local authorities[13]. Provisional analysis from The Resolution Foundation estimates that, without action, relative child poverty in Scotland could reach over 29% by 2023/24[14], however, tackling child poverty is a clear priority across Scottish Government activity[15].

Productivity

Pre-pandemic, Scottish productivity was recognised as being over 20% lower than the top performing Organisation for Economic Co-operation and Development (OECD) countries[16]. While there are both short- and long-term signs of improvement, Scotland still lags behind other parts of the UK and international competitors in nine of the thirteen comparable productivity indicators including exporting and innovation[17]. The Scottish Government set out their ambition to drive an increase in productivity in Scotland by building an internationally competitive economy founded on entrepreneurship and innovation[18].

The response to the COVID-19 pandemic in 2020 and beyond, particularly the use of lockdowns, impacted Gross Domestic Product (GDP). While initially showing signs of recovery, the economy is now being impacted by rising inflation. Fraser of Allander Institute forecasted GDP growth of just 3.8% in 2022 and 0.5% in 2023,

3 Ibid.
4 Skills Development Scotland, Climate Emergency Skills Action Plan, December 2020
5 Office for National Statistics, Consumer price inflation, UK: July 2022, August 2022
6 Bank of England, Monetary Policy Summary, August 2022, August 2022
7 Office for National Statistics, GDP monthly estimate, UK: June 2022, August 2022
8 Bank of England, Monetary Policy Summary, August 2022, August 2022
9 Office for National Statistics, Inflation and the cost of living for UK households, overview: June 2022, June 2022
10 Cornwall Insight, Price cap forecasts for January rise to over £4,200 as wholesale prices surge again and Ofgem revises cap methodology, August 2022
11 Office for National Statistics, Average weekly earnings in Great Britain: August 2022, August 2022
12 Joseph Rowntree Foundation, Analysis of UK Spring Budget Statement, March 2022
13 Loughborough University, 1-in-4 children living in poverty set to worsen during cost of living crisis, July 2022
14 Resolution Foundation, The Living Standards Outlook 2022, March 2022
15 Scottish Government, Scotland's National Strategy for Economic Transformation, 2022
16 Fraser of Allander Institute, How relevant are targets for Scottish productivity?, March 2018
17 Confederation of British Industries, 2021 Scottish Productivity Index, December 2021
18 Scottish Government, Scotland's National Strategy for Economic Transformation, 2022

reflecting the impact of this higher inflation on households and businesses[19], although at the time of writing the UK economy is contracting.

NSET recognises that productivity is driven by a multitude of factors, including quality of jobs, skills, entrepreneurship, levels of investment and innovation, and quality of infrastructure and connectivity. Through collaboration, the enterprise and skills agencies can work together, and with Scottish Government, to drive progress in each of these areas, leading to greater business productivity and economic prosperity.

Population and talent supply

Scotland's people are its greatest asset and essential to the future prosperity of the country, but the overall population is ageing and predicted to decline. As Scotland grows older, people are more likely to work for longer, with multiple employers and in multiple careers. This results in a greater need for in-work engagement with the skills system to reskill or upskill in line with changing work demands. National Records of Scotland projections suggest that by 2045, Scotland's population will decline to 5.39 million[20], with 200,000 fewer children and 300,000 more people over the age of 65[21].

The potential for in-migration to counter natural population decline is, however, impacted by the UK's exit from the European Union (Brexit). Scotland is predicted to face an estimated 50-80% reduction in net European Union (EU) migration following 2020, and an overall reduction in overseas net migration of 30-50%[22]. In the UK, there are nearly 90,000 fewer people in the workforce than there would have been had the pre-pandemic trend continued[23]. It is estimated that between 500,000 and 1.3 million people born overseas left the UK between the first and third quarters of 2020[24] suggesting that the pandemic also impacted the supply of migrant workers. Demographic change, Brexit, and the pandemic have exacerbated the scale of labour and skills shortages across the UK and will continue to do so, causing increased fiscal pressure on the working age population.

Employer demand for workers continues to increase while the supply of permanent and temporary workers is falling[25], bringing new challenges for industries and employers across Scotland. Over a third (34.9%) of businesses in Scotland report a shortage of workers. Businesses that are experiencing a shortage of workers report that it has resulted in employees working increased hours and many being unable to meet demands[26]. This is experienced more acutely in the rural areas of the South of Scotland and Highlands and Islands, which experience lower levels of population growth, higher outward migration of young people, and a more dispersed population.

While there is significant geographical variation, sectoral variation is also evident. Similarly, in-demand skills in fields such as data, digital, and cyber are attracting increased wages as employers compete to secure and retain the scarce available talent[27]. As a result of these labour and skills shortages, we can expect a continued tightening of the labour market and growing demand for adult learning opportunities, from both employers and individuals, in order to address unmet skills demand.

Scotland has a higher proportion of its people educated to tertiary level than in any EU country[28], with 37.2% of 25-64 year olds being graduates[29]. Despite this, employers are still struggling to recruit

19 Fraser of Allander Institute, FAI Economic Commentary 2022 Q2, June 2022
20 National Records of Scotland, Population Statistics, January 2022
21 Ibid.
22 Scottish Government, A Scotland for the future: opportunities and challenges of Scotland's changing population, March 2022
23 Institute for Employment Studies, Labour Market Statistics, July 2022
24 Resolution Foundation, Migration during the Pandemic, 2021
25 Royal Bank of Scotland, Report on Jobs, August 2022
26 Business Insights and Conditions Survey, BICS weighted Scotland estimates: data to wave 61, August 2022
27 Burning Glass Technologies, No Longer Optional: Employer Demand for Digital Skills, June 2019
28 OECD, Strengthening Skills in Scotland: OECD Review Of The Apprenticeship System In Scotland, 2020
29 Scottish Government, Scotland's Labour Market: People, Places, and Regions - Statistics from the Annual Population Survey 2019, 2020

people with the skills they need to their available roles. One in three employers in Scotland is reporting under-use of skills, and nearly three-quarters recognise an upskilling requirement within their organisation[30], demonstrating the current misalignment of skills within the labour market.

Skills shortages fall into two categories: technical and practical skills which are specific to the job, and people and personal skills needed in the workplace[31]. The biggest deficits in technical and practical skills amongst staff with skills gaps are in specific skills or knowledge required for a role, complex analytical skills, and operational knowledge, followed by digital skills[32]. The Chartered Institute of Personnel and Development (CIPD) highlights that the second category of softer skills, such as customer-handling and problem-solving, are especially lacking in those hired directly from school, college, or higher education. They also report that these young people are not considered well prepared for work by employers[33], although this may reflect the currently low number of employers engaging in schools[34].

Scottish Government figures show that employers in Scotland identify having meta-skills as the most 'critical or significant' factor looked for in recruitment, followed by work experience[35]. However, KPMG has warned that these types of meta-skills are currently under-prioritised in the education system[36]. Current moves towards educational reform in Scotland aim to create closer ties between learning and the realities of work, and close the gap between the skills of education leavers and the needs of employers.

These considerations also point to Scotland's related need to expand its available talent pool, at all skills levels, to meet replacement demand and mitigate the labour shortages and skills gaps that exist, particularly in our remote and rural communities. Achieving this will require innovative solutions to both developing and retaining skilled Scottish workers, including through employer investment in skills, and attracting workers from the rest of the UK and beyond. Designing solutions and approaches will require careful consideration for the place-based dimensions to these challenges, such as the cluster building approach and Talent Attraction programme both identified in NSET[37].

Poverty and inequality in the labour market

Alongside changes to the economy and the landscape of work, social inequality is continuing to widen. The COVID-19 pandemic had an unequal effect on the population, with women, young people, lone parents, older and disabled workers, minority ethnic people and those with no or low qualifications, all disproportionately impacted[38].

Significant financial pressures exist, especially for those who are underemployed, unemployed or on low incomes, including young people who more often work in sectors characterised as offering low skilled, low paid and insecure employment. These pressures are exacerbated by rising inflation and other cost of living increases. Pre-pandemic concerns remain around the quality of work, in-work poverty, underemployment and the rise of the gig economy, and the role each of these factors plays in compounding poverty and inequality in Scotland. Workers in Professional, Associate Professional and Technical occupations account for around 41% of jobs in Scotland, and command 1.5 times the Scottish median hourly wage. In contrast, those in occupations and sectors affected the most by the pandemic, such as sales and retail staff, attract median hourly wages one third lower than the Scottish average, contributing to issues of in-work poverty. If Scotland's productivity matched that of the OECD top quartile, average annual wages would be almost 10% higher[39].

30 Scottish Government, Scottish Employer Skills Survey 2020, 2022
31 Ibid.
32 Ibid.
33 CIPD, Gaps and Opportunities: Employer views on skills policy in Scotland, 2022
34 Scottish Government, Scottish Employer Skills Survey 2021, May 2022
35 Ibid.
36 KPMG, Meta-Skills will be key to winning war for talent, 2021
37 Scottish Government, Scotland's National Strategy for Economic Transformation, 2022
38 Scottish Government, The Impacts of COVID-19 on Equality in Scotland, 2020
39 Scottish Government, National Strategy for Economic Transformation, 2022

A "hollowing-out" of mid-level jobs has left the labour market more polarised across nearly all OECD countries and this trend is forecast to continue, with consequences for in-work progression and social mobility. In Scotland, mid-level occupations represented 31% of jobs in 2019 but are forecast to decline to 24% of all jobs by 2029, with most of the relative growth occurring in lower-level, lower paid occupations[40]. We are also seeing the rise of precarious work and in-work poverty. The proportion of workers employed on a zero-hours contract almost quadrupled between 2012 and 2020, from 0.7% to 3.3%[41]. Women account for 55% of workers on zero-hour contracts[42] with a resulting impact on child poverty.

In 2022, the Chartered Institute of Management found that more than 80% of firms had adopted hybrid working – most since the pandemic[43]. The rise in remote working creates both opportunities and competition for employers and workers in the labour market by challenging the need for these groups to be geographically close. However, as yet these opportunities are concentrated in higher salary bands, with 15% of jobs with salaries of £60,000-£79,000 full-time equivalent (FTE) offering home working, compared with just 3% of jobs with salaries under £20,000 FTE[44].

While Scotland's unemployment rate did not reach the levels forecast early in the pandemic period, economic inactivity amongst the working age population increased to around one in five workers aged 16-64[45], potentially masking some of that anticipated impact. For example, Scotland has been outperforming the rest of the UK in both youth participation and youth unemployment[46], however, this is contextualised by record-high levels of young people choosing to remain in full-time education during the pandemic.

40 OECD, Strengthening Skills in Scotland: OECD Review of the Apprenticeship System, 2020
41 Fair Work Convention, Fair Work in Scotland, 2020
42 Ibid.
43 Chartered Management Institute, Employer Survey, February 2022.
44 Timewise, The Timewise Scottish Flexible Jobs Index, 2021
45 Office for National Statistics, Labour market overview, UK: August 2022, August 2022
46 PWC, Youth Employment Index, 2022

A tight labour market, and 'war for talent' can provide increased opportunities for those further from the labour market. NSET contains an ambition for individuals not just to be in work, but to be aiming for rewarding careers that contribute to Scotland's economic, social, and environmental needs. The strategy highlights that this can be achieved through creating a fairer and more inclusive economy, and by helping people to have the skills and capabilities they need to access good jobs[47].

Scottish Government's policy response

The Scottish Government faces a significant challenge in delivering an economic recovery that addresses known inequality in society and supports a transition to a greener, fairer, and more productive economic model for the future. This must be done in a way that acknowledges the disproportionate impact the previously explored factors, including rising inflation, are having on people, places, and sectors, as well as current uncertainty in the geopolitical climate.

In its National Strategy for Economic Transformation[48], published on 1 March 2022, the Scottish Government makes an ambitious commitment to building a green recovery, with an emphasis on building a wellbeing economy. The ten-year Strategy acknowledges the need for an education and learning system which is focused on delivering the country's skills needs, and establishing Scotland as a more entrepreneurial nation, in the context of an ever-changing economy and society. With the ambition of NSET set out (shown on page 12), Scottish Government and its agencies, including SDS, must collaborate effectively to establish and implement how that ambition will be achieved. Cross-agency work also continues to deliver the ambitions of the Inward Investment Plan[49], securing investment in Scotland's sectors, regions, and digital skills to support the transformation of our economy in response to Industry 4.0.

47 Scottish Government, Scotland's National Strategy for Economic Transformation, 2022
48 Ibid.
49 Scottish Government, Shaping Scotland's economy: inward investment plan, 2020

Delivery of NSET is of paramount importance to Scotland. However, Scottish Government is responsible for a wider range of education, skills, and economic development policy which will also shape the forward direction of its enterprise and skills agencies.

During the COVID-19 pandemic, the Scottish Government policy renewed its focus on employability in the face of an anticipated rapid increase in unemployment. This included the Young Person's Guarantee[50], designed to ensure young people had access to learning and employment opportunities, and the No-one Left Behind Action Plan[51], which promised to deliver a flexible, joined-up and responsive employability system in Scotland.

In response to the known issues around Scotland's ageing population and the need for inward migration, in 2021 the Scottish Government also published Scotland's first national population strategy[52], setting out how the future need for workers could be met through talent attraction and retention. Additionally, documents such as Scotland's digital strategy[53], and the Skills Action Plans for both Rural Scotland[54] and the Climate Emergency[55] have set out the urgent need to develop the skills of the workforce.

Scottish Government maintains a strong focus on encouraging good and fair workplace practices, with a refreshed Fair Work Action Plan expected in 2022. Supporting more people into these opportunities is seen as a primary means to delivering greater equality and social justice, and to tackling child poverty[56].

Concurrently, a programme of reform is also taking place across Scotland's schools, through the Scottish Government's response to, and implementation of, recommendations made by Professor Ken Muir in the review of Scotland's curriculum. During 2022/23, Professor Louise Hayward is due to report on her review of senior phase qualifications and assessments which may look to introduce changes to the design and delivery of school curricula in the coming years.

Building on the recommendations of the Scottish Funding Council's (SFC) Review of Coherent Provision and Sustainability, Scottish Government is now developing the Purpose and Principles for Scotland's post-school education, skills and research ecosystem. This will be evidence-led and provide clear direction to support decision making across the ecosystem for the next generation.

The recommendations of the recent Career Review[57], which seek to ensure that individuals can access the best career intelligence, experiential career education, and person-centred advice and guidance at any stage of their lives have also been accepted by Scottish Government.

Skills development is a positive and consistent theme across Scottish Government's response to the current economic, social, and environmental challenges faced. SDS welcomes the independent review of the skills delivery landscape and the opportunity it offers to help realise the policy ambitions we share with Scottish Government and our partners.

50 Young Person's Guarantee
51 Scottish Government, No-one Left Behind: delivery plan, 2020
52 Scottish Government, A Scotland for the future: opportunities and challenges of Scotland's changing population, 2021
53 Scottish Government, Realising Scotland's full potential in a digital world: a digital strategy for Scotland, 2017
54 Scottish Government and SDS, Skills Action Plan for Rural Scotland, 2019
55 Scottish Government and SDS, Climate Emergency Skills Action Plan 2020-2025, 2020
56 Scottish Government, Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026, 2022
57 Career Review Programme Board, Careers by Design, 2022

Figure 1: The vision, ambition, and programmes of action for Scotland's economy by 2032 as set out in the NSET

Vision

A Wellbeing Economy
Thriving across economic, social and environmental dimensions

Ambition

Fairer

Ensuring that work pays for everyone through better wages and fair work, reducing poverty and improving life chances.

Wealthier

Driving an increase in productivity by building an internationally competitive economy founded on entrepreneurship and innovation.

Greener

Demonstrating global leadership in delivering a just transition to a net zero, nature-positive economy, and rebuilding natural capital.

Programmes of Action

- Entrepreneurial People and Culture
- New Market Opportunities
- Productive Business and Regions
- Skilled Workforce
- A Fairer and More Equal Society

A Culture of Delivery

Public finances

These policy ambitions sit in the context of existing constraints to public finances. In the 2021/22 financial year the budget deficit in Scotland was £23.7 billion. While this is a substantial drop from £35.8 billion recorded in the previous year – the largest budget deficit on record since the 1998/99 financial year, largely due to the pandemic – it remains considerably higher than the 2019/20 figure of £15.9 billion. For the first time since income tax powers were devolved in 2017/18, the Scottish Fiscal Commission forecasts made at the time of the 2022/23 budget are lower than the equivalent Block Grant Adjustment (BGA).

Over the period 1998/99 to 2019/20 on average each year Scotland spent £9.7 billion more than it generated. Over time the net fiscal deficit has grown, increasing from £2.6 billion in 1998/99 to £15.9 billion in 2019/20. Scottish income tax revenues are expected to grow more slowly than in the rest of the UK, with implications for public spending[58].

The Scottish Government's Resource Spending Review, published in May 2022, set out a challenging fiscal position for the lifetime of this Plan. It included a clear call on all public sector agencies to improve value for money, better manage assets and bring benefit to the public purse[59]. Achieving this will be more complex in the face of rising inflation.

58 Scottish Fiscal Commission, Scotland's Economic and Fiscal Forecasts, May 2022

59 Scottish Government, Investing in Scotland's Future: Resource Spending Review, 2022

Our response

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 is 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 partners across the whole of the skills and careers ecosystem to generate real change and achieve shared outcomes.

Our new corporate goals, shown on page 16, reflect this 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 inclusion[60], tackling poverty, and to supporting a just transition to net zero. We understand these themes must run across all we do, rather than being treated as standalone issues.

By collaborating across the whole of the skills and careers ecosystem we aim to generate real change which supports thriving businesses and prosperous people, places, and communities.

60 Further detail on our Equality Outcomes and the work we do to achieve them, is available in our Equality and Diversity Mainstreaming Report.

Figure 2: SFC and SDS: responding together to a changing world

"Both we and SDS know that collaboration is the route to deliver the change required to meet the challenges we face. The pressing demands of the changing nature of work, net zero, the productivity challenge, an ageing population, and the enduring need to tackle poverty and inequality are only heightened by the pressures on public finances.

"By continuing to work in partnership I am certain our two organisations will deliver the education and skills system that Scotland's people and businesses need to thrive in the years ahead."

Mike Cantlay
Chair, Scottish Funding Council

Change theme	SG policy response	SFC-SDS shared priorities
Technological revolution	• NSET – Skilled Workforce, New Market Opportunities	• Responsive, coherent and sustainable skills system
Climate emergency	• Climate Change Plan	• Investment in Energy Skills Partnership • Delivery of Climate Emergency Skills Action Plan (CESAP) and development of green skills
Productivity	• NSET – Skilled Workforce, Productive Businesses and Regions, Entrepreneurial People and Culture	• Promoting and nurturing entrepreneurship; adapting the system to make it more agile and responsive • Investing in apprenticeships and supporting work-based learning • Delivery of the Entrepreneurial Campus Strategy
Demographic and population changes	• Population Strategy • International Education Strategy	• Attracting and retaining talent from outside Scotland • Supporting economically inactive to reskill and re-enter the workforce
Poverty and inequality	• NSET – Fairer and More Equal Society • Tackling Child Poverty Delivery Plan • Commission on Widening Access	• Tackling inequality and poverty • Promoting and demonstrating fair work practices to organisations and individuals • Widening access to learning and securing positive outcomes

Pressure on public finances	• Resource Spending Review
	• Purpose and principles for post-16 education, skills and research system
	• Public sector reform
		• Developing our organisational capability:
		  • continued digital enablement of services
		  • enhanced data and insight to deliver greater impact
		  • leveraging joint resources and capabilities

Our unique contribution

As the national skills agency, SDS clearly has a distinct role to play within this ecosystem, and a unique contribution to make to achieving this change.

Fundamental to achieving our corporate goals and the ambitions of NSET, **over the next five years SDS will focus on work which supports:**

- **Apprenticeship Innovation:** An ambitious development of Modern Apprenticeships to reflect the changing world of work, which delivers greater flexibility and customisation of modularised content
- **Future Career Services:** Reimagined all-age, person-centered career services which build the skills and habits required to negotiate the rapidly changing labour market

and informs:

- **Lifelong Training:** An innovative rebalancing of learning provision towards upskilling and retraining activity, in support of Scotland's current workforce and new markets, including the development of digital skills and the green economy

In support of these, we also need to prioritise achieving:

- **Employer Centricity:** A continued, significant and enhanced role for employers in the design, delivery, and assessment of skills and careers provision
- **Digital Capability:** Transformed data and digital capability within SDS, driving the reach and user experience of our person-centred services, and increasing efficiency and sustainability across the organisation
- **Integrated Intelligence:** Enhanced use of data and intelligence to inform collaboration and learning provision, creating a more agile and responsive skills system
- **Organisational Agility:** Improved capability and agility within Team SDS to flexibly align the right resources and people in response to business and economic need

We believe these cross-cutting and substantial actions will each unlock aspects of the future we are working to achieve and make substantial contributions towards achieving a fairer, wealthier, and greener Scotland. Actions towards achieving these are identified against all five of our goals in this plan.

Our Corporate Goals 2022-27

In this section we introduce each of these goals and describe, at a high level, the action we intend to take to deliver them.

For each of our goals we have identified a corresponding customer commitment. These aim to explain how, by achieving our goals, we will be helping Scotland's people to build the future they want. The customer commitments are shown together on page 28.

Our Strategy Map on page 17 and our Performance Framework on page 32, demonstrate the contribution these goals will make to Scottish Government ambitions, including those defined by NSET and the National Performance Framework.

Our Strategy Map 2022-27

Scottish Government Ambition

1 NO POVERTY
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

A Wellbeing Economy:
Thriving across economic, social and environmental dimensions

Fairer | **Wealthier** | **Greener**

2022 ▲ 2027

Vision

Our Vision
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.

Goals

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

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

Focus

Apprenticeship Innovation | **Future Career Services** | **Lifelong Training**

Employer Centricity | **Digital Capability** | **Integrated Intelligence** | **Organisational Agility**

Strategies

Employer Centricity
- Maximise delivery of apprenticeships in priority sectors and occupations, contributing to a skilled and productive Scottish workforce
- Improve access to rewarding work through apprenticeships and other training opportunities for people who often face barriers to employment
- Help people understand the need to continue developing their skills throughout their careers
- Develop industry-critical skills among the workforce through upskilling and retraining initiatives

Digital Capability
- Equip people with the skills they need to prepare for, plan and manage rewarding careers throughout their lives
- Provide engaging and relevant career intelligence, education and experiences that help inform individual learning and career choices
- Address known barriers to participation and deliver person-centred services which support all customers to pursue the learning and work they choose
- Contribute to Scotland's ambition to grow the size and diversity of the available talent pool

Integrated Intelligence
- Increase employer participation in apprenticeships, including micro- and small businesses and those in priority sectors and occupations
- Encourage employers to become more invested in the development of their current and future workforce
- Inspire employers to adopt and demonstrate equality, inclusion, and fair work practices, and to drive quality in their delivery of apprenticeships
- Ensure a 'collaboration-first' approach to delivering cross-agency products and services to employers

Organisational Agility
- Work to ensure that Scottish Apprenticeships remain agile, flexible and fit for the future
- Collaborate extensively at a national, regional, and sectoral level to shape intelligence-led skills investment and delivery
- Together with customers and partners, support the design and delivery of approaches to meeting current and future skills demand
- Collaborate across the careers ecosystem to deliver more consistency in Scotland's career services, and improve customer outcomes

Organisational Agility
- Attract, nurture, and retain a diverse team of people that share and achieve our ambitions, demonstrating fair work practices
- Transform our use of system-wide data, intelligence, and customer voice to deliver better customer outcomes
- Continue to enhance our digital capability in ways which drive organisational productivity and customer experience
- Steward our resources efficiently and effectively, ensuring that SDS is a resilient and sustainable organisation

Industry-focused Skills

Our goal

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

Our customer commitment

We will create learning opportunities that help you get into and progress in rewarding work

The outcomes we want to achieve

- **People have more skills which are relevant to the Scottish economy**
- **Apprentices progress in employment**
- **Under-represented groups and people in poverty have improved apprenticeship participation and achievement rates**
- **More working-age people access upskilling and retraining opportunities in priority sectors and occupations**

Delivering this goal

Lifelong learning in and for the workplace is integral to delivering the skills that the economy needs.

Over the coming years, SDS will continue to ensure the provision of high quality apprenticeships across Scotland. Through a balanced portfolio of provision, we will support individuals to enter, sustain and progress in rewarding and productive employment and/or pursue entrepreneurial opportunities. More than ever, we understand the importance of ensuring this provision is responsive to the needs of economy and drives productivity. We will enhance our approach to meeting the needs of priority sectors and occupations through our contracting, recognising that these skills needs may differ by region. We will also continue to work with the Scottish Funding Council (SFC), education institutions and employers in the continued delivery of Graduate Apprenticeships.

The future demand on workers to upskill and reskill in order to remain competitive in the labour market, and to support new and emerging sectors will be great. New forms of flexible, accredited and work-focused micro learning will be essential to supporting business growth, and to developing prosperous people, places, and communities. We will work with Scottish Government, the SFC and other partners to develop innovative, sustainable, and evidence-led approaches to developing the skills people and businesses need.

Scotland's people are at the heart of achieving this goal. Building on the progress achieved so far, we will continue to work with partners to ensure SDS learning provision champions equality of opportunity and supports a fairer, greener economy. We will keep the lived experience, needs and aspirations of Scotland's disadvantaged families and communities at the heart of developing our approaches to delivering industry-focused skills.

To achieve this goal, by 2027 we will:

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

- Continue to manage the delivery of high quality Modern Apprenticeships in Scotland, which support the needs of the economy
- Work with the SFC and other partners to support the delivery of Graduate Apprenticeships
- Evolve our approach to ensuring dynamic alignment of Modern Apprenticeship contracting with priority sectors and occupations

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

- Work with customers, learning providers and equality partners to increase demand for, and equal access to, work-based learning opportunities amongst under-represented groups and those living in poverty
- Seek to understand and actively reduce the achievement gap for apprentices from under-represented groups

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

- Develop understanding of the motivations towards, demand for and barriers to, lifelong learning
- Based on strong customer insight, build a marketing programme which positively promotes the benefits of lifelong upskilling and retraining, and the support available to do this
- Through adult career information, advice and guidance (CIAG) services, help people to identify the lifelong training that will support them to further or change their careers

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

- Deliver initiatives designed to support the upskilling and retraining of workers, aligned to the changing needs of Scotland's employers and the economy, including digital skills
- Develop approaches to help adults identify and access relevant high quality and flexible upskilling and retraining opportunities, including digital and green skills

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 navigate the changing world of work throughout your life

The outcomes we want to achieve

- **Young people have improved participation and smoother post-school transitions**
- **People facing redundancy remain in, or secure alternative, employment**
- **More working-age people living in Scotland participate in the labour market**
- **The working-age population in Scotland increases through the attraction and retention of talent**
- **Scotland's workforce better reflects the full diversity of the population**

Delivering this goal

In line with a stated aim in the Skilled Workforce pillar of NSET, we are dedicated to ensuring that all people have the skills they need, at every stage of their lives, to have a rewarding career.

To make this goal a reality, the importance of all-age, person-centred CIAG, cannot be underestimated. As the provider of Scotland's Career Service, we will continue to support our customers to develop the skills and habits they need to make decisions about learning and work. Our future careers provision must be shaped by the ambitions of the Career Review, NSET and ongoing educational reform. Throughout this Plan period we will reimagine our multi-channel delivery, including digital and community-based approaches, to ensure we are reaching all of our customers in ways that are convenient and accessible to them.

We will work with educators, agency colleagues, employers, and other partners to embed work-based experiences, such as Foundation Apprenticeships, and other experiential career education across the curriculum. We recognise the need for this to be delivered at both an earlier and later stage, providing coherent messaging and support from primary school through secondary, further, and higher education and into the workplace. Achieving greater equality, diversity and inclusion is of fundamental importance to SDS. We recognise that structural barriers make it more difficult for some of our customers to participate in learning and work and understand the important role we play in helping to address these, so that all of Scotland's people can reach their full potential.

In addition, we will support Scottish Government and cross-agency efforts to attract, retain and grow talent for Scotland's workforce and to establish Scotland as a world-class entrepreneurial nation.

To achieve this goal, by 2027 we will:

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

- Continue to deliver Scotland's Career Service through person-centred coaching guidance, digital and telephone services
- Reimagine our approach to CIAG delivery, including through our digital services, aligned to a new career development model and changes in customer needs and preferences
- Work with strategic partners to provide a simplified and coherent digital user experience

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

- Work with partners to expand and embed work-integrated experiences at earlier stages of the curriculum, including career education and Foundation Apprenticeships, providing students with an enriched exposure to the world of work
- Work with partners to enhance and share career intelligence that enables a personalised and curated approach to supporting people when making decisions
- Equip parents, carers and teachers, as key influencers, to support their young people in making intelligence-based 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

- Enhance our approaches to ensuring all SDS customers receive person-centred career services
- Work with regional, local and community partners to ensure people have access to consistent national career services, with community-integrated delivery and clear alignment to social justice values
- Continue to work with a wide range of equality partners, including the third sector, to understand and address barriers to participation in learning and work, such as poverty, discrimination, and intersectional impact

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

- With Scottish Government, the enterprise agencies, and our regional economic partners, support the implementation of NSET actions to attract and retain talent, including the development and implementation of a Talent Attraction and Migration Service for Scotland
- Work with LEPs and other partners to help economically inactive individuals who wish to return to work to do so, including through 'No-one Left Behind' provision
- Support people to create their own employment opportunities through the development of entrepreneurial skills,

Invested Employers

Our goal

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

Our customer commitment

We will work with employers to make sure you get the best opportunities they can offer

The outcomes we want to achieve

- **Employers create more jobs in Scotland**
- **Employers provide more in-work training to their staff**
- **Employers adopt and further develop fair work practices**
- **Employers receive more coherent, aligned and streamlined support from Scotland's enterprise and skills agencies**

Delivering this goal

Employers are central to achieving the ambitions laid out in this Plan. Meaningful and effective engagement with employers of all sizes, and their representative bodies, will be critical to the achievement of our other goals. We want to encourage employer ownership, through co-design and co-delivery of work-integrated training and experiential career education. Critically, we will work in partnership with the Scottish Apprenticeship Advisory Board to expand the reach of its membership and amplify the voice of its members.

Our employer-facing teams will continue to work with businesses to help them recognise and plan for their future skills needs, including digital and green skills, particularly by maximising demand for apprenticeships in priority sectors and occupations. In line with NSET, this will also consider the best approaches to supporting micro-businesses and business start-ups to offer apprenticeship opportunities, including those in rural and island communities.

Importantly, we want to drive the quality of learning and employer experience that apprentices receive, aligned to fair work principles. To facilitate this, we will continue to promote the business case for workplace diversity and inclusion, and share understanding of what best practice looks like through the development of a new employer standard. This standard will allow employers to recognise their current strengths and identify the best next steps on their journey to realising the full benefits of cultivating inclusive and fair workplaces.

Since 2019, the Business Support Partnership[61] and other cross-agency approaches have demonstrated the potential to streamline and enhance employer support through collaboration. We remain committed to utilising our combined strength to deliver a coherent and effective package of skills support to Scotland's employers.

61 The core Business Support Partnership partners are Business Gateway, Highlands and Islands Enterprise, Scottish Enterprise, South of Scotland Enterprise and SDS. There are over 90 other partners also involved, including a range of public sector, third sector and business organisations.

To achieve this goal, by 2027 we will:

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

- Work with the Scottish Apprenticeship Advisory Board (SAAB) to increase employer reach and participation by expanding and strengthening its membership model
- Consider best approaches to increasing access to apprenticeships for business start-ups, micro- and small businesses
- Continue to provide targeted support to employers in priority sectors and occupations to enable them to participate in Scottish apprenticeships

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

- Encourage employers to upskill and reskill their workforce through skills planning to identify their skills needs and the promotion of available support to meet those needs, including leadership and entrepreneurial skills
- Provide intelligence and digital resources that help employers to identify and plan for their skills needs, through building a greater understanding of the skills system
- With DYW and education partners, encourage employers to engage in the co-design and co-delivery of curricula and experiential career education

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

- Co-design and implement a new Employer Standard for apprenticeship employers, helping organisations to progressively adopt and enhance their fair work practices and drive the quality of experience and learning for apprentices
- Promote examples of employer best practice to inspire and build confidence in others
- 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

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

- Collaborate with strategic partners, including the Business Support Partnership, to continue developing and delivering cohesive and integrated cross-agency employer services

Intelligence-led Skills System

Our goal

An agile, responsive, resilient, and inclusive skills ecosystem consistently delivers the skills the Scottish economy needs

Our customer commitment

We will work with our partners across Scotland to make sure the learning you do prepares you for rewarding work

The outcomes we want to achieve

- **Scotland's employers experience fewer skills gaps and skills shortages**
- **Upskilling and retraining opportunities are more flexible and accessible in Scotland**
- **Partners and stakeholders increasingly use career and labour market intelligence to inform decisions on learning provision and other service delivery**
- **The ambition of the Shared Outcomes Framework between SDS and the SFC is delivered**

Delivering this goal

Scotland needs a learning and skills ecosystem which has the insight and agility to adapt in response to the ever-changing external environment and realities of work. This has direct implications for the way we design and deliver products and services, and the way we support our partners and stakeholders to do the same.

During this Plan period, we will work to transform the delivery model for Modern Apprenticeships, ensuring it is fit for purpose in the new world of work.

As the need for upskilling and retraining increases, so will the need for flexible and accessible learning options which are responsive to the needs of the economy and ensure increased productivity for Scotland. We will collaborate with Scottish Government and the SFC to enhance approaches to strategic provision and skills planning as set out in NSET to enable a more responsive, coherent education and skills system, including innovative new ways for people to develop the skills they need. Linked to this, we will explore options for allowing people to digitally record and evidence the learning they have completed.

Intelligence will be at the heart of our approach to ensuring skills provision aligns to the changing needs of employers and the economy. We will continue to work intensively with national, regional, local, and sectoral partners to share intelligence, insight and analysis of skills demand and supply, and lead the co-creation of effective solutions to meeting Scotland's skills needs, including promoting opportunities for entrepreneurs.

Following the Career Review recommendations, we will also work with the education agencies, and a wide range of partners across education provision and the third sector, to drive quality, coherence, and consistency in the delivery of career services in Scotland.

To achieve this goal, by 2027 we will:

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

- Work closely with the Scottish Apprenticeship Advisory Board (SAAB), to ensure all apprenticeships are based on employer-led industry standards and reflect the evolving reality of work
- Utilising employer-led occupational standards and new technology, introduce flexibility within work-based learning which enables modular micro-learning for all, and allows the aggregation of more diverse learning towards certification
- Work with the SFC to maintain the integrity of the Scottish Apprenticeship family, ensuring the alignment of standards and frameworks so people can make frictionless transitions across Foundation, Modern and Graduate apprenticeships

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

- Collaborate with Scottish Government, the enterprise and skills agencies and others, to deliver the skills ambitions of NSET
- With the SFC, deliver against the Shared Outcomes Framework, supporting enhanced alignment of provision with economic and business need, and resulting in a more balanced portfolio of provision across an agile, coherent, and responsive system
- Continue to work closely with Regional Economic Partnerships, enterprise agencies, and regional education and skills partners, providing evidence, insight, and analysis, and helping to ensure a coordinated regional response to skills challenges and opportunities
- Engage with sector and industry representatives, including Industry Leadership Groups, to develop and implement collaborative responses to identified and emerging skills issues

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

- Work with Scottish Government to develop a new Lifetime Skills Offer
- Building on international best practice, develop and pilot an approach to continuous professional development which enables experienced individuals to reach deeper levels of learning, and builds employer capacity for supporting future generations of apprentices
- Develop Skills and Technology Route-maps to support people and their employers to invest in skills and training throughout their working lives, with a focus on sustainability and the use of digital technology
- Work with strategic partners to develop improved mechanisms for tracking and recording individual learning

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

- Form a Career Services Collaborative comprising key partners and stakeholders from the education agencies, third sector organisations, and across higher, further, and secondary education
- Work with members of the Collaborative to implement the recommendations of the Career Review, ensuring greater accountability for, and coherence and integration of, careers services across Scotland
- Monitor and evaluate the strategic impact and lifelong outcomes for career services delivered in Scotland to sustain future orientation amongst the Collaborative and create strategies for further change

Impactful Organisation

Our goal

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

Our customer commitment

We will be clear on how we're using public money, and make sure it's delivering for you

The outcomes we want to achieve

- **SDS uses data to effectively drive decisions**
- **SDS has increased productivity**
- **SDS has a diverse workforce and inclusive workplace culture**
- **SDS remains an employer of choice, attracting, developing and retaining talent**
- **SDS demonstrates improved public value and return on investment**

Delivering this goal

SDS has always sought to lead by example, demonstrating the organisational behaviours we understand lead to high performing workplaces. To achieve our ambitions in the current climate, we will need to transform our ways of working to enhance our organisational effectiveness and leverage more from our resources.

A focus on 'Team SDS', having the right people with the right skills, will be critical to delivering our goals. A sustained focus on employee wellbeing, fair work and inclusion will help ensure we remain an employer of choice, attract and retain the talent we need, and help all our people to achieve to the best of their capability.

As a responsible public agency, we commit to ensuring we retain robust and efficient stewardship of our resources, demonstrating best value for the public purse. By reviewing our organisational capability, we will work to ensure our ways of working are optimised to achieve our goals. The voice and lived experience of our customers will be amplified in our service design and development work, ensuring we increasingly align our products and services with the evidenced needs and preferences of our customers.

Data and intelligence are widely recognised as critically important across all spheres of work. Our information is one of our biggest assets, and over the Plan period we will seek to further enhance the way we integrate, analyse, and share what we know to work smarter, and drive improvements throughout SDS and the wider skills system. This will rely on continued enhancement of our data architecture and systems, and investment in the skills of our people to use them.

We will also continue to focus on areas essential to our business resilience and sustainability, such as cyber security, carbon management, integrated business planning and continuous improvement.

To achieve this goal, by 2027 we will:

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

- Ensure that SDS is able to attract and retain the best talent, by maintaining attractive employee terms and conditions, and continuing to enhance our employee experience, including lessons learned from working through the pandemic
- Develop leadership capability at all levels of the organisation, with a continued focus on inspiring and sustaining employee engagement and productivity
- Implement a skills development framework to enable retraining and upskilling across a range of SDS career pathways with a particular focus on data and digital skills
- Sustain our focus and commitment on building a culture of fair work, inclusion, and wellbeing, including specific action to become an anti-racist organisation[62]

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

- Further enhance and integrate our insight and intelligence capability to better inform our services, customers, and partners
- Build and strengthen a common evidence base to inform dynamic skills planning provision
- Further develop our outcome and impact measures to support effective evaluation and continuous improvement of our services
- Develop an approach to the co-design of products and services which amplifies and embeds the voice and lived experience of our customers

c) Continue to enhance our digital capability in ways which drive organisational productivity and customer experience

- Work with public sector partners to adopt innovative ways of using shared technology across the sector to drive productivity
- Adopt best in class data architecture, systems and storage capability to support our ambitions for data-led, person-centred service delivery
- Continue to enhance our digital capability to support innovation in working practices, including the streamlining and automation of business processes

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

- Review, align and transform our organisational capability to deliver against our strategic ambitions
- Introduce an integrated approach to portfolio prioritisation and annual planning to ensure a sustained focus on strategic priorities
- Retain high levels of business resilience and adaptability, including key areas such as cyber security
- Demonstrate propriety and value for money in the management of public finances, including the management of the SDS estate
- Further evolve our approaches to change management, continuous improvement, quality, and business excellence
- Transition towards becoming a net-zero organisation, through delivery of the SDS Climate Change Strategy 2020-2030

62 We are committed to monitoring, reporting and, where necessary, addressing pay and employment gaps for women, disabled people and those from minority ethnic communities in our organisation. Further detail on this is available in our Equality and Diversity Mainstreaming Report.

Our Customer Commitments 2022-27

Delivering in collaboration

Collaboration has always been at the heart of our approach to meeting the needs of Scotland's people, places, and economy. The nature and complexity of the current challenges Scotland faces will require a further intensification of active collaboration and partnership working between national and regional partners to help Scotland become fairer, wealthier, and greener.

In the development of this Plan, SDS engaged with our enterprise and skills agency colleagues to identify ongoing and future opportunities for cross-agency collaboration.

Collaboration for skills

As Scotland's two skills agencies, SDS and the SFC must work particularly closely to deliver Scottish Government's ambitions for a skilled workforce. Within this Plan are multiple opportunities for cross-agency collaboration, including work related to our key areas of focus, apprenticeships and lifelong training. We are already working together to deliver the Shared Outcomes Agreement effectively and will continue to proactively identify ways of jointly building greater coherence, agility, and responsiveness into the skills ecosystem.

Collaboration for businesses

The Business Support Partnership (BSP) has demonstrated how the public sector and other key stakeholders can join together to reduce duplication and create more streamlined and holistic services for industry and employers. We are committed to this partnership and will continue to work with the other BSP partners to help Scotland's businesses thrive through skills. With Scottish Enterprise (SE) and other agency colleagues, we will also continue to play our role in the 'Team Scotland' approaches to attracting inward investment and talent, and supporting business growth, ensuring Scotland has the skills and good jobs it needs.

Collaboration for regions

As has been highlighted in this Plan, the challenges Scotland faces over the coming years differ across its regions, and as such, the importance of place-based solutions is paramount. As a national agency, we commit to collaborating with partners at the right level. Working closely with Highlands and Islands Enterprise (HIE), South of Scotland Enterprise (SOSE), Regional Economic Partnerships, Community Planning Partnerships, and other stakeholders, we will ensure skills are at the heart of economic development plans and actions around population and talent attraction.

Collaboration for equality, diversity, and inclusion

At the heart of all our work is a commitment to achieving greater equality of opportunity, and of outcomes, for everyone in Scotland. We recognise the very real challenges that some people face in achieving their full potential in the labour market, including structural inequality, discrimination, and the impact of poverty. The equality outcomes in our Equality and Diversity Mainstreaming Report were informed by a range of equality partners and are ambitious and challenging. We will continue to collaborate to improve our understanding and activity in relation to these outcomes, informed by the lived experience of our customers and their advocates.

Collaboration for the public sector

As a provider of cross-agency services, including Enterprise Information Services (EIS), the shared ICT function for SDS, SE, HIE and SOSE, we understand the public value that can be generated by collaborating across organisational boundaries in the delivery of back-office processes. We recognise the potential for more of this activity and will work with Scottish Government and others to explore these opportunities.

Measuring progress

Throughout this Plan, we have highlighted our commitment to achieving Scottish Government's ambitions as articulated through NSET and other policy, as well as identifying additional areas of focus where achieving change will be essential to delivering Scotland's future prosperity.

As a responsible public body, and recognising the challenges the public sector is facing, we are determined in our efforts to maximise 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 32.

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 underpins our systems and performance reporting.

Annual planning and performance review

Throughout the life of this Strategic Plan, we will publish an Annual Operating Plan that will reflect on changes in our strategic context and set out more specific milestones and targets towards our strategic ambition. We will also publish an Annual Review reporting on progress against our targets each year.

Figure 3: Mapping our performance to national and international ambitions

United Nations — Sustainable Development Goals

1 NO POVERTY · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS · 17 PARTNERSHIPS FOR THE GOALS

Scottish Government — NSET

Fairer		Wealthier		Greener
Entrepreneurial	New Market Opportunities	Productive Business and Regions	Skilled Workforce	A Fairer and More Equal Society

A Culture of Delivery

Scottish Government — NPF Indicators

Relative and Persistent Poverty	Gender Balance in Organisations and Pay Gap	Economic Growth	Income Inequality	Scotland's Reputation
• Skill Profile of the Population • Productivity • Skills Underutilisation	• Young People's Participation • Economic Participation • Scotland's Population	• Workplace Learning • Employee Voice • Contractually Secure Work • Employees on the Living Wage	• Skills shortage vacancies • Entrepreneurial Activity	• Public services treat people with dignity and respect • Quality of public services • Trust in public organisations

Skills Development Scotland

Goals	Industry-focused Skills	Inclusive Talent Pool	Invested Employers	Intelligence-led System	Impactful Organisation
Outcomes	• Scotland's workers have skills that align with the needs of the economy • More workers undertake upskilling and retraining activity • More under-represented groups and people in poverty benefit from apprenticeships	• More people participate in the Scottish labour market • Scotland's workers more closely reflect the full population • Diverse talent chooses to live and work in Scotland • Young people experience smoother post-school transitions	• More jobs created in Scotland • Increase in high quality in-work training provided by employers • Wider demonstration of fair work practices amongst employers • Greater employer participation in the skills system	• A more agile, coherent, and responsive system • Enhanced alignment of skills provision with economic and business need • Fewer skills gaps and shortages in the Scottish labour market	• Increased organisational agility, resilience and sustainability • A fair, more diverse and inclusive SDS workplace • More integrated use of data and intelligence within SDS • Greater digital capability • Improved return on investment
Delivery Measures	• Modern Apprenticeship starts and outcomes • Upskilling and retraining programme starts and outcomes • Levels of participation and achievement gaps in apprenticeships and other training from under-represented groups	• CIAG service delivery and customer outcomes • Foundation Apprenticeship delivery and outcomes • Reach of, and outcomes for, redundancy and employability programme delivery • Talent attraction activity	• Business Support Partnership activity • Employer uptake of upskilling and retraining support • Employers involved in apprenticeships, inc. through SAAB membership • Employer activity in schools • Use of the Employer Standard	• Delivery of the Shared Outcomes Framework with the SFC • Modernisation of Apprenticeship Standards and Frameworks • Development of new skills initiatives in partnership with Scottish Government and SFC	• Employee engagement scores • SDS workforce diversity and pay gaps • Progress towards net zero • Shared Services delivery, including EIS • Financial stewardship inc. efficiency savings • Customer perceptions of SDS

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