

## Board Meeting

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Paper Title	SFC/SDS Letters of Guidance from Scottish Government
Agenda Item	13
Paper Number	BM2-P
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Information

### 1. Report Purpose

- 1.1 To provide for information a copy of the letters of guidance from Scottish Government Ministers to the Scottish Funding Council and Skills Development Scotland.

### 2. Recommendations

- 2.1 The Board is invited to **note** the attached letters and the priorities highlighted relevant to the delivery of college education.

### 3. Scottish Funding Council 2017-18 Letter of Guidance

- 3.1 In October 2017, Shirley-Anne Somerville MSP, Minister for Further Education and Science, provided the Scottish Funding Council with a letter of guidance setting out expectations and ambitions 2018-19 outcome agreements for colleges and universities.
- 3.2 Annex A provides for member information the SFC letter of guidance.
- 3.3 The letter highlights the need for the SFC to demonstrate a clear line of sight between investment in colleges and their contribution to the delivery of Scottish Government national priorities.
- 3.4 Intensification of Outcome Agreements is emphasised within the letter as being central to achieving Scottish Government ambitions for learners and for inclusive economic growth. It states that there should be more ambitious targets for key priorities, greater support and commitment to OAs in institutions, and robust reports on performance. Intensification should also include more extensive external engagement in the Outcome Agreement process including with students, staff, local authorities and employers.

**3.5** Key Policy Areas highlighted for intensification are:

- widening access, including the expansion of articulation to ensure it continues to support disadvantaged learners to progress to degree level study;
- improving retention and raising attainment in colleges;
- improving the alignment of education and training provision to the needs of industry and the economy;
- increasing participation in Science, Technology, Engineering and Mathematics (STEM) subjects at colleges;
- driving up levels of business innovation in Scotland;
- ensuring that public boards have a 50:50 gender balance by 2022;
- growing senior phase vocational pathways, and close working with partners on planning and delivery;
- growing, enhancing and widening the Scottish Apprenticeship family; and
- addressing skills gaps of those in the workplace and increasing the productivity of levy-paying employers through the Flexible Workforce Development Fund.

**3.6** The guidance also notes that colleges should be responsive to the current needs of learners and the economy and are not required to prioritise full-time provision for 16-24s.

**4. Skills Development Scotland 2017-18 Letter of Guidance**

**4.1** In August 2017, John Swinney MSP, Cabinet Secretary for Education and Skills the Scottish Government provided Skills Development Scotland with a letter of guidance setting out expectations for 2017-18 and beyond.

**4.2** Annex B provides for member information the SDS letter of guidance.

**4.3** The following priorities are highlighted to members as being of relevance to the delivery of college education:

- the emphasis given by the Scottish Government to working in partnership to align skills provision to current and future employment needs, prioritising equality and driving inclusive growth.
- the expectation that Regional Skills Assessments, sectoral Skills Investment Plans (SIPs) and Regional Skills Investment Plans (RSIPs) will play a significant role in the determining skills development priorities;
- the importance placed on promoting the development of Digital Skills, STEM, Early Learning and Childcare and skills related to City Region and Growth Deals;

- the expectation that Modern Apprenticeship numbers should increase from 27,000 MAs in 2017/18 to 30,000 new starts by 2020, that Foundation Apprenticeship numbers should increase from 5,000 MAs in 2017/18 to 10,000 new starts by 2020, and that Graduate Level Apprenticeships should also continue to increase in scale;
- the importance placed on Apprenticeship governance role of Scottish Apprenticeship Advisory Board (SAAB);
- the expectation that the 16+ Data Hub should continue to develop the participation measure the key measure for tracking young people in learning, training or work;
- the growth in Employability support as new powers to deliver devolved employment support, with the employability fund to provide training places for 9,000 unemployed people in 17/18;
- that SDS will continue to promote take-up of the Certificate of Work Readiness qualification;
- the importance placed on research across the four themes of activity, futures, impact, learner journey, and influencing change; and
- the expectation that as a high performing public body, SDS will deliver 3% efficiency savings in 2017/18.

## 5. Risk Analysis

- 5.1** The intensification of outcome agreements and setting of more ambitious targets could increase the likelihood of *GCRB Risk 009: Failure to achieve the targets set out in the Regional Outcome Agreement lessens our ability to meet regional needs*. To mitigate this risk GCRB will continue to work closely with colleges and SFC ROA managers to ensure target setting and delivery planning is robust.
- 5.2** The significant increases in apprenticeship numbers will require to be integrated within wider regional curriculum planning to ensure we do not increase risks related to *GCRB Risk 005: A failure to effectively plan/monitor our educational delivery results in the curriculum not meeting regional economic and social needs*.

## 6. Legal Implications

- 6.1** No legal implications are identified.

## 7. Financial Implications

- 7.2** The letter to the SFC suggests that to intensify ROA impact, there may be more use of financial incentives and clawback arrangements.
- 7.1** The growth in apprenticeship places may provide opportunity for increased funding from SDS for the Glasgow College Region and the Glasgow colleges. However, whilst the

coordination and support costs of Foundation Apprenticeships are funded by SDS, delivery costs for the FA are funded through Credits and therefore the expansion of FAs will have an impact on the curriculum delivered through SFC core funding.

## **8. Strategic Plan Implications**

- 8.1** The key priorities set out by the Scottish Government in these two letters of guidance align closely to the strategic ambitions set out within the Glasgow Region Strategic Plan for College Education, particularly our emphasis on delivering in partnership an inclusive and coherent regional curriculum which responds effectively to current and future skills needs.



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18 October 2017

Dear Mr Cantlay,

## **2018-19 OUTCOME AGREEMENT GUIDANCE**

1. I am writing to set out my expectations and ambitions for 2018/19 Outcome Agreements prior to finalisation of the Scottish Funding Council's (SFC) associated guidance for colleges and universities.

2. This follows discussions in recent months with the SFC on those areas where I expect to see a particular focus in the forthcoming guidance, including the need to set more ambitious targets; to engage external stakeholders as appropriate; to drive desired behaviours through a more dynamic allocation of places and funding; and to improve transparency, accountability and drive improvement through the publication of institutional level performance information.

### **Strategic Priorities**

3. In my Letter of Guidance of 31 March this year, I set out my strategic priorities for the Government's investment in the further and higher education sectors and I emphasised the need for the SFC to maximise the contribution that your investment makes in achieving the Scottish Government's priorities.

4. The strategic priorities I set out in that letter remain unchanged, and the SFC's Outcome Agreement Guidance should be robustly tested against that those priorities and my request for a clear line of sight between your investment in colleges and universities and their contribution to the delivery of our national priorities.

5. As the Strategic Board is established as part of the Enterprise and Skills Review, I shall also look to the SFC to align with the specific priorities identified by the Board and its new governance structures as they emerge.

## **Programme for Government**

6. As further context, the Programme for Government, published earlier this month, recognises the significant contribution made by the further and higher education sectors to our inclusive economic growth agenda. It also acknowledges the need to build on this success and sets out Government's key related activities in 2017-18<sup>1</sup>.

## **Focus of Government Investment**

7. I also want to take this opportunity to restate that colleges are not required to prioritise full-time provision for 16-24s but rather should be responsive to the current needs of learners and the economy. This must include access to opportunities for part-time learners, learners over the age of 24 and those returning to learning for up-skilling and re-skilling.

## **Intensification of the Outcome Agreement process**

8. Outcome Agreements (OAs) are key to ensuring that colleges and universities have a clear understanding of Government priorities and keep those to the fore as they deploy public funding to allow local, regional and national skills needs to be met. They should also set ambitious targets to drive improvement and create a robust basis for assessing the impact of investment.

9. As we have discussed, I look to the SFC to continue to develop and improve use of OAs to achieve our desired outcomes for learners, for skills development and ultimately for inclusive economic growth in Scotland. I welcome your plans to develop more ambitious targets for key priorities; to secure greater support and commitment to OAs in institutions, especially from staff and student representative organisations; and consistent with this intensification of OAs, to develop similarly robust reports on performance.

10. I would encourage you to consider other measures as a means of leveraging better outcomes for learners: for example more extensive external engagement in the OA process including with local authorities and employers; the publication of college and university and college level performance data; and the use of financial incentives and clawback arrangements where that might be appropriate.

## **Key Policy Areas**

11. I see this intensification of OAs as being particularly relevant in driving improvement in the following priorities.

## **Widening Access**

12. In my statement to Parliament on 30 May 2017, I made clear my expectations for progress in the coming year to drive forward implementation of the recommendations from the Commission on Widening Access (CoWA). These included the specific expectation for SFC to ensure that the access targets being set through the OA process are sufficient to enable delivery of the targets in Recommendation 32, including at institution and national level and for full-time first degree entrants. And within this to:

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<sup>1</sup> A Nation with Ambition: The Government's Programme for Scotland 2017-18 (ISBN: 9781788511919)  
<http://www.gov.scot/Publications/2017/09/8468>

- Monitor delivery by institutions and identify where targets are not met or where it feels they are not being set at a sufficiently challenging level;
- Improve transparency by setting out in their OA, a clear plan for how they will achieve their ambitions and for detailing their progress.

13. In addition, there are further areas where the Commission identified OAs as a means to monitor and drive progress with implementation including at Recommendations 9 and 11. In respect of 9, this recommends that the SFC, alongside universities and colleges, closely monitors the expansion of articulation to ensure it continues to support disadvantaged learners to progress to degree level study. Where this is not achieved my expectation is, in line with the recommendation, that a proportion of articulation places will be prioritised for disadvantaged learners.

14. To ensure progress at pace the 2018-19 OA guidance should clearly incorporate these processes. Furthermore, the guidance should also initiate the work required to deliver on other areas still under development, for example in respect of Recommendation 11 in order to ensure the readiness of the SFC to monitor the impact of access thresholds and contextual admissions. The recommendations of the Commission have been accepted in full and the SFC have a key role in ensuring delivery of the recommendations at pace. This should be clearly reflected across the 2018/19 OA guidance as a whole.

### **University Retention and Outcomes for Disadvantaged Learners**

15. At the first meeting of the Access Delivery Group I set out the Government's ambition that our work on access will go beyond *entry* to higher education to include improved retention, qualifications and outcomes for students from disadvantaged backgrounds. I expect these areas to be reflected in the OA guidance and national measures going forward.

### **College Retention and Attainment**

16. The national college improvement programme has now been launched with the aim of improving retention and raising attainment in colleges over the next two academic years, with five colleges forming an improvement team for the initial phase. By building a deeper understanding of the system, its impact and its users, and combining this with learning from testing and data, colleges will be able to bring about significant local improvements. As the project develops I expect all colleges to focus on ensuring the learning insights from local experience are extended across the sector, resulting in a nationally improving picture for retention and attainment.

### **Enterprise & Skills Review - Skills Alignment**

17. We recognise there is a need for our investment in enterprise and skills to help create a workforce which can compete effectively in an increasingly competitive global economy. The importance of industry leadership in determining current and future skills needs cannot be overstated. This must be a system wide approach. We look to SFC to continue to work closely with Skills Development Scotland and other relevant bodies on skills planning and development, harnessing the energies of industry leaders in transforming our approach.

18. In all of the above, we recognise the substantial work SFC has already undertaken in building a coherent approach to skills development that aims to improve the alignment of education and training provision to the needs of industry and the economy. We ask that you continue to work with partners to embed an improved skills planning model that will ensure investment in the right skills at the right time for Scotland. Specifically in relation to OAs, I

expect SFC to work to deliver integrated processes for progressing institutional Outcome Agreements, along with co-ordinated and robust monitoring and performance management.

## **STEM**

19. Increased participation in Science, Technology, Engineering and Mathematics (STEM) subjects at colleges and higher education institutions is a high priority for the Scottish Government and our efforts around this will be outlined in detail in the forthcoming STEM Strategy for Education, Training and Lifelong Learning. In order that more people are able to access high quality employment in future and enhance Scotland's existing reputation for innovation, we need a higher level of uptake in STEM study and research as well as to promote increased diversity and equity in participation, attainment and outcomes in STEM study. We need to ensure that people have the correct skills to mould and negotiate the future labour market to help support and sustain economic growth in Scotland.

20. I wish to see the Scottish Funding Council, through the Outcome Agreement process, promote the uptake and benefit of STEM learning in Scotland's colleges and universities. The SFC should seek to enable colleges and universities to work with partners across the learning system to support promotion of STEM education from early years through schools at primary and secondary level. In addition, SFC should work with colleges and universities to engage with business and industry in localities and regions to ensure that the right education and training for future workforce requirements is delivered. Finally, it is important that the outcome agreement dialogue can deliver college and university learning activity that can inspire people of all ages to study STEM and to consider employment in STEM-related areas.

21. I want to see progress evidenced at both the sector level and in the context of current performance demonstrated by individual institutions.

## **Innovation**

22. Driving up levels of business innovation in Scotland is a key aspiration of this Government. Both universities and colleges have a key role to play in this. I expect the SFC to continue to work in partnership with the sectors, Enterprise bodies and others, and to use OAs to agree with the sectors how the Universities Innovation Fund (UIF) and the new College Innovation Fund (CIF) will deliver systemic change and drive up levels of business innovation in support of the Enterprise & Skills Review and the Can Do Innovation Action Plan for Scotland.

## **Gender Balance**

23. The Gender Representation on Public Boards (Scotland) Bill was introduced to the Scottish Parliament in June 2017, with Stage 1 due to be completed by early December. The Bill sets a 'gender representation objective' that public boards have a 50:50 gender balance by 2022. However, I wish to see much more rapid progress made by our further and higher education institutions in addressing imbalances in gender representation in senior ranks and on Boards and Courts. It is important that these institutions reflect the wide diversity within Scotland's society and the student population that they serve. The institutions should highlight how they are proactively promoting gender balance on their Boards and all activity towards achieving these outcomes through a regional gender action plan.



24. SFC should identify those institutions where significant imbalance remains and work with them to ensure that a robust plan is in place to address this as quickly as possible.

25. I expect progress against this ambition to be a key element of Outcome Agreement discussions and to be reported clearly at institutional level as part of that process.

### **Employability**

26. The Scottish Government remains committed to improving employment outcomes for young people and is taking forward a range of initiatives for support aimed at addressing youth unemployment, and, in particular, support for young people with barriers to work, through programmes such as the Employability Fund, Community Jobs Scotland and Scotland's Employer Recruitment Incentive.

27. SFC should continue to work with SDS and other partners to help deliver the Scottish Government's priorities on employment outcomes and help to provide a range of options to support young people.

### **Developing the Young Workforce**

28. Continued progress with the Government's youth employment strategy, Developing the Young Workforce, requires an agreed, national level of ambition from the college sector in growing senior phase vocational pathways, and close working with partners on planning and delivery. I expect the SFC to reflect on how the OA process can be used to achieve and manage performance in relation to this, taking account of regional variations, the contribution of different partners and the need for agreed approaches on curriculum planning and timetabling.

### **Apprenticeships**

29. I recognise the key role of the college and university sectors in supporting the Scottish Government's ambitions to grow, enhance and widen the Scottish Apprenticeship family. The SFC should continue to work closely with Skills Development Scotland to maximise opportunities to build and strengthen pathways into and across the Apprenticeship programmes, particularly in key sectors such as STEM, digital skills and early years workforce expansion. There is an expectation there will be increased emphasis placed on the quality of provision on offer.

### **Flexible Workforce Development Fund**

30. I note the SFC is to support distribution and monitoring of funding to colleges on behalf of Scottish Government for the Flexible Workforce Development Fund (FWDF) pilot in 2017-18. It is recognised that much work that goes on in the college sector is closely aligned with the needs of both employers and local and regional economies. Scottish Government believes that this new fund can drive that alignment further still, with a focus on addressing skills gaps of those in the workplace and increasing the productivity of levy-paying employers.

31. As 2017-18 is the first year of delivery for the FWDF, it is important that an enhanced evidence base is developed. To this end I expect SFC to provide Scottish Government with regular progress updates and to work with officials to put in place an independent evaluation of the fund. This will ensure we capture the successes and areas for further development of the pilot model.

## Conclusion

32. The intensification of Outcome Agreements is central to achieving our ambitions for learners and for inclusive economic growth, as well as enabling the SFC and the Scottish Government to evidence the impact of public investment. For this reason, I wish to remain close to the development of this work and its early outputs, and would ask that you engage with my officials to support this as appropriate. I would also welcome regular reports on Outcome Agreements at our Ministerial liaison meetings.

Yours sincerely,



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August 2017

Dear John

### Introduction

1. I am writing to you to set out my expectations of SDS in the coming year. This will enable you to ensure that your Operating Plan contributes fully to the Scottish Government's strategic objectives. More detail around this can be found at **Annex A**.
2. I know that Keith Brown, Cabinet Secretary for Economy, Jobs and Fair Work has written to you separately setting out expectations of how SDS, like other enterprise and skills bodies, should respond to the recommendations of the second phase of the Enterprise and Skills Review.

### Strategic Context

3. As this Government takes up new powers devolved under the Scotland Act (2016) its overarching ambition remains to secure sustainable, inclusive economic growth for Scotland, aiming to match the productivity levels of the top quartile among OECD countries. SDS has a central role to play in contributing to this particularly, but not exclusively, in terms of supporting a high performing labour market which works for everyone.
4. The Enterprise and Skills Review sets out our ambitions to enhance the impact of the investment we make in economic and skills development. We want our agencies to create the best conditions in the world for inclusive growth. This Government wants to create a system of enterprise and skills support that is greater than the sum of its parts.
5. Our Labour Market Strategy confirms the importance of a strong labour market, characterised by growing, competitive businesses; high employment; and a skilled population capable of meeting the needs of employers, where fair work is central to realising the potential of individuals and communities. This vision supports our Economic Strategy which focuses on achieving inclusive, sustainable economic growth. This is based on the principle that reducing inequality is essential in supporting growth. It is also reinforced by our Youth Employment Strategy which highlights the importance of equipping our young people with the skills to succeed in today's rapidly changing economic and labour market environments.

6. We recognise there is a need for our investment in skills and enterprise to help create a workforce which can compete effectively in an increasingly competitive global economy. The importance of industry leadership in determining current and future skills needs cannot be overstated. This must be a system wide approach. We look to SDS to continue to work with Scottish Funding Council (SFC) and other relevant bodies on skills planning and development, harnessing the energies of industry leaders in transforming our approach.

7. Equally, as reflected in our Youth Employment Strategy, the significance of providing young people with improved career management skills and the information required to make informed choices about their future learning and careers is fundamental. Your work in helping transform careers education in schools is critical in, giving young people the tools and skills to become resilient, informed decision makers.

8. Building on the expanded reach of its all-age careers services, SDS has a critical role to play in working with partners to support the development of a more aligned and integrated approach to employability support in Scotland which will reflect the delivery of our new employability programmes, particularly Work Able Scotland which SDS has a lead operational role in delivering on Ministers' behalf.

9. We recognise the need to rebalance the nation's skills provision, with greater emphasis on, and recognition of the value of, work based and technical learning options. I ask you to continue your partnership work to developing new learning pathways, providing more and better learning opportunities for Scotland's young people.

10. In all of the above, we recognise the substantial work SDS has already undertaken in building a coherent approach to skills development that aims to improve the alignment of education and training provision to the needs of industry and the economy. We ask that in the year ahead you continue to work with partners to embed the skills planning model that will ensure investment in the right skills at the right time for Scotland.

11. My expectations are reflected in the following high level strategic priorities for SDS:

- **Workforce Development:** Ensure that the provision of skills and training is geared towards the current and future needs of individuals and employers
- **Strengthening inclusive growth and Fair Work:** Support employers to grow, through the promotion of management practices that encourage the creation of sustainable and productive jobs.
- **Employability Support:** Delivering on employment support to provide an integrated system, which provides equality of opportunity to access work to ensure everyone is able to maximise their potential.
- **Equalities** – Place equality and diversity at the very heart of SDS activity to drive forward change that will make an enduring difference.
- **Collaborative Working:** An enhanced culture of collaborative working with enterprise and skills agencies and other stakeholders.
- **High performing public body:** SDS operates as a highly effective public body working collaboratively with others to maximise its impact on individuals, society and the economy.

12. This letter sets out these strategic priorities in further detail and I ask that your Operating Plan for 2017-18 determines how you will contribute to these priorities in the year ahead. As the Strategic Board is established as part of the Enterprise and Skills Review I would look to

SDS to align with the specific priorities identified by the board and the new governance structures as they emerge.

#### Skills Development Scotland Budget 2017-18

13. In what has been a difficult financial settlement for public services across Scotland, I am pleased I have been able to provide a cash increase for SDS. This increase shows that this Government recognises the important work that SDS does for individuals and businesses to increase their skills.

14. Following the Scottish Parliament's approval of the Budget Bill on 23 February 2017, I am writing to confirm the allocation to Skills Development Scotland (SDS) for 2017-18, which is as follows:

<b>Skills Development Scotland</b>	<b>2017-18 Budget</b>
Grant - in - Aid	£179.6m

15. This is confirmed in your budget allocation and monitoring letter issued in April 2017. The letter includes details of further indicative revisions planned throughout the year. As normal, transfers in and out of the budget will be detailed in the spring and Autumn Budget Revisions, published each year and subject to Parliamentary scrutiny.

## SDS's Contribution to Scottish Government Priorities

### SG Strategic priority

**Workforce Development:** Ensure that the provision of skills and training is geared towards the current and future needs of individuals and employers.

### **SDS Outcome**

Employers are better able to recruit the right people with the right skills at the right time.

### Skills alignment

1. Our Economic and Labour Market Strategies make clear the fundamental importance of skills in driving inclusive and sustainable economic growth. We are determined that Scotland invests in the skills we need to drive our productivity to new levels. For this reason, a key objective of the Enterprise and Skills Review is to ensure that our investment in skills is planned better and aligned closely to the needs of employers and the economy. The initial phase of the review concluded that SDS and SFC would continue to share leadership for the planning and commissioning of skills interventions. This means that both bodies will have collective responsibility for skills delivery. I want SDS to continue working with my officials and with SFC to:

- Align relevant SDS and SFC functions to better join up how skills services are planned for and provided to learners and employers;
- Develop the capacity of colleges, universities and training providers to deliver the learning and skills necessary for sustained and inclusive economic growth;
- Ensure the needs of learners, employers and the economy as a whole are central to aligned skills planning and commissioning across the agencies;
- Allow greater consideration of the most effective balance of our skills investment to maximise the return in terms of productivity and labour market inclusion to avoid duplication of effort and funding.

### Evidence base

2. As part of this new aligned approach, we expect continued production of the best possible skills intelligence, nationally, regionally and sectorally, delivering a high quality suite of labour market and sectorial analyses. Nationally, your annual Jobs and Skills analysis makes an important contribution to economic and labour market strategy for Scotland, underlining the role of skills investment in increasing productivity and generating more inclusive economic growth. In conjunction with the new Centre for Work-based learning, your work is also significant in highlighting the potential skills implications and the importance of work-based learning in the Scottish education and training system.

3. Your Regional Skills Assessments are fundamental to the provision of a single, unified skills narrative and should continue to be used, in consultation with industry and local stakeholders, to develop sectorial **Skills Investment Plans** (SIPs) and **Regional Skills Investment Plans** (RSIPs). It is vital that SDS continues to build this skills intelligence base to inform investment in skills, especially within the context of further aligning investment across the skills and learning system. Increasingly this should be developed jointly with SFC.

4. **Regional skills investment plans (RSIPs)** are playing a key role in integrating skills investment at local level. It is critical that SDS continues its work with regional partners and, through integration with SFC, ensure that the evidence increasingly informs college curricula and other local training provision.
5. We continue to prioritise support for **growth sectors** and the implementation of supporting SIPs. Within this, the development of **digital skills** is a cross-cutting issue of significant importance. Evidence shows too few young people, particularly young women, are coming through education and entering the labour market with the necessary digital skills to take advantage of the increasingly wide range of opportunities available within the technology sector, specifically and beyond. We will continue to support the on-going development and implementation of the Digital Technologies Skills Investment Plan, through our Digital **Scotland Business Excellence Partnership** (DSBEP) to increase the quantity, quality and relevance of the supply pipeline into digital technology jobs.
6. We are also introducing a new 3 year Digital Growth Fund to support digital skills development in our SMEs, with up to 6,000 people annually accessing training in key areas such as software development, web design and digital marketing. I ask SDS to work with my officials to support the development and design of this Fund.
7. Our forthcoming national STEM strategy aims to improve levels of STEM enthusiasm, skills, and knowledge in order to raise attainment and aspirations in learning, life and work; and encourage the uptake of more specialist STEM skills required to gain employment in the growing STEM sectors of the economy, through further study and training. I expect SDS to work with my officials, and the SFC, to contribute to the implementation of the strategy and help to deliver our ambition for STEM in Scotland.
8. Based on the work already carried out in publishing an **Early Learning and Childcare Prospectus**, we expect SDS to develop an Early Learning and Childcare (ELC) SIP. This should include an action plan and support Scottish Government commitment to the growth in the sector and the increased demand for qualified childcare practitioners. In this context we would like SDS to review the financial contributions and eligibility criteria for ELC related apprenticeships for those over 25. The requisite workforce is such that we need to ensure realistic opportunities are in place for those, over 25, to pursue a career in ELC.
9. In line with the new Programme for Government commitment to enhance support for the screen sector, we expect SDS to make a tangible contribution to the work to deliver a dedicated screen unit, in close collaboration with our other enterprise, skills and creative bodies, which will streamline public sector support for the film and television sectors. SDS should include this PFG commitment explicitly in its business plan alongside the action it plans to take. SDS should tailor its services specifically to the requirements of this priority sector and combine these in a coherent way with those offered by other agencies so as to deliver measurable improvement in the development and growth of the film and television sectors in Scotland.
10. **City Region and Growth Deals** offer the potential for new collaborative regional partnerships, focused on long-term strategic approaches to improving regional economies. The production of robust sets of evidence on local skills is important in underpinning City and Growth Deal investment plans and we ask SDS to work with the SFC to ensure that skills requirements are reflected in City and Growth Deal infrastructure and other development proposals.

11. Our ambition is to create a world-class skills infrastructure for work-based learning, providing a coherent pathway of opportunity from school, post-school and into employment. We expect SDS to contribute to the development of policy in this area. The Centre for Work-Based Learning, founded by SDS, will be a conduit for policy influence and we anticipate that the research output from the centre will be used to influence the skills and learning system. I also expect the emergence of a SDS/SFC joint skills planning and delivery system to inform the delivery of work based learning alongside industry opportunities.

### Modern Apprenticeships

12. Modern Apprenticeships (MAs) are well established and critical to our Youth Employment and Economic strategies. Apprenticeships deliver against our dual aims of supporting economic growth while providing real employment opportunities for young people. Taking account of demographic change and employer demand:

- SDS should provide 27,000 new Modern Apprenticeship starts in 2017/18, as we continue our managed expansion towards 30,000 new starts per year by 2020.
- As before, the majority of places should be allocated to young people aged 16-24 across all sectors, including key and supporting sectors and with a particular focus on 16-19 year olds.
- Across 16-24 year olds, priority should continue to be given to higher level frameworks (Level 3 / SCQF 6 and above) and to those in STEM occupations.
- In response to industry need SDS should continue to focus the offer of MA opportunities for those aged 25+, in key and supporting sectors.
- Consideration should be given to how the MA contracting process can further facilitate the development of the supply chain, within the parameters of public procurement legislation.
- Continue to offer an open and transparent commissioning process for National Training Programmes and apprenticeships.
- Closely monitor uptake of the new rural supplement for training providers in the identified geographies. Following a review of uptake, and prior to the launch of commissioning for 2018/19, introduce further refinements to the funding model, where required, to ensure public funding is targeted towards individuals where support is needed most/there is a clear case for public support.
- Provide support to public sector organisations able to access the MA funding for the first time in 2017/18 through initiatives such as but not limited to continuation and ongoing development of the Public Sector Network.
- Continue to promote and provide enhanced contribution rates for disabled people and those with experience of care up to the age of 29.

### Foundation Apprenticeships

13. In response to the Scottish Government's Developing the Young Workforce - Scotland's Youth Employment Strategy, SDS is playing a key role in developing new apprenticeships pathways. In partnership with schools, colleges, employers you have expanded the apprenticeship family to incorporate Foundation Apprenticeships, offering young people more pathways to gain valuable work experience and enter sustainable employment.



14. It is important that SDS continues to ensure Foundation Apprenticeships are available across a range of frameworks and in every local authority area in Scotland. Our support for this new programme is underlined by the announcement made in March that you will support up to 5,000 young people to start a Foundation Apprenticeship in 2018/2019, up from 351 starts during 2016/17. This will serve to strengthen your ambition to deliver up to 10,000 new Foundation Apprenticeship starts by 2020.

15. We expect SDS to continue monitoring and reporting on the progress of the pathfinder cohorts and to conduct a formative evaluation to capture learning from the pathfinders to inform FA delivery for the current and future cohorts. Longer term, we recognise that the evaluation of FAs will be incorporated into the apprenticeship evaluation framework that you have developed in conjunction with the OECD, in order to increase the attainment and employability of young people.

16. Based on learning from the early pathfinders and formative evaluation, you should continue to collaborate with the SG and other partners to review the design and delivery models for FA to ensure that these maximise learner success. Specifically, you should ensure that where learners choose to leave school prior to completion of their FA, all successfully completed units are SQA certified.

17. You should also work with Education Scotland, SQA, schools and colleges, to ensure that pathways exist onto FA's in all schools and regions, building and extending existing good practice. SDS should work with Education Scotland to establish appropriate mechanisms to monitor and evidence the development and delivery of such pathways across Scottish schools.

18. In addition, we ask SDS to work with SAAB to consider the development of new foundation apprenticeships at appropriate levels to expand the inclusivity of work-based learning as a viable alternative to traditional academic education.

### Graduate Level Apprenticeships

19. You should also continue to develop the range of higher level Graduate Level Apprenticeship opportunities for employers and young people, with a focus on STEM subjects, working closely with the Scottish Government and SFC on this to ensure that delivery meets policy intentions in Higher Education and in the 15-24 Learner Journey Review. You have set out a commitment to achieve 379 in the 2017/18 academic year.

20. To support the creation of a world class work-based learning system in Scotland will require changes in long held views on different types of educational experience, and it is vital that SDS continues to engage with key influencers, including teachers, parents and employers, to bring about system change. In addition to the work of the Centre for Work Based Learning, SDS should also expand the content and reach of [www.apprenticeships.scot](http://www.apprenticeships.scot) to help facilitate this.

### Apprenticeship Governance

21. A new apprenticeship governance and engagement structure was put in place during 2016/17, to better align and articulate industry demand in apprenticeship design and development, and provide a robust structure to oversee the evolution of the broader apprenticeship family. The Scottish Apprenticeship Advisory Board (SAAB) sits at the heart of this and is designed to give employers and industry a leading role in developing the future of apprenticeships in Scotland. SDS is already providing administrative support to SAAB and has taken on responsibility for the National Occupational Standards (NOS) on behalf of the Devolved Administrations.

22. I expect SDS to work with the SAAB groups and stakeholders to recommend a key set of principles for apprenticeships in Scotland and agree a definition of apprenticeships in a Scottish context. In addition, I ask SDS to work with SAAB groups, as follows:

- Through the SAAB Standards and Frameworks group, SDS should work with levy partners including SQA to develop and maintain a future standards architecture to underpin work based learning in Scotland.
- Working with the Employer Equalities group, I ask SDS to support the development and implementation of their work plan to contribute to improved representation of all groups within apprenticeships, with particular focus on those identified in the Youth Employment Strategy.
- I also expect SDS to support the Employer Engagement group in the development of their work plan, focusing on the ambition of the Enterprise and Skills Review to align investment in skills to the needs of employers and the economy. This group should consider how apprenticeship opportunities can support employers with the recruitment of young people through to staff development and succession planning.

### The 15-24 Learner Journey Review

23. The Scottish Government is conducting a review of the 15-24 Learner Journey to ensure that education provision for young people is as effective and efficient as possible and provides more stepping stones for those needing most support. I see two drivers for the review: learner personalisation and choice, and system efficiency. In its first stage, the review is engaging a wide range of partners, stakeholders and importantly young people themselves to help us gather and test the evidence base, and design improvements. I welcome your membership of the Review Group and the project teams and look to SDS to play a full part in the review process and the implementation of its findings.

### Career information, advice and guidance

24. The decisions young people make as they journey towards and into work must be informed by high quality, early advice on sustainable labour market opportunities and the range of appropriate educational and training options available. The **Career Education Standard 3-18** sets out how we expect this to be achieved.

25. SDS has already made significant changes to its service offer in schools to meet these expectations, including support for capacity building of teachers in P5-P7, **transition** support for P7/S1 pupils and support to make **subject choices** in S2/S3, all supported by complementary digital content on **My World of Work**. I expect SDS to continue working with education partners to ensure alignment of career management skills development and the CES with the school curriculum and to support capacity building for teachers and practitioners. This will include embedding learning from the on-going programme of **Education Scotland CIAG reviews**.

26. Our Developing Young Workforce **Youth Employment Strategy** underlines our commitment to reduce Scotland's youth unemployment by 40% by 2021, ensuring all our young people, regardless of their challenges, have fair access to the employment, learning or training opportunities available to them. At the heart of this is the successful delivery of the **Opportunities for All (OFA)** commitment for 16-19 year olds and increasing the numbers of young people up to the age of 24 making successful transitions into learning, training and work.

27. SDS is central to the re-engagement of unemployed young people, particularly those aged 16-19 (and up to 26th birthday for those with care experience). We urge SDS to continue reviewing and enhancing its services to meet the needs of those requiring support to make a successful and sustained post-school transition.

28. SDS is also central to our ability to report on the success of the OFA policy. SDS' maintenance of the **shared dataset** and management of multi-partner data sharing through the **16+ Data Hub** allows tracking and monitoring of young peoples' transitions to ensure resources and services are appropriately developed and targeted at individuals with the greatest need.

29. I expect SDS to continue its work with strategic partners to continue to develop and promote the use of the post-16 **Participation Measure** which will, from August 2017, become the key measure in Scotland Performs for tracking the proportion of young people in learning, training or work.

30. I also expect SDS to continue to develop and enhance data sharing with partners, including:

- joint work with my officials, to incorporate key data on 'employment status' from Revenue and Customs (subject to appropriate legislation and agreed partnership working).
- Investigating the scope to expand the shared dataset to include all young people aged 16-24, to support additional work underway to enhance and evidence the effectiveness of the learner journey.
- Joint work with my officials to implement the Apprenticeships Long Term Outcomes (ALTO) framework, which also requires access to HMRC data.

#### Flexible Workforce Development Fund

31. For 2017/18, the establishment of a new Flexible Workforce Development Fund will respond to the upskilling and reskilling needs of employers. The design of the fund is currently being finalised and I require the continued support of the Scottish Apprenticeship Advisory Board, and SDS to work with the Scottish Government and the SFC to assist in this. SDS will be expected to assist in promoting the fund to employers.

#### Redundancy support

32. The **Energy Jobs Taskforce** will continue to focus on supporting jobs across the energy sector, with an emphasis on the oil and gas sector, reflecting the scale of the challenge that the sector currently faces, especially in relation to the retention of staff and skills. SDS has a critical role to fully engage with industry and the on-going work of the taskforce.

33. Linked to this, SDS should continue to deliver the **Transition Training Fund (TTF)**, providing support to those who face losing their jobs in the oil and gas sector to transition into other roles in the sector or other energy and manufacturing opportunities. With funding of £12m over three years (2016-2019), TTF offers grants to individuals to support redeployment through retraining or further education, and provide support to special projects.

34. I also expect SDS to continue supporting redundant Modern Apprentices back into an apprenticeship or alternative positive opportunity. As part of this, SDS will continue to manage the **Adopt an Apprentice** initiative, offering £2,000 to employers who take on redundant apprentices, rising to £5,000 for employers taking on a redundant apprentice in the oil and gas sector.

## SG Strategic priority

**STRENGTHENING INCLUSIVE GROWTH AND FAIR WORK:** Support employers to grow, through the promotion of business models that encourage the creation of sustainable and productive jobs.

### **SDS Outcome**

Employers have high performing, highly productive, fair and equal workplaces

#### Employer engagement

35. At a strategic level, engaging with employers will be critical in driving fundamental change in our skills system. We expect SDS to lead this through the Scottish Apprenticeship Advisory Board (SAAB), offering full support for its administrative structures.

36. With the support and guidance of the Scottish Apprenticeship Advisory Board (SAAB), we look to SDS to engage with employers to promote the importance of, and increase demand for the recruitment of apprentices.

37. In addition to engaging employers and industry groups in the identification of industry level workforce skills requirements, it is vital that employers are engaged in post-16 education, and this is a continuing focus of our national programme for **Developing the Young Workforce (DYW)**.

38. As part of this, we expect SDS to continue to assist us in articulating a strong case around the benefits of employing and developing young people – informing the choices they make, preparing them for the workplace and supporting them into work. We expect SDS to continue to work with my officials to promote **Investors in Young People (IiYP)** and to contribute to the on-going work of the industry-led DYW Regional and National Groups to ensure the involvement of employers in shaping education.

39. We anticipate that **Marketplace**, the online digital platform to further encourage and improve engagement between employers and education, will be rolled out across DYW Regional Groups to increase the number of schools that are actively engaging with employers. Through provision of skills investment planning data and national LMI, you will support continuing development of this platform.

40. I also expect SDS to raise awareness of the financial incentives and advisory help available to companies to invest in the recruitment and development of 16-29 year olds, including HM Forces Early Service Leavers. I ask SDS to place emphasis on the benefits of recruiting a **diverse workforce**, articulating the case for employing and developing young people with the greatest barriers to employment, and raising awareness of the available support.

41. As well as engaging with employers to determine industry skills needs, SDS also has a key role in helping employers meet their more immediate skills and training needs. To support this, SDS should continue to work with Re:markable (previously Investors in People Scotland) to deliver the **Skills for Growth** Programme.

42. Specifically to support the transition to **low carbon** technologies, SDS should continue to support low carbon skills development, targeting SMEs to up-skill their employees and to ensure that new entrants to the industry are suitably trained and able to meet the demands and unique challenges of the sector.

43. I also ask that SDS continue to maintain **Our Skillsforce** as a key digital channel in providing advice and information to employers on the support available from SDS and partners, linking into your wider digital offers.

44. As part of the wider support available to Young Carers, SDS should raise the profile of the **Carer Positive** scheme with employers to increase awareness of the benefits of recruiting a young carer. Consideration should also be made to how this could be achieved across the breadth of SDS activity.

45. Building on the recommendations of the Fair Work Convention, I ask that SDS works with partners to develop the evidence base on fair work to inform policy and practice, and uses its relationships with businesses and wider organisations, and its own role as an exemplar, to promote and enhance better working practices in Scotland as set out in the Fair Work Framework, thereby supporting inclusive and sustainable economic growth. I ask that SDS applies Fair Work principles, including the real Living Wage, and the Fair Work Framework within its own organisation and with its own staff. This should also include active promotion of the **Scottish Business Pledge**.

46. To support your engagement with employers, I also ask that you work with Scottish Enterprise, Highlands and Islands Enterprise and Business Gateway to further align your activity, through use of a shared CRM. SDS should also provide support for account managers from the other agencies to enhance their understanding of the skills services offered through SDS.

### **SG strategic priority**

**Equalities** – Place equality and diversity at the very heart of SDS activity to drive forward change that will make an enduring difference

### **SDS Outcome**

Increased equality of opportunity for all.

47. Our economic strategy hinges on the principle that sustainable economic growth and reducing long term inequalities are complementary objectives. We aim to create a society that promotes inclusive growth and provides economic opportunities through a fair and equal jobs market.

48. SDS is already demonstrating its commitment to encouraging greater levels of participation from under-represented groups in our skills programmes. Across all of the areas of SDS' work, I would like to see a continuing focus on tackling inequality and improving access to its programmes.

49. Your Equalities Action Plan (EAP) for Modern Apprenticeships in Scotland, published in 2015, set out a series of actions and targets. Progress is already being achieved in some areas, and I expect SDS to continue monitoring and reporting on progress against the EAP and against the outcomes identified in your Equality and Diversity Mainstreaming Report<sup>1</sup>.

50. I recognise that some of the equality challenges identified in the EAP reflect deep seated issues in the labour market and wider society and that it will take time to achieve significant change. However, I also believe that the MA programme has a key contribution to make in achieving that change.

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<sup>1</sup> In line with the Public Sector Equality Duty contained within the Equality Act 2010

51. SDS should also continue to collaborate with the SFC, Education Scotland and other strategic partners in developing respective gender action plans to achieve the recommendations of DYW relating to gender imbalance in apprenticeships and colleges.

52. SDS also has a significant contribution to make in tackling inequality:

- I ask you to continue to take into account related government initiatives, including in relation to the Race Equality Framework and the Fairer Scotland for Disabled People delivery plan.
- As a Community Justice partner, I expect SDS to continue to work closely with partners to promote and communicate better understanding of, and access to, our existing services for **those with an offending history**, to shape the delivery of the new model for community justice in Local Authority areas.
- We are committed to improving the education and employment outcomes of those with **experience of the care system**. I am encouraged by the commitments in your Corporate Parenting Plan and expect you to monitor progress in its implementation.
- I also expect you to consider the recommendations of the Scottish Veterans Commissioner in addressing the particular needs of **ex-service men and women**, when seeking to transition from Service to civilian life to gain a fulfilling second career and for wider support in getting veterans into work.
- I ask SDS to work with individuals and employers to address employment inequalities, discrimination and barriers. This includes working in partnership with Government and other agencies to ensure that employment opportunities for women and ethnic minorities are increased and contribute to the Scottish Government target of reducing, by at least half, the employment gap between disabled people and the rest of the working age population.

### **SG Strategic Priority**

**EMPLOYABILITY SUPPORT:** Delivering against the devolution of contracted employment support to provide an integrated and aligned system, which provides equality of opportunity to access work and coordinated support to ensure everyone is able to maximise their potential

#### Employability support

53. 2017-18 is a significant year for the Scottish Government, as it takes up new powers to deliver devolved employment support. The delivery of these new services is of critical importance to Ministers, and the strong delivery of Work Able Scotland will have significant impact on the successful implementation of Fair Start Scotland in April next year.

54. Over the last year, SDS has worked collaboratively with SG officials to develop the policy and delivery model for WAS, and Ministers expect to see SDS demonstrate leadership in driving this collaborative approach in the delivery phase, extending this collaboration to include WAS providers and DWP/ JCP.

55. I expect SDS to work with its contracted providers to deliver up to 1,500 programme starts, for individuals with a health condition, who want to work, but require support to move into sustained employment.

56. SDS should work with my officials to support the joint evaluation of transitional employability services and to record and share delivery and performance data in line with the reporting requirements agreed by the Work Able Scotland Delivery Assurance Group.

57. Building on the expanded reach of its career services, SDS plays a critical role in supporting the further development of employability skills for those who need additional support to make successful transitions in their learner and employee journey. The training programmes managed by SDS make an important contribution to aligning individual aspirations with the needs of employers and the wider economy:

- The **Employability Fund**, through its contracted providers SDS will deliver 9,000 training starts for unemployed people of all ages in 2017/18, commissioned with local partners to align customer need with local labour market demand.
- The **Certificate of Work Readiness** – I encourage SDS to continue working with employers, training providers and other partners to increase the uptake of CWR as a positive route for young people to demonstrate readiness for starting work. I would also encourage SDS to consider the scope to further develop the CWR.
- **The National Third Sector Fund** – I expect SDS to continue to work with third sector and social enterprises in Scotland to develop and deliver the Social Enterprise & Third Sector Challenge Fund. I expect SDS to ensure that the support offered through this fund adds value to existing interventions and maximises the opportunities available through ESF.
- **SERI** – I ask SDS to continue to work with local authorities in the administration and delivery of Scotland's Employer Recruitment Incentive (SERI), offering support to up to 550 individuals, with the greatest barriers to employment, to obtain and remain in sustainable employment (including MAs).
- **Individual Training Accounts** - provide a flexible training option for those who are unemployed and for those in low paid, low skilled jobs, helping to address in-work poverty. In the year ahead I expect SDS to implement the new ITA offer, including the rationalisation of the fulfilment process. The new offer will support Big Plus, aiming to deliver improvements in adult literacy and numeracy.

58. For those individuals facing redundancy, the continued support through our **Partnership Action for Continuing Employment (PACE)** initiative remains critical. Through providing skills development and employability support, PACE aims to minimise the time individuals made redundant are out of work. As in previous years, we continue to emphasise the importance of continuous improvement in the PACE programme, and of particular interest in the year ahead is improved tracking of the destinations and outcomes of those individuals who have received PACE support, where it is cost-effective to do so. My officials will continue to liaise with SDS and other PACE Partners during 2017/18 to monitor the demand for PACE and the scale, nature and quality of PACE services which will help inform the future development and delivery of PACE support.

59. As the lead delivery partner for PACE, SDS should continue to work collegiately with the Scottish Government and with PACE Partners to identify ways to increase the 'reach' of PACE activity and support for individuals facing redundancy situations. SDS will also be expected to contribute to any taskforce/bodies that are set up in response to economic shocks. I ask you to continue to work with my officials to understanding the staffing implications of supporting large scale redundancies and responses to economic shocks.

## **SG Strategic priority**

**Collaborative Working:** An enhanced culture of collaborative working with enterprise and skills agencies and other stakeholders.

## **SDS Outcome**

SDS works alongside partners and others to achieve the Scottish Government's expectation of hard alignment across the enterprise and skills agencies.

### Enterprise and Skills Review

60. I recognise that SDS has a strong culture of partnership working, at both strategic and operational levels, evidenced through its current and previous Corporate Plans. Moving forward, the Scottish Government wishes to see even stronger collaboration between the enterprise and skills agencies as set out in the recent Enterprise and Skills Review.

61. The first phase of the Review sets out the government's expectation of hard alignment across our enterprise and skills agencies. The second phase of the review sets out in more detail on how we expect the agencies to achieve that hard alignment in pursuit of our inclusive economic growth ambitions.

62. Successful implementation will require an enhanced culture of collaboration and behaviours across the enterprise and skills agencies which align with this different culture. We expect all partners to value, respect and act on the contributions that partner agencies make to alignment.

63. SDS is already collaborating with enterprise and skills partners to address the recommendations of the Enterprise and Skills Review. I welcome the input made so far and encourage SDS to participate fully in the planning and implementation of the 9 programme areas. I look to SDS to draw on the relative strengths and expertise of partner agencies in the planning and implementation of the actions coming out of the review. Similarly I would expect SDS to offer its knowledge and expertise to other agencies. It will also be critical to pool and share resources across organisations.

### Implementation Board:

64. SDS is expected to participate in the Implementation Board that was created on the recommendation of the report of Phase 2 of the Enterprise and Skills Review. The Implementation Board will lay the groundwork for the Strategic Board which will be formed in autumn 2017. The membership of the Implementation Board will be comprised of Scottish Ministers, the Chairs of the agencies, selected members of the Ministerial Review Group, and potentially others to reflect business and the wider Scottish Economy.

### Strategic Board

65. The Chair of SDS is expected to be part of the Strategic Board. The Strategic Board will be tasked to deliver meaningful change and will be instrumental in the development of the Strategic Plan, and the common performance and measurement framework that will support it. Scottish Ministers will assign each agency chair with a new, explicit responsibility to support the shared aims of the Strategic Board.

66. The Strategic Plan - which will be agreed with Scottish Ministers - will lay down the agreed areas of collective focus for the agencies and their roadmap for boosting growth and productivity.



## Relationships with Other Partners

66. Beyond the implementation of the review actions I would look to SDS to continue to work with other stakeholders including local authorities, colleges and other training providers. Where possible SDS should draw on other enterprise and skills agencies' expertise and networks to achieve more productive relationships.

67. In developing and delivering the services described in this letter, SDS works with a wide range of partners both nationally and locally, many of which have been referenced earlier. Closer partnership working is critical to delivering better and more cost effective services and I welcome SDS' continued commitment to such an approach, as set out in your Corporate Plan.

68. Operationally, I expect SDS to continue to work closely with Community Planning Partnerships and with Local Authorities<sup>2</sup> in the development and delivery of their collaboratively agreed Local Outcomes Improvement Plan and Locality plan(s) and SFC for college outcome agreements, in co-commissioning the Employability Fund and in the delivery of SERI and other partners who are able to assist them in improving outcomes and reducing inequalities. In delivering CIAG, SDS should also continue working closely with schools, teachers, local authorities and Education Scotland and via the Curriculum for Excellence Management Board to implement our DYW recommendations in schools and should help develop and be responsive to output from the 15-24 Learner Journey Review in relation to CIAG. As noted earlier, I also expect SDS to collaborate with community justice partners, corporate parents and other stakeholders to drive improvement and better outcomes for groups with identified disadvantage.

69. Across this entire strategic priority, I look to you to work with my officials on this priority and performance measurement against it.

### **SG Strategic priority**

**High performing public body:** SDS operates as a highly effective public body working collaboratively with others to maximise its impact on individuals, society and the economy.

### **SDS Outcome**

SDS is an employer of choice, an exemplar of fair work and internationally recognised for excellence, innovation and customer-focus

## Planning, Performance and Evaluation

70. As part of our wide-ranging review of enterprise and skills support, we are driving increased coherence and focus across the system, bringing the existing agencies under the aegis of a single, strategic board. Alongside this we are seeking to provide the planning, data and analytical support the new board will need, as part of a wider, distributed system that will include agency boards, regional partnerships and others. SDS is already contributing effectively to this work and I ask SDS to continue working with my officials and agency colleagues to implement the recommendations of the phase 2 report, creating strategic level insight, planning and analytical capacity to enable the new board to deliver a single strategic plan, with a single set of outcomes, and to monitor and evaluate the effectiveness of this plan in delivering sustainable and inclusive growth.

71. Recognising that alongside the strategic board, SDS will continue to have significant operational responsibility, I expect SDS to be able to report on its delivery and programme outcomes, across all of its activities, including the EAP commitments stemming from the Youth Employment Strategy, and in doing so, to demonstrate alignment with the Inclusive Growth and

<sup>2</sup> In line with statutory community planning duties under Part 2 of the Community Empowerment (Scotland) Act 2015

**National Performance Frameworks** (and the new outcomes underpinning a single Strategic Plan).

72. I also expect SDS to continue **managing data and statistics** in line with guidance for official statistics, providing continued assurance to the public on the robustness of programme data. This will include continued collaboration with my officials, when publishing statistics on National Training Programmes and the Participation Measure.

73. I expect SDS to prioritise work with the Scottish Government and the other agencies to ensure the success of the new Analytical Unit and to fully participate in the development of cross-agency research, performance and evaluation planning and activity.

74. As part of its data management processes, SDS should aim for **continuous improvement** in reporting in key areas, particularly agreeing with my officials the reporting requirements for PACE. SDS should also continue to deliver high level public reporting of TTF.

75. The Scottish Government values the **high quality and wide ranging research** conducted, and feedback gathered, by SDS about the services they deliver. Within the context of the analytical work stream described above, I ask SDS to continue a programme of customer research and project evaluation, sharing these findings with Scottish Government and other partners, widely and proactively, to inform improvements in service delivery.

76. In addition, I encourage SDS to work with the newly established Centre for Work Based Learning to develop new programmes of research to support the development and delivery of high quality workbased learning and to challenge current thinking, perceptions and attitudes of individuals, parents, teachers and employers. We support research across four identified streams of activity:

- **Futures:** understanding the skills, knowledge and capability required by industry and the labour market of the future
- **Impact:** measuring the impact of apprenticeships on the economy and society
- **Learner Journey:** designing and building an effective work-based learning system
- **Influencing change:** engaging and changing the system for learners and employers by working with a broad range of stakeholders, and Scottish Government policy makers.

77. In close partnership with Education Scotland, you should continue to develop and improve quality assurance processes in relation to the quality of the off-the-job training elements of MAs and the delivery of CIAG services. I expect these quality assurance mechanisms to be robust, fit for purpose and proportionate. They should ensure value for money and clearly inform and support continuous service improvement, both by SDS and, where appropriate, by other partners involved in the overall delivery of MAs and CIAG.

#### Leaders, Innovators and Exemplar Employers

78. Ministers have been clear that public bodies should lead the way in Fair Work, ensuring access to work that offers effective voice, opportunity, respect, fulfilment and security of employment. SDS is an accredited LW employer and I ask you to build on this by encouraging the employers you engage with to become LW accredited employers. I welcome the emphasis on this in SDS' Corporate Plan. I also expect SDS to maintain its accreditation as both a Living

Wage employer and an Investor in Young People and improve and reinforce equality and diversity among Board Members<sup>3</sup>.

### Digital Enablement

79. I ask SDS to continue managing and developing the shared Enterprise IS service between SDS, HIE and SE, ensuring that these agencies have access to the digital technology that supports effective customer delivery and delivers the information solutions that support performance management and decision-taking. This type of shared service is critical to achieving the aims of the enterprise and skills review.

80. Digital transformation and enablement continues to influence how we deliver public services. We ask SDS to continue to develop and integrate customer-responsive systems across its operations – internally and for customer facing services. This approach works to understand user requirements and provide them with appropriate information to meet their needs, making services more user-specific friendly.

81. With an expanding digital offer and greater reliance on digital networks, it is important that our public agencies have effective cyber resilience measures in place. Digital networks make it possible to provide innovative and integrated public services that deliver to those in most need and promote growth. It is, however, crucial that cyber risk is planned and budgeted for when providing these services. This will help to keep citizens confident in accessing digital public services. In November 2015, we published our Cyber Resilience Strategy for Scotland<sup>4</sup> and we ask SDS to work with government and other public agencies to implement the strategy's priority actions.

### Efficiencies

82. We expect our public bodies to lead by example in combating climate change and making a valuable contribution towards achieving our ambitious emission reduction target of 80% by 2050. There is now a duty, under sections 46 and 96 of the Climate Change (Scotland) Act 2009, for public bodies to submit annual reports on compliance with climate change duties.

83. We also continue to expect all public bodies to deliver efficiency savings of at least 3% during 2017/18, in line with our efficiency targets and the Public Services Reform (Scotland) Act 2010).

### Spending Review

84. We will continue to work with SDS during the upcoming spending review – liaising with the Executive Team when appropriate.

### European Funding

85. In collaboration with the SFC and other partners, I expect SDS to engage positively with Scottish Government officials to explore opportunities and maximise the benefit of the uncommitted funding that is available through the current European Funding programme. I also expect SDS to continue to meet your responsibilities to comply with regulations and audit procedures.

<sup>3</sup> In line with The Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016

<sup>4</sup> Safe, Secure and Prosperous: A Cyber Resilience Strategy for Scotland: <http://www.gov.scot/Resource/0048/00489206.pdf>

86. Between April 2017 and March 2018 SDS will continue to manage its European Structural Fund programmes (ESF). ESF activity is delivered by providers in addition to SDS core activity. In collaboration with the FC, SDS will deliver its component of the Developing Scotland's Workforce (DSW) programme.

Y S=U,



**JOHN SWINNEY**

**Deputy First Minister and Cabinet Secretary for Education and Skills**

## COPY LIST

Jamie Hepburn, Minister for Employability and Training  
Keith Brown, Cabinet Secretary for the Economy, Jobs and Fair Work  
Paul Wheelhouse, Minister for Business, Innovation and Energy  
James Dornan, Convener to the Education and Skills Committee  
Roz Thomson, Clerk to the Education and Skills Committee  
Gordon Lindhurst, Convener to the Economy, Jobs and Fair Work Committee  
Alison Walker, Clerk to the Economy, Jobs and Fair Work Committee,  
COSLA: Sally Loudon, Chief Executive  
SE: Lena Wilson, Chief Executive; Bob Keiller, Chair  
HIE: Charlotte Wright, Chief Executive; Lorne Crerar, Chair  
SFC: Dr John Kemp, Chief Executive; Professor Alice Brown, Chair  
SFC/SDS Skills Committee: Lorraine McMillan, Chair;  
Universities Scotland: Alastair Sim, Director  
Colleges Scotland: Shona Struthers, Chief Executive  
STUC: Grahame Smith, Secretary General  
SCVO: Martin Sime, Chief Executive  
Education Scotland: Karen Reid, Interim Chief Executive  
SQA: Dr Janet Brown, Chief Executive  
SCQF: Aileen Ponton, Chief Executive  
Scottish Training Federation: Stuart McKenna, Chief Executive; Stuart Leitch, Chair  
Federation of Small Businesses: Andy Willox OBE, Scottish Policy Convener  
CBI – Scotland: Hugh Aitken CBE  
ADES: Maureen McKenna President; John Stodter General Secretary  
Visit Scotland: Malcolm Roughead, Chief Executive; Lord Thurso, Chair

Issue	Further information	Basis of request
Community Planning	We expect those public bodies that will be subject to statutory community planning duties under Part 2 of the <a href="#">Community Empowerment (Scotland) Act 2015</a> to work with other partner bodies and communities within <b>Community Planning Partnerships</b> to identify, resource and manage effective delivery of shared priority outcomes for their localities. Other public bodies should consider and take reasonable steps to pursue opportunities for partnership working with other bodies, including local authorities, wherever this can support your respective business objectives.	Page 13 of the PfG; the Community Empowerment (Scotland) Act 2015
Digital services	Digital technology is a powerful enabler for improving public services and driving down the costs of delivery. We expect public bodies to deliver against <a href="#">Scotland's Digital Future: Delivery of Public Services</a> by ensuring that digital transformation is embedded within your business strategy and corporate plan. In developing your digital public services, you should consider opportunities to support or benefit from the development of Scotland's national digital ecosystem. If you wish to assess the digital maturity of your organisation, develop business cases/procurements for digital services, or source expert digital staff, please contact the Central Government Digital Transformation Service. Such business change can be challenging and we therefore expect all bodies to make effective use of the <a href="#">Central Government ICT Project and Programme Assurance Framework</a> .	Page 28 of the PfG; Scotland's Digital Future: Delivery of Public Services
Diversity on boards	<p>Most public bodies with boards have signed up to the commitment – <b>50:50 by 2020</b> – to improve diversity on boards including working towards gender balance on boards by 2020. As of April 2017 listed public authorities are required to publish the gender composition of their boards and to produce succession plans to increase the diversity of their boards by virtue of The Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016. Guidance to support listed public authorities to implement the new duty will be developed by the Equality and Human Rights Commission and the Scottish Government. In addition, the new regulations also amend the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 by lowering the threshold for a listed public authority to report their gender pay gap and publish equal statements etc. from those authorities with more than 150 employees to those with more than 20 employees.</p> <p>You are encouraged to take positive action to support and enable greater diversity of Ministerial appointments, through:</p> <ul style="list-style-type: none"> <li>• taking an active role in succession planning, and providing advice to Ministers about the board's membership needs, both for new and re-appointments;</li> <li>• ensuring that suggested criteria for the selection of new board members meet the needs of the body, are unbiased and are not unnecessarily restrictive;</li> <li>• taking action both during and between board member recruitment exercises to attract the broadest range of candidates to the work of the board;</li> <li>• providing mentoring, shadowing and training opportunities for potential board members; and</li> <li>• considering the role of nominations committees.</li> </ul>	Page 35 of the PfG
Equality	<p>Public bodies are reminded of the Public Sector Equality Duty (PSED) contained within the Equality Act 2010.</p> <p>Those bodies that are listed within the <a href="#">Scottish specific equality duties</a> are legally required to:</p> <ul style="list-style-type: none"> <li>• report on progress in mainstreaming the PSED in to the main business of the organisation;</li> <li>• set, every 4 years, equality outcomes and report on progress every 2 years. We would expect to see within the business plans of the listed body's clear links to their equality outcomes;</li> <li>• impact assess new and revised policies and practices as well as making</li> </ul>	Public Sector Equality Duty within the Equality Act 2010 and the Scottish specific equality duties

	<p>arrangements for reviewing existing policies and practices;</p> <ul style="list-style-type: none"> <li>gather and use and publish employee information;</li> <li>publish gender gap information (race and disability also from 2017) and an equal pay statement; and</li> <li>consider adding equality award criteria and contract considerations into procurement exercises.</li> </ul>	
Living Wage	Public bodies are encouraged to become <a href="#">Accredited Living Wage Employers</a> , paying the <b>Living Wage</b> to their employees and people involved in delivering public contracts. We published <a href="#">statutory guidance</a> for public bodies on how workforce-related matters, including the Living Wage, may be taken into account in public procurement processes.	Page 37 of the PfG
Young Workforce	You have a vital role to play in working with us to implement the Scottish Government's youth employment strategy, Developing the Young Workforce, for example, by recruiting and training young people, working towards achieving the Investors in Young People gold standard and engaging with the education system to provide development opportunities for young people. Development of procurement policies that encourage more employers to contribute to the development of Scotland's young people.	Cabinet Secretary for Fair Work, Skills and Training's letter to public bodies of 15 December 2014
Fair work	You will know that the Government previously commissioned the <a href="#">Working Together Review</a> to examine progressive workplace policies and published a <a href="#">formal response</a> in August 2015. We asked you to have regard to that report and the recommendation that public bodies should report publicly on their approach to industrial relations and its impact on workplace and workforce matters. A key part of the response was the establishment of the independent <a href="#">Fair Work Convention</a> , who published their blueprint for fair work in Scotland in March 2016.	Page 37 of the PfG; Working Together Review: Progressive Workplace Policies in Scotland
Low Carbon sector and combating climate change	We look to all public bodies to help realise the significant opportunity for growing the <b>low carbon sector</b> both through leadership and directly through reduction of energy demand and integration of low carbon and renewable heat and energy technologies across estates. More generally, we expect our public bodies to lead by example in <b>combating climate change</b> and making a valuable contribution towards achieving our ambitious emission reduction target of 80% by 2050. We have brought into force legislation requiring 181 listed public bodies to submit annual reports on compliance with climate change duties. The mandatory reports for 2016/17 are due to be submitted to SG by 30 Nov 2017. Reporting advice, tools, guidance and training are available from the Sustainable Scotland Network (SSN).	Pages 30-31 of the PfG; policy proposal to bring into force a public body duties reporting requirement under <a href="#">sections 46 and 96 of the Climate Change (Scotland) Act 2009</a>  (SSN contact <a href="mailto:craig.dun@keepsotlandbeautiful.org">craig.dun@keepsotlandbeautiful.org</a> )
Efficiency	Although not explicitly mentioned in the Programme for Government, <b>we continue to expect every public body to deliver efficiency savings of at least 3% per annum</b> and to report publicly on the actions undertaken and the results achieved.	<a href="#">Efficient Government section of SG website</a>

