

DRAFT BUDGET 2014-15

SUBMISSION FROM SKILLS DEVELOPMENT SCOTLAND

Introduction

Skills Development Scotland (SDS) welcomes the opportunity to contribute to the Economy, Energy and Tourism Committee's scrutiny of the draft budget 2014-15. SDS is Scotland's skills body, focused on contributing to the delivery of the Scottish Government's Economic and Skills Strategies. Our services are further shaped in response to the Scottish Government's Career Information, Advice and Guidance Strategy and more recently, the Youth Employment Strategy. We set out our vision, future development and delivery plans in our Corporate Strategy (2012-15) and annual Operating Plan (2013-14).

SDS's key aims include the delivery of support to young people and small and medium sized businesses. SDS has a key role in supporting people towards and into employment and to progress within their jobs. SDS is working collaboratively with individuals, employers, training providers and partners throughout Scotland to raise aspirations and create a more skilled workforce and thus contribute to Scottish Government's overarching purpose of increasing sustainable economic growth with opportunities for all to flourish.

SDS works closely with employers and industry throughout Scotland to ensure employers are heard and that investment in the skills system better reflects industry needs and priorities. SDS works with partners including other Strategic Forum bodies - the Scottish Funding Council (SFC) Scottish Enterprise (SE), Highlands & Islands Enterprise (HIE) and Visit Scotland, as well as other key stakeholders such as local authorities, Industry Leader Groups and Business Gateway to make best use of public and private sector resource and expertise.

Tracking progress against Scottish Government's NPF targets and indicators

SDS's Performance Management Framework (PMF) provides the structure for our response to Scottish Government's strategy and policy commitments. The PMF links the direction of Scottish Government and our own business direction (as with other public sector organisations) and is seen as critical to the successful achievement of key aims and objectives. Our Corporate Strategy 2012-15 clearly sets out four strategic goals that guide activity and directly feed into National Performance Indicators two, three, four, seven, eight, 14 and 16:

- **Enable people to meet their potential** through the delivery of careers, skills and employability support to those who need it most, particularly young people;
- **Make skills work for employers:** listen to employers to understand their needs;
- **Working together to improve the skills and learning system:** working with local and national partners to improve, integrate and simplify services to employers and align provision of skills with employer needs;
- **Achieve organisational excellence:** driving forward more streamlined contracting processes through smart procurement for the delivery of the Modern Apprenticeship programme and the Employability Fund.

SDS aims to deliver an improved approach to understanding individual, partner, employer and industry needs through an integrated Skills Planning Model (Appendix 1). The Skills Planning model is used as an important tool to align the skills system and has been widely adopted by partners. The model involves three key elements:

- Gathering insight and robust evidence on employer and industry sector skills needs;
- Working with partners and industry to better align investment in skills with demand;
- Providing individuals with information to make informed career and learning choices.

SDS Targets 2013-14

Scottish Government's Grant-in-Aid budget allocation over 2012-13 and 2013-14 has supported SDS to deliver services to both individuals and industry in a number of core areas of interest to the Committee. In 2012-13 SDS fully delivered on all targets, principally funded by Grant-in-Aid of £178.1m (adjusted from an original budget of £176.4 million set for the financial year), including the achievement of approximately £16 million efficiency savings. In 2013-14 SDS has a budget of £187.4 million, recognising the end of current European funding, and has been tasked with achieving the following which will be of direct benefit to business and the wider Scottish economy:

- The delivery of 25,000 Modern Apprenticeship start places (MAs), in line with Scottish Government's commitment to deliver 25,000 MAs in each year of this current parliament. The majority of MA start places are allocated to young people aged 16-24 across all sectors with a particular focus on 16-19 year olds. For those aged 25+ SDS offers MA opportunities in key and supporting sectors. In 2012-13 achievement rates increased for the fifth consecutive year to 79%. Q1 starts for 2013-14 have increased by over 500 on 2012-13 starts;
- The delivery of 17,150 training places through the Employability Fund, including 2650 college places, which will be available for unemployed people of all ages;
- 7000 Flexible Training Opportunities and 1,500 Low Carbon Skills Fund places;
- Targeted funding for individual learning through SDS Individual Learning Accounts - 55,000 learning opportunities to be funded¹;
- 2,500 young people supported, over three years, to secure a job through targeted employer recruitment incentives, including 1,500 places in Commonwealth Games-related opportunities;
- Contributing to Scottish Government's commitment – Opportunities for All (OfA) - to guarantee an offer of a place in education or training to every 16-19 year old not in education, training or employment, thereby making a direct contribution towards supporting individuals towards and into employment. SDS will maintain a national helpline to ensure all young people have access to Career Information Advice & Guidance (CIAG) in respect of OfA. SDS will also gather information on all 16-19-year-olds and provide regular updates to partners on the destinations and activities of all 16-19-year-olds in Scotland via the 16+ Learning Choices Data Hub.

¹ SDS Individual Learning Accounts is a demand-led scheme; however, based on average course spend in the previous year, the available budget could deliver an estimated 55,000 learning opportunities.

Through the Partnership Action for Continuing Employment (PACE), SDS will continue to provide individuals and employers with redundancy advice and support in 2013-14. SDS maintains a national network of 18 PACE partnerships to provide a demand-led rapid response to those facing redundancy. In 2012-13, 12,014 individuals facing redundancy were supported and 297 employers.

Efficiency savings

Supporting the principles of the Christie Commission, SDS is highly conscious of the overall need to ensure the delivery of government services as efficiently and effectively as possible. In relation to National Outcome 16 we are committed to delivering services that are high quality, continually improving, efficient and responsive. At the inception of SDS, Scottish Government set out recurring efficiencies targets based on SDS's legacy organisations². The budget efficiencies achieved by SDS were as follows:

- 2008-09 - £8 million
- 2009-10 - £12 million
- 2010-11 - £20.5 million
- 2011-12 - £21 million
- 2012-13 – £16.4 million

Efficiencies were achieved while maintaining the level and quality of service provided.

Responding to the needs of employers – contributing towards sustainable economic growth

SDS places a strong emphasis on partnership working in order to ensure skills services are properly responding to the needs of industry, with particular focus on sectors offering greatest opportunity for growth - creative industries, energy, financial services, food and drink, life sciences and tourism.

SDS provides funding towards workforce development programmes such as Flexible Training Opportunities and the Low Carbon Fund and MAs. We also deliver a range of specific initiatives and programmes to encourage employers to grow train and recruit staff and take on MAs, such as Adopt an Apprentice and Employer Recruitment Incentives which provide up to £2,000 to employers who want to take on a young person aged 16-19 to undertake an MA in selected frameworks or offer an opportunity to a 16-24 year old facing specific barriers to employment³.

In a bid to provide greater, more direct support to help employers compete in the global marketplace, SDS has recently expanded its Industry and Enterprise Network Team. Each growth sector has a dedicated Industry Sector Manager, in the Key Industries Sectors Team, with an additional Sector Manager responsible for aerospace, defence, marine and construction. The team directly engages with employers, employer industry bodies (e.g. Financial Services Skills Gateway Employer Council, the Federation of Small Businesses (FSB) and the Confederation of British Industry (CBI) and other key stakeholders on the development of Skills

² Careers Scotland, Scottish University for Industry, and skills and training functions of Highlands and Islands Enterprise and Scottish Enterprise.

³ <http://news.scotland.gov.uk/News/Employers-helped-to-recruit-young-people-388.aspx>

Investment Plans (SIPs), Regional Skills Investment Plans and Regional Skills Assessments (RSAs), which all aim to respond to skills issues in specific sectors and geographical areas throughout Scotland.

The SIP process is a crucial component of improving the articulation of employer demand in a consistent way and is used to inform current and future skills needs. SDS Industry Sector Managers lead on SIPs and are responsible for developing and maintaining relationships with key employers, industry groups and other public sector partners. SIPs are already in place for Energy (2011) Food and Drink (2012) and Tourism (2013). A Regional Skills Investment Plan is also currently being developed for the Highlands and Islands and RSAs are under development in collaboration with SFC and SE. The ambition for RSAs is that, over time, they will serve as an authoritative source of evidence and insight on regional skills demand and used as an important part of the evidence base upon which to base decisions on skills investment. RSAs are informed by industry insight and their underpinning principles include clear commentary and analysis of economic and employer demand for skills and evidence on the skills needs of individuals and learners. RSAs will be timed to support the negotiation of Regional Outcome Agreements and University Outcome Agreements. It is hoped that a first iteration of RSAs will be delivered by the end of the 2013-14 financial year.

The SDS Employer Engagement Services Team also works closely with local and regional stakeholders such as Business Gateway, local authorities and employability partnerships to ensure SMEs are fully informed of all skills and training support available, as well as providing direct, hands-on support to employers and their representative bodies including the Federation of Small Businesses (FSB), the Scottish Retail Consortium and the STUC. In addition SDS focuses on large growth companies and high participation sectors, working in close collaboration with partner NDPBs in order to harness support and expertise.

SDS has also developed a new web service for employers - Our Skillsforce (OSF)⁴ - in conjunction with industry and key partners. Our Skillsforce enables employers to navigate public sector employability services, so that they can explore the range of programmes, financial support and resources available to help them plan for, recruit and develop a skilled workforce. The Make Young People Your Business section of the site also brings together online advice to help employers recruit and develop young people⁵.

Modern Apprenticeships – equal access for all

The nature of our services, with a heavy focus on National Training Programmes and CIAG, is such that equality and fairness, including a strong emphasis on disadvantaged client groups and employability support, are central to service delivery. To this end, equalities issues are taken fully into consideration in allocating budgets and SDS has an Equality Outcome specifically aimed at improving participation in the MA programme by those from Black and Minority Ethnic (BME)

⁴ www.ourskillsforce.co.uk

⁵ <http://www.ourskillsforce.co.uk/recruit/make-young-people-your-business/>

communities and disabled people, together with an improved gender balanced occupational participation across MA frameworks.⁶

Addressing issues relating to MA uptake by women is complex and multi-faceted. Societal, individual and employer views and choices are all key determinants of women's subject and career choices, job opportunities and earning power. In our contracts relating to National Training Programmes our Providers are contractually obliged to promote equality of opportunity. Our marketing, communications and partnership working attempts to highlight where women have combated gender stereotypes to encourage others to do the same. We are keen to work with others to understand how we can contribute further to this agenda.

SDS has undertaken considerable research into gender issues and we work closely with partners including Close the Gap and Scottish Women in Technology to develop joint actions to address barriers to under representation and support those entering the MA programme. We are also currently in the process of sponsoring a PhD student to research gender issues, specifically within the MA programme, as part of our wider effort to ensure our work is informed and evidence-based.

The gap between the uptake of MAs for males and females has narrowed significantly in recent years.⁷The uptake of MA places reflects employer's recruitment patterns, gender choice in occupations and school subjects - males have generally undertaken MA frameworks which attract a higher funding contribution, such as engineering, while females have tended to pursue those that do not require the same level of financial support, such as social care. However, SDS continues to promote growth sectors and non-traditional roles to both males and females. We encourage individuals to develop Career Management Skills and to look at their skills, where their strengths would be best suited, and to use that knowledge to decide which career path to pursue. Our online web service, My World of Work, regularly features case studies highlighting women in non traditional roles, promotes local events and ensures the MA programme is not promoted with a gender bias.⁸ Recent research findings from our MA Outcomes Survey 2012 have shown that females and males are equally satisfied with the programme and that they learned the skills to allow them to progress in the labour market whilst in training.⁹

Through our Equality Advisory Group, we work closely with a range of partners including BEMIS (Black and Ethnic Minorities Infrastructure in Scotland), CEMVO and Capability Scotland to address barriers to under representation across our programmes, including MAs. In order to overcome barriers experienced by individuals with learning difficulties and disabilities, we have been working closely with partners such as Capability Scotland and the Glasgow Disability Alliance, to ensure we provide employers with the relevant support to recruit individuals with

⁶ www.skillsdevelopmentscotland.co.uk/media/651851/equality_and_diversity_mainstreaming_report.pdf

⁷ <http://www.skillsdevelopmentscotland.co.uk/programme-statistics/national-training-programme-statistics/>

⁸ <http://www.myworldofwork.co.uk/content/a-very-modern-apprenticeship>
<http://www.myworldofwork.co.uk/content/is-it-all-over-for-scottish-oil-and-gas-jobs>

⁹ http://www.skillsdevelopmentscotland.co.uk/media/538953/ma_outcomes_report_-_29jan13_-_final.pdf

learning difficulties or disabilities. We have also published a guide for employment practitioners to help them support those with autism, and launched two editions of *A Template for Success*¹⁰. These highlight the importance of working together to make sure that deaf young people and those who are blind or partially sighted can make positive transitions into further education, training and work.

Measuring performance – evaluation of SDS services and programmes

SDS has a structured approach to the monitoring and evaluation of performance in programme and service delivery. The Performance Management Framework ensures regular monitoring of performance against delivery and outcome targets, alongside a programme of customer feedback and longer term evaluation set out in our Customer Research and Evaluation Plan 2013-16.¹¹ Areas of interest to the Committee in the Plan include MAs, CIAG, employability and employer services.

We have also introduced the Business Excellence Approach, a bespoke quality assurance framework, to drive self-evaluation and continuous improvement across our services. The approach provides a framework for self-assessment against measures of good organisational practice and forms a central part of the wider framework for managing performance. It enables our colleagues to reflect on performance including evidence of customer experiences and outcomes, and to identify organisational strengths and areas for improvement.

Developed in partnership with Education Scotland, our Business Excellence Approach is being applied initially to our CIAG services but will be used to support continuous improvement across the organisation, with a clear focus on improving the customer experience and the outcomes achieved for customers.

The framework was piloted between April and June 2013 within CIAG services covering six local authority areas. The pilots have been evaluated and the framework has been refined and improved as a result of the findings, with the revised framework scheduled for further roll out in November 2013. CIAG services will be subject to external scrutiny by Education Scotland in 2014.

SDS employs a European Foundation for Quality Management approach to provider performance through its Quality Framework and Standards for NTPs. Achievement against SDS Provider Quality Standards demonstrates the capacity of Learning Providers to manage the delivery of their contract, with the key focus being on learner development, achievement and outcomes and meeting employer needs. We will continue to work with Learning Providers to further improve the overall quality of delivery of NTPs and to meet the updated needs of both learners and employers.

Conclusion

SDS is committed to working collaboratively with individuals, employers, training providers, stakeholders and partners throughout Scotland to determine how we can make a valuable contribution to the skills agenda and the Scottish economy through the services we deliver, thereby creating a more work-ready and skilled workforce equipped to respond to future challenges.

¹⁰ http://www.skillsdevelopmentscotland.co.uk/media/812447/template_for_success.pdf

¹¹ http://www.skillsdevelopmentscotland.co.uk/media/824363/evaluation_and_customer_research_plan_2013-16.pdf

Our objectives for the year ahead and further beyond into the 2014 -15 budget period are based upon a strong vision to make the skills system work better for everyone across Scotland. Our work will continue to be framed within a structured approach to the monitoring and evaluation of programme and service delivery performance and directly feed into the Scottish Government’s National Performance Framework, in tandem with driving forward efficiency savings and ensuring value for money for the public purse.

Looking forward, we will continue to respond to our customers and make improvements to our services based on consultation, evaluation and evidence. Through our Career Information Advice and Guidance services and Employer Teams we aim to broaden the horizons of both individuals and industry, promoting equality of access to all of our programmes, services and funding. We will invest in our relationships with our customers and partners across Scotland, and ensure investment in the skills system better reflects the needs and priorities of both large and small businesses.

Appendix One

