



Skills
Development
Scotland

Annual Review

2022/23

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Foreword

Responding to challenges

Recent times have been characterised by a series of challenges and uncertainties. Scotland's people and businesses have dealt with the ongoing social and economic impacts of Brexit, COVID-19 and the war in Ukraine, contributing towards a sustained cost-of-living crisis.

These issues sit as a layer of complexity over Scotland's ongoing need to respond to the wider challenges of climate change, low productivity, demographic shifts, and disruption caused by technological change. Skills remain key to achieving inclusive growth, as reflected in the Scottish Government's National Strategy for Economic Transformation.

Resilience, adaptability and service delivery

In keeping with our partners across the public sector, SDS has not been immune to these same challenges, just as our support for people and businesses is most needed.

The increased pressure on public finances meant that during 2022/23, SDS had to identify savings, driving further efficiencies and ensuring our investment in Scotland's skills and learning system was as effective as possible. This was coupled with the need to ensure our commitment to being a fair and inclusive employer was reflected in a pay award for valued colleagues that took into account the challenging economy.

Colleagues across SDS also played a key role in the Independent Review of the Skills Delivery Landscape announced last September, contributing towards the consultation process whilst at the same time remaining focused on delivering against our core service targets.

I am grateful to colleagues and to our partners and stakeholders who similarly responded positively to this opportunity to shape our future skills and learning system. For colleagues in particular, it was heartening to see

their exceptional efforts recognised with the achievement of the Platinum Investors in People Award during the year.

Strategy and transformation

This context framed our new 2022-27 Strategic Plan, 'Skills for a Changing World', published in November. It sets out a fresh vision for a Scotland where an employer-led skills and careers ecosystem enables all people to develop the skills, adaptive resilience, and personal agency to thrive in a vibrant and inclusive labour market.

Aligned to this vision, our new strategic goals and customer commitments detail the unique contribution we can play in achieving that ambition.

To help us reach these goals against the backdrop of many challenges and uncertainties we have launched our 'Transform 27' programme which aims to ensure that by 2027 we have transitioned to a new, more sustainable operating model.

Thanks to the capability and energy of our people, we have achieved early momentum in addressing the necessary immediate cost savings. As is true of all we do, the needs of our customers and the wellbeing of our colleagues will be embedded throughout this programme of change.

We recognise that our achievements are only possible thanks to the hard work and dedication of our colleagues, Board members, trade union partners and others, who consistently uphold our values and keep the customer at the heart of all we do. My sincere thanks go to all SDS colleagues for their agility, resilience and commitment to the people and businesses of Scotland.



Frank Mitchell
Chair, Skills Development Scotland

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Introduction

About Skills Development Scotland

Skills Development Scotland (SDS) is a non-departmental body of the Scottish Government, and the national skills agency for Scotland.

Our ambition is that skills contribute to a thriving, productive and inclusive Scotland, and that its people and businesses are inspired and enabled to develop the right skills for a changing world.

We achieve this through multi-faceted service delivery and while our services are universally available to any individual or business requiring support, they are targeted to help those most in need.

We engage extensively with partners at national, regional, and local level, sharing expertise and intelligence and flexing and shaping our delivery to meet local needs and priorities.

The development and delivery of innovative solutions to Scotland's skills and labour market challenges is informed by best practice from across the country and beyond.

By increasing innovation, efficiency, and productivity in our own organisation, we aim to model the change we want to see in others.

About this Review

The operating year 2022/23 was the first of our new five-year Strategic Plan period, covering 2022-27. The Plan, published in November 2022, is summarised in the Strategy Map on page 5.

A Letter of Guidance¹, setting out the key expectations for SDS delivery over the financial year, was issued on 31 March 2022. In addition to this, our Corporate Performance Framework identifies the measures through which we monitor success and progress against our Strategic Plan.

In the following sections, we provide an overview of delivery and achievements in relation to each of our strategic goals:



Industry-focused Skills: People develop skills and competencies that drive productive businesses and regions, and help create a fairer, more equal society



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



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



Intelligence-led System: An agile, responsive, resilient, and inclusive skills ecosystem consistently delivers the skills the Scottish economy needs

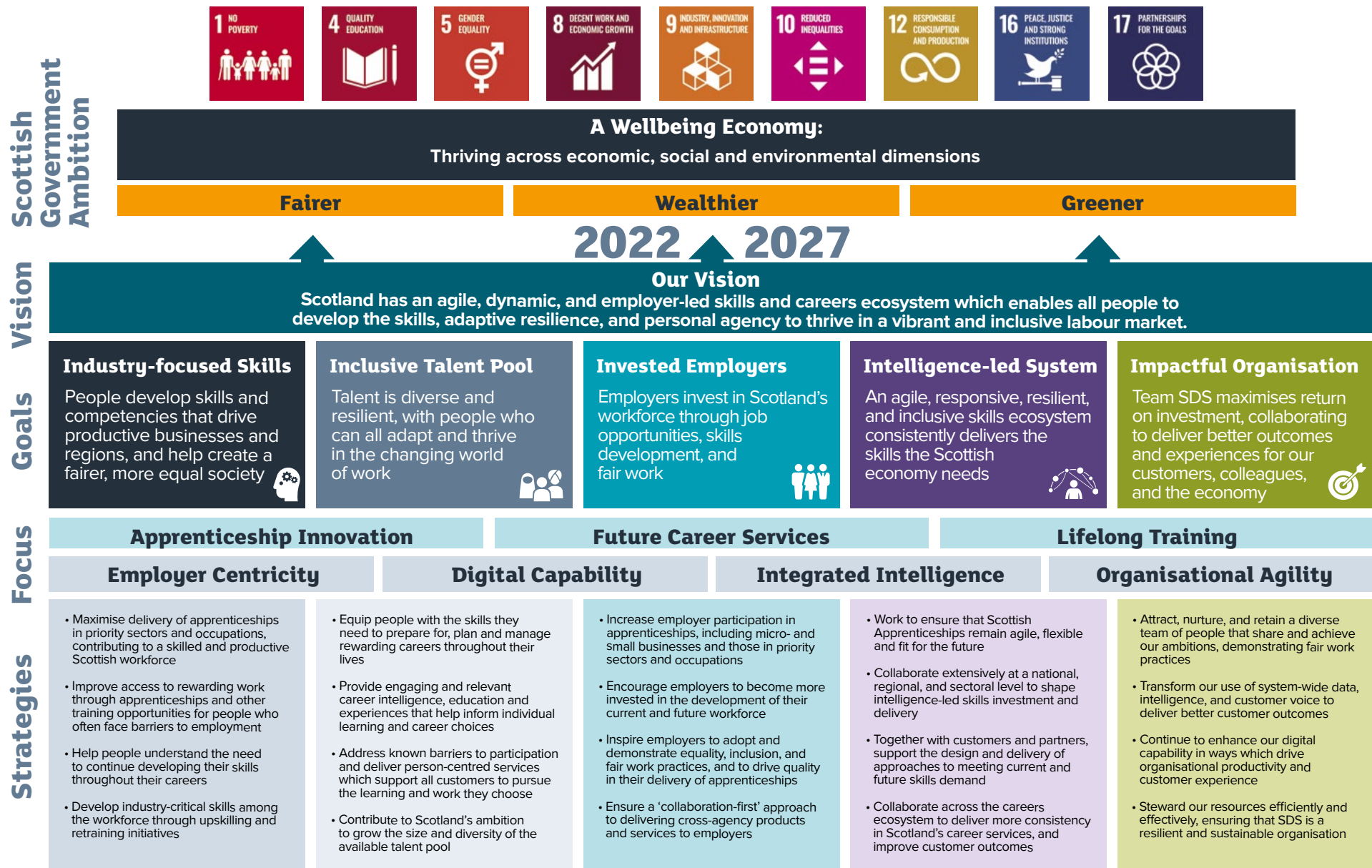


Impactful Organisation: Team SDS maximises return on experiences for our customers, colleagues, and the economy

For more information visit our website
www.skillsdevelopmentscotland.co.uk

¹ The Letter of Guidance is the usual means by which the Scottish Government sets performance targets for SDS's operational delivery. [The 2022/23 Letter of Guidance is available here.](#)

Our Strategy Map 2022-27







Goal 1: Industry-focused Skills

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

SDS's work under this strategic goal comprises our direct delivery of training, upskilling and reskilling opportunities to individuals in Scotland, including Modern Apprenticeships. This aims to ensure that people in Scotland have, and continue to develop, skills which are relevant to the Scottish economy.

In 2022/23:

 **25,447** young people started a Modern Apprenticeship - surpassing the target set by Scottish Government

 The number of apprentices in-training across the country reached the highest ever level, at around **39,000** (as of end of March 2023)



There was an increase in Modern Apprenticeship participation across equality groups. Of all Modern Apprenticeship starts in 2022/23:

- **15.3%** identified as disabled (+2.0 percentage points (ppt) on last year)
- **3.3%** identified as being minority ethnic (+0.2 ppt on last year)
- **2.1%** identified as care experienced (+0.1 ppt on last year)



72.7% of all Modern Apprenticeship leavers achieved their qualification – higher than last year:

- **67.0%** of those identifying as disabled achieved their Modern Apprenticeship
- **70.4%** of those identifying as minority ethnic achieved their Modern Apprenticeship
- **59.9%** of those identifying as care experienced achieved their Modern Apprenticeship



11,775 opportunities were advertised on www.apprenticeships.scot – a significant increase from the previous year



145 approved Adopt an Apprentice applications allowed people to continue their apprenticeship with a new employer following redundancy



14,822 Individual Training Account (ITA) applications were approved



84 STEM bursary awards were approved, supporting people to retrain as teachers in STEM subjects.

Shetland Farmer Julie-Ann is Scotland's Apprentice of the Year

Almost half of young people aged 16-29 living in rural communities plan to move away in the next five years².

Julie-Ann Murray from Shetland was desperate to stay on the island to work, but faced a lack of job opportunities as well as the expense of going to college on the mainland. She said:

“Doing a full-time course would have meant being off the island for long periods, but we live on a croft and I didn't want to leave everything for my dad to do.

“A full-time college course meant paying for accommodation and travel which is very expensive, so it didn't work for me.”

In school, Julie-Ann heard from an SDS Careers Adviser about how Modern Apprenticeships would offer an opportunity to gain a qualification and earn money while employed in her community. She applied, and after a trial with a local farmer, secured a job as an Agricultural Modern Apprentice on the island.

Julie-Ann is one of 736 people from a Remote Rural local authority³ who started a Modern Apprenticeship in 2022/23, and one of the 25,447 total Modern Apprenticeship starts across Scotland.

Modern Apprenticeships benefit both the individual and the organisation, and Julie-Ann's employer commends her for bringing the farm a new lease of life, and fresh ideas. The 21 year old is now trusted to run the farm, tending to a flock of 1,000 sheep and working round-the-clock during lambing season – allowing her employer to take their first holiday in five years.

Julie-Ann went on to win Scotland's Apprentice of the Year 2023 due to her determination and commitment.

² Highlands and Islands Enterprise, [My Life in the Highlands and Islands Research October 2022](#)

³ Remote Rural Local Authority Areas are defined as Argyle and Bute, Na h-Eileanan Siar, Shetland Islands and Orkney Islands




“I've changed a lot in my apprenticeship. It's given me so much confidence. My apprenticeship has made me confirm I want to be in agriculture and work in agriculture. I've done it all my life, it's what I want to keep doing.”

Julie-Ann Murray
Scotland's Apprentice of the Year 2023


Goal 2: Inclusive Talent Pool


SDS is committed to helping people to navigate the changing world of work throughout their lives so they can achieve rewarding careers. Fundamental to achieving this goal is the delivery of all-age, person-centred, and experiential career information, advice, and guidance (CIAG) services. This year, we continued to support our customers to develop the skills and habits they need to navigate their careers, working to address known barriers to participation so that individuals can access the learning and jobs they choose.

In the academic year 2021/22:

 **231,927** school pupils across Scotland received CIAG support. Of whom:

- **145,661** were P7-S3 pupils who received face-to-face services
- **86,266** were Senior Phase Students (69% of all S4-S6 pupils)

 **87.2%** of pupils transitioning from primary school to secondary school received a group engagement

 **78.9%** of pupils making subject choices in S2/S3 received individual support – up significantly from 32.6% in 2020/21



85.3% of all S1-S3 pupils received CIAG support



89.8% of targeted S4-S6 pupils received one-to-one coaching from an SDS Careers Adviser



4,122 young people enrolled in a **Foundation Apprenticeship (FA):**

- **2,512** were at SCQF level 6 and **1,610** were at SCQF Level 4 or 5
- Of those enrolling in an FA, **20.5%** identified as disabled, **5.6%** identified as minority ethnic and **2.8%** identified as care experienced.

In 2022/23:



92.4% of 16–19 year olds in Scotland were participating in education training or employment, up 0.2 ppt on the previous year⁴

LIVE!

More than 14,000 young people engaged with My World of Work Live! experiences across Scotland



6,778 young people received intensive post-school support, through **21,010** individual or group **Next Steps** engagements to help them transition into a positive destination

■ **68%** of those supported by Next Steps progressed into education, training, or employment

■ **64.6%** of Next Step customers who progressed into education, training or employment sustained that destination for at least six months



For those facing redundancy, SDS services continued to offer support. In 2022/23:

■ **9,899** Partnership Action for Continuing Employment (PACE) Guides were distributed to individuals facing or at risk of redundancy from **207** unique employers

■ **1,758** individuals received a combined **3,217** CIAG engagements through our PACE service



Almost **35,000** people accessed our universal CIAG service for adults



3,793 calls were handled by the CIAG Helpline



858 women were supported to re-enter the labour market through the Women Returners programme.

⁴ Additional detail, including Local Authority and equality breakdowns, is available via an [online interactive report](#)

Bringing virtual reality into the classroom

Experiencing and developing skills relevant to the world of work while in education and learning leads to better employment outcomes, improves success within education and increases life satisfaction.

My World of Work Live! is a programme of fun, interactive activities that help pupils in P5 to S6 across Scotland understand possible future careers, identify their own skills and learn about the world of work.

Thanks to a partnership with My World of Work Live! and Balfour Beatty, a new virtual reality (VR) work experience tool has been launched this year, allowing pupils to experience life on a construction site without leaving the classroom. Pupils wear VR headsets to enter the construction site, and can move around the virtual world, observing work taking place and experiencing the scale of the restoration project.

This VR experience is the first of a suite of planned content aiming to open the world of work to young people across Scotland and just one of a range of fun activities designed and provided by SDS. The activities support the delivery of experience and outcomes in the Curriculum for Excellence and are aligned to the Career Management Skills framework supporting the realisation of self, strengths, horizons, and networks.

The Final Report of the Career Review, also published this year, restated the recommendation that there should be dedicated curriculum time for experiential work-related learning in all settings, and outlined an approach for taking this forward.



Pupils from Castlebrae High School



Using virtual reality to bring the experience of working on a construction site into a classroom allows us to share what it's really like working within this exciting and varied sector. It's important to us to engage with as many young people as possible so they might consider a future career in construction. VR and working with My World of Work Live! is helping us do this – and letting pupils have a lot of fun at the same time!

John Cairns

Social Impact Manager at Balfour Beatty



Goal 3: Invested Employers

Meaningful and effective engagement with employers of all sizes, and their representative bodies, is critical to the achievement of all our strategic goals.

We collaborate extensively to encourage employer involvement in the development and delivery of Scotland's skills system, and to deliver efficient and effective employer services. Through doing so, we aim to create more and better learning and employment opportunities for people.

Each year, around **12%** of Scotland's employers support at least one apprentice. Latest data shows that in 2022/23, more than **13,000** employers had a Modern Apprentice employed in their business. In addition, in 2021/22⁵, **530** employers offered Graduate Apprenticeships and **212** employers offered Foundation Apprenticeship placements.

In 2022/23:



439 unique large employers in Scotland were supported to recognise the benefits of work-based learning opportunities for their organisation



187 work-based learning development projects were completed, each working with large employers to expand their participation in Scottish Apprenticeships or industry school engagement



More than **200** employers attended webinars during Scottish Apprenticeship Week



Through the 'Team Scotland' Approach (cross-agency working between SDS, Scottish Enterprise, Scottish Development International, Highlands & Islands Enterprise and South of Scotland Enterprise):

- **188 businesses** were supported to either locate for the first time or expand operations in Scotland (up from 121 in 2021/22)
- **2,314** jobs were safeguarded (up from 1,113 in 2021/22)
- **1,756** were created across a range of sectors including marine, aerospace and defence (up from 1,570 in 2021/22)



1,279 individuals from over **150** SMEs used the Flexible Workforce Development Fund to access staff training and development, where no alternative college provision was available



263 SMEs were supported by the Skills for Growth Team, including **75** who were supported to produce a new People and Skills Action Plan to help meet their future skills needs



SDS engaged intensively with Scotland's industries and sectors, including representation on **13 Industry Leadership groups** to influence partner investment in skills-related activity



98% of employers surveyed in December 2022 were satisfied with the service provided by SDS, and likely to recommend SDS to other employers.

⁵ The latest published data for FA and GA relates to 2021/22

Hotel benefits from Skills for Growth support to meet green ambitions

Attracting and retaining people with the right skills is an increasing challenge for employers, with 44% of businesses in Scotland reporting that they do not currently have the right number of skilled people in their workforce⁶.

Designed to help small and medium sized enterprises (SMEs), Skills for Growth is an SDS-run service that helps employers understand and action their skills needs.

Victoria Erasmus, Director and Owner of the Glen Mhor Hotel in Inverness, met Michelle Denoon, one of the Skills for Growth team at SDS, during a lunch organised by the Scottish Council for Development and Industry (SCDI). Glen Mhor became one of the 263 SMEs supported by the Skills for Growth team this year.

Victoria said: “After listening to Michelle talk about Skills for Growth, I thought that’s what the business needed in order to take the staff from where they were to where they were going. It would take a lot of mindset changes, a lot of training, a lot of upskilling but it all had to start at where we were right in that moment and fill those gaps.”

Michelle reflected: “Skills for Growth has allowed Victoria and the team to take a strategic approach by reviewing the current skills within the business and those needed for the future. Together we’ve been able to identify the learning and development needs of existing staff and how to attract new talent by further engaging with education.”

To ensure Scotland’s employers can recruit people with the skills they need, SDS continues to work with Scottish Government and our agency colleagues on implementation of the National Strategy for Economic Transformation, including key actions around talent attraction and addressing labour market inactivity.



“

Skills for Growth is exactly what we needed. Somebody who can help us put an action plan in place. They looked at the staff, where they were and what could be done to support them. They helped me engage meaningfully with my staff and that was probably the best part for me.

Victoria Erasmus

Director and Owner of the Glen Mhor Hotel

”



Goal 4: Intelligence-led System

Scotland needs a career, learning and skills ecosystem which has the insight and agility to adapt in response to the ever-changing external environment and realities of work. Our work towards this goal includes extensive collaboration to help inform and shape the design and delivery of career and skills interventions, ensuring we meet the needs of Scotland’s people, businesses, and economy.

In 2022/23:



SDS **engaged extensively with Scottish Government** and other stakeholders to provide expertise and insight to **education and skills reform work**, including the Independent Reviews of the Skills System and of Qualifications and Assessment



Apprenticeship **Standards and Frameworks** continued to be reviewed, incorporating industry, awarding body and training provider input. The full review of **five MA frameworks** was completed, incorporating Scotland-specific occupational standards and meta skills that meet employer need



Ongoing collaboration continued with the Scottish Funding Council and

Scottish Government to further develop and implement the **Shared Outcomes Framework**



Three contextual reports relating to the **Education and Skills Impact Framework (ESIF)** were developed and published, covering the economic impact of **Modern Apprenticeships, University** and **College** qualifications



Insight on the economy and labour market was provided throughout the year to support partner understanding of current and future skills challenges and opportunities, including:

- Our monthly **Economy, People and Skills publication**
- Updating our **23 Regional and 16 Sectoral Skills Assessments** along with the monthly refresh of our **Data Matrix**



SDS continued to support the skills needs of key sectors of the Scottish economy through skills planning activity, including:

- Developing and publishing the **Digital Economy Skills Action Plan**

- Launching a **Tourism and Hospitality Staff Induction Toolkit** in partnership with the Scottish Tourism Alliance

- Commissioning new research to develop an inclusive definition of **green jobs** as part of **Climate Emergency Skills Action Plan activity**

- Strategic partner engagement to shape the critical skills response to **Scotwind** and other opportunities flowing from Scotland’s transition to net zero



Our **Regional Skills Planning Leads** provided skills input and leadership across all of Scotland’s **Regional Economic Partnerships**, and the Conventions of the Highlands and Islands and South of Scotland. Skills input from SDS also supported the development and delivery of all **City and Regional Growth Deals in Scotland**



After extensive development with partners, the **Ayrshire Regional Skills Investment Plan** was published



The Career Review **Final Report**, ‘Skills and experiences to grow and succeed in a rapidly changing world’ was published March 2023.

Ayrshire focuses on growing talent

Historically, Ayrshire has had lower levels of economic output than Scotland as a whole, with high levels of deprivation and unemployment, and skills shortages which may constrain future growth⁷.

To address the region's skills needs, SDS worked alongside regional partners across North, South and East Ayrshire, including local authorities, colleges and universities to create the Ayrshire Regional Skills Investment Plan which was launched in July 2022.

The plan draws on local expertise and insight to outline how strategic, long-term skills planning and investment can support opportunities for future economic prosperity, such as growing the aerospace industry. Central to the plan is the need to develop and support a robust skills pipeline that meets industry demand for skills across key growth sectors, to ensure employers can fill future vacancies.

GE Aerospace Caledonian, based in Prestwick, is an example of an organisation that is prioritising upskilling and reskilling and building its talent pipeline. The company currently has over 40 Foundation, Modern and Graduate Apprentices, on pathways such as aircraft powerplant overhaul, mechanical and electrical maintenance, welding and machining. More than half of the 600-strong workforce at GE are former apprentices.

Paul Zealey, SDS Regional Skills Planning Lead, said: "Creating a dynamic, resilient, inclusive and intelligence-led skills system that supports employers to invest in their current and future workforce is crucial to Ayrshire's current and future prosperity.

"It is a key element in developing a sustainable and competitive regional economy in which people can enjoy rewarding and fulfilling careers, increasing the attractiveness of the area as a place to live, work and invest. The plan makes clear that partnership working is essential if these ambitions are to be realised, and SDS is committed to working with partners across all sectors to support the people and businesses of Ayrshire."

Beyond Ayrshire, SDS plays an active role in every Regional Economic Partnership across Scotland, to help deliver economic prosperity to regions through place-based skills approaches.



GE Aerospace Caledonian,
(L-R) Hannah Jennings, Aidan McIntyre
and Jamie Morgan

I would definitely advise any young person to do an apprenticeship, because as a nation we have a core group of highly skilled and technical people who can pass their knowledge on to the future and hopefully give that succession planning a real boost as we progress.

Aidan McIntyre,

Apprentice Coordinator
GE Aerospace Caledonian

Goal 5: Impactful Organisation

SDS has always sought to lead by example, demonstrating the organisational behaviours that lead to high performing workplaces and help build our organisational resilience, efficacy and capability. By focusing on the outcomes and experiences of our customers and colleagues, we seek to ensure we can attract and retain the people we need to deliver impactful services and value for money.

In 2022/23:



SDS achieved **Platinum Investors in People (IiP)** accreditation in February 2023. This is the highest standard that can be achieved from IiP and is currently **held by only 6% of globally accredited organisations**



An approach to hybrid working was piloted across SDS, allowing colleagues to trial balancing their time between their usual place of work and home. **95%** of colleagues surveyed were keen to maintain hybrid working



In line with our commitment to reskill and upskill our own people, SDS colleagues completed an average of **34 hours** Continuing Professional Development (CPD) in the year



Attracting and developing young talent remained a priority:

- At the end of the year, **52** employees were taking part in our **Young Talent Programme**, including **17** new starts from 2022/23
- **21** school pupils completed a Foundation Apprenticeship work placement with SDS
- **95%** of participants on our Young Talent programme went on to positive destinations



Over **£1.6 million** of savings were realised through procurement by the end of Q3⁸, making more efficient use of public finances



Our carbon footprint decreased by **37%** in 2022/23 compared with the 2019/20 baseline – ahead of the **20%** reduction required to be on track for our 2030 emissions target:

- Hybrid working options helped generate a **59%** reduction in emissions from business travel
- A **42%** reduction in emissions due to commuting



An external cyber audit was completed, which informed development of a new internal strategy, with accompanying action plan and performance framework, to enhance our approach to **Cyber Security**



Progressed work against our **Information Management Strategy** to optimise the value of all data and information relating to SDS services and processes, and our maturity in how we manage this



We continued to use **quality assurance and continuous improvement** approaches across all our work to maximise efficiency and impact



To implement our new Strategic Plan in a period of budgetary constraint, we launched a new **'Transform 27'** programme in early March, designed to help engage all colleagues in a transition to a new, sustainable operating model by 2027.

⁸ At the time of publication, Q3 was the latest data available

Investors in People Platinum Accreditation

As Scotland continues to face skills shortages, employers need to adapt their behaviours in order to attract and retain talent⁹.

At SDS, we are committed to enhancing our employee experience and demonstrating fair work practices to attract and retain the people and skills we need to deliver our strategic ambitions.

Investing in the capability of our people is a core component of our organisational effectiveness and is also a fundamental aspect of being a fair work employer.

In 2022/23 we were proud to achieve Investors in People Platinum accreditation, placing us alongside just 6% of organisations who achieve this highest-level accreditation.

The award was the culmination of annual assessment over each of the last three years and recognises the commitment of colleagues across SDS to invest in their capabilities so we are well placed to deliver the best possible services and outcomes for our customers across Scotland.

As we embark on our Transform 27 programme, we will continue to put the wellbeing and development of our people at the heart of all we do. By doing so, we will ensure we deliver value for public finances and quality services for Scotland's regions, sectors, businesses, and people.



(L-R) National Operations Executives Sam Wallace, Lorna Stalker and Lynn Haughton



As a resilient organisation you have continued to adapt and innovate, acting on feedback and involving your staff in continuous improvement in all forms. You value your people and invest in them and their wellbeing. This generates high levels of staff engagement and loyalty, with SDS being viewed by many as an employer of choice.

Ruth Oulton

Investors in People



Front cover from top right clockwise

Pupils from Castlebrae High School, Moses Gonani Modern Apprentice in Childcare, National Operations Executive Lorna Stalker, GE Aerospace Caledonian Apprentice Coordinator Aidan McIntyre, Victoria Erasmus Director and owner of the Glen Mhor Hotel and Julie-Ann Murray Scotland's Apprentice of the Year 2023.

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