

# Minutes of the Meeting

## Board Meeting

<b>Date</b>	18 August 2020
<b>Time</b>	10:00 to 12:45
<b>Location</b>	Online Call
<b>Present</b>	<p>Frank Mitchell (Chair) (FM)  Tracy Black (TB)  Donald Boyd (DB) (part)  Beth Corcoran (BC)  Dr Mark Dames (MD)  Dr Carol Evans (CE)  Nazim Hamid (NH)  Prof David Hillier (DH)  Willie Mackie (WM)  Margaret McCaig (MMcC)  Dr Poonam Malik (PM)  Christine Pollock (CP)  Eileen Russell (ER)  Grahame Smith (GS) (items 1.1 and 1.2)  Paul Taylor (PT)  Tracy Trotter (TT)  Damien Yeates (Chief Executive) (DY)</p>
<b>In attendance</b>	<p><u>Skills Development Scotland (SDS)</u>  Eugene Gallanagh (EPG)  Andrew Livingstone (AL)  Neville Prentice (NP)  James Russell (JR)  Maggie Wightman (MW) (item 1.1)  Chris Brodie (CB) (item 1.1)</p> <p>Kathleen Nisbet (KN) (Secretariat)  Christine McCall (CMcC) (Secretariat)</p> <p><u>Scottish Government (SG)</u>  Oonagh Gil (OG)  Gavin Gray (GG) (item 1.4)</p>

<b>1.</b>	<b>Scotland's Economic Recovery</b>
<b>1.1</b>	<b>Latest Economic &amp; Labour Market Overview</b>
	<p>With reference to the paper circulated which provided members with a summary briefing and full report of the most recent labour market information and insights, MW and CB presented on key highlights.</p> <p>It was noted that there was a critical need to take an evidence-based approach to designing and developing interventions at all levels and SDS had worked rapidly to assess and articulate the impacts of COVID-19 on the labour market and individuals. The Labour Market Data and Insight Reports had been informed by deep engagement with industry bodies and partners during the pandemic and are shared with partners on a monthly basis with further tailored regional datasets in development. SDS insights and datasets were combined to help ensure that all skills investment actions across the education and skills system were informed, responsive and aligned to the needs of individuals, regional economies and sectoral challenges.</p> <p>Key highlights (at the start of August 2020) included:</p> <p><i>Impact and Recovery</i></p> <p>Official data confirms that this is an unprecedented recession in terms of scale:</p> <ul style="list-style-type: none"> <li>• Scotland's GDP fell by 18.9% in April, compared to 20.4% for the UK overall;</li> <li>• GDP increased by 1.5% in May (1.8% for the UK overall), although remains 22.1% below the level in February;</li> <li>• Forecasts suggest it will take some time to recover: Scottish Government, Oxford Economics and Fraser of Allander all estimate pre-crisis levels of growth not returning until 2022.</li> </ul> <p>Four recovery scenarios still in play:</p> <ul style="list-style-type: none"> <li>• A break in demand;</li> <li>• Scarring effects on unemployment;</li> <li>• Double-dip recession;</li> <li>• Sustained high unemployment, large fiscal deficit, spending cuts.</li> </ul> <p>Looking ahead there were significant further economic shocks on the horizon;</p> <ul style="list-style-type: none"> <li>• Sep 20: Ban on commercial landlord evictions ends;</li> <li>• Oct 20: Job retention scheme ends;</li> <li>• Dec 20: Brexit transition period ends;</li> <li>• Spring 21: Deferred VAT and Business Rates need to be paid;</li> <li>• Summer 21: Govt emergency loans start to be repaid?</li> </ul> <p><i>Impact on Business and People</i></p> <ul style="list-style-type: none"> <li>• While lockdown restrictions were lifting many companies still operating below full capacity;</li> <li>• Economic recovery not translating into employment recovery;</li> <li>• Recruitment activity remains muted;</li> <li>• Official unemployment data not showing the scale of the potential employment crisis.</li> </ul> <p><i>The Emerging Unemployment Crisis</i></p> <p>Emerging view from our Labour Market Insights, and from economic commentary, was that we are on the cusp of a significant labour market crisis:</p> <ul style="list-style-type: none"> <li>• OCEA forecast unemployment could rise to between 10-15% by end 2021;</li> <li>• The scale of unemployment and the rate of increase far greater than 2008/ 2010.</li> </ul> <p>This crisis would impact on the labour market choices of a wide range of customer groups:</p>

	<ul style="list-style-type: none"> <li>• Young people at school at increased risk of negative destinations;</li> <li>• School leavers;</li> <li>• Apprentices in training;</li> <li>• College / University Leavers;</li> <li>• Young people in work at risk of becoming unemployed;</li> <li>• Older people in work at risk of becoming unemployed.</li> </ul> <p>Members provided feedback adding that they welcomed the update noting that it was a very cluttered landscape and any forecasting at this stage would not be exact, however we need to be agile across the skills system.</p> <p>The Chair thanked the members for their feedback highlighting that today's agenda would provide members with detail on the actions being undertaken by SDS to support economic recovery in Scotland.</p> <p>Members noted the update and that future updates would be provided (including the circulation of a monthly update).</p>
1.2	<p><b>Advisory Group on Economic Recovery (AGER) and Enterprise &amp; Skills Strategic Board (ESSB) Sub Group – Recommendations</b></p>
	<p>The Chair referred to the paper circulated which provided members with links to the published reports by AGER and the ESSB Sub Group, the Scottish Government (SG) responses to these and a note of the key points and recommendations relevant to SDS.</p> <p>It was noted that the landscape was cluttered and this presented difficulties in navigating through the various groups/recommendations to determine clear roles and responsibilities e.g. it was currently unclear what SDS responsibilities would be in terms of the Youth Guarantee Scheme.</p> <p>Members were provided with detail in relation to SG response to AGER and ESSB Sub Group:</p> <p><i>Scottish Government Response to AGER</i></p> <p>SG actions across six main themes to secure a jobs-focused and socially just economic recovery:</p> <ol style="list-style-type: none"> <li>1. Protecting jobs by supporting business recovery and sustainable, green growth.</li> <li>2. Creating jobs through business engagement and a partnership approach</li> <li>3. Supporting access to good quality jobs through employment, skills and training.</li> <li>4. Boosting local job creation through resilient people, communities and places.</li> <li>5. Creating jobs and a Just Transition through investment-led sustainable growth.</li> <li>6. Monitoring our progress and outcomes.</li> </ol> <p><i>Scottish Government Response to E&amp;SS Board:</i></p> <p>Section One - addresses the range of business support available through the enterprise agencies and partner delivery bodies such as Business Gateway.</p> <p>Section Two - considers the recommendation for an increase in scale and structure of the long established and successful Partnership Action for Continuing Employment (PACE) approach to helping those facing redundancy in Scotland. A Ministerial PACE Activity and Resources Group is working quickly to agree how we will implement change to meet increasing demand for redundancy support as a result of the economic crisis.</p>

	<p>Section Three - sets out recommendations for change to and enhancement of Scotland's skills system, alongside proposals for new training provision to support people to transition to different sectors where their job is at risk.</p> <p>Section Four - sets out the action we will take to implement the recommendations of the ESSB to support young people and other groups more adversely affected by the economic downturn.</p> <p>Members acknowledged the difficulty in navigating all the various recommendations and the need for clear articulation of SDS' role and responsibilities. Multiple groups were doing good work however there was a need for decision making frameworks to be set up to get quick traction and avoid all the various groups overlapping.</p> <p>The Chair highlighted, and members agreed, that clear direction and clarification was required from SG on exactly what SDS' role and responsibilities were. OG agreed with this and advised that this work was underway within SG.</p>
<b>1.3</b>	<b>SDS actions in support of E&amp;S Sub Group Recommendations</b>
	<p>With reference to the paper circulated, which provided members with an overview of key priority actions for SDS in response to the ESSB Sub Group recommendations, SDS' initial ambitions for initiatives and the current position following instruction from SG, the Executive presented on key highlights:</p> <ul style="list-style-type: none"> <li>• Q1 2020/2021 Performance (key highlights from the report) <ul style="list-style-type: none"> <li>- all services impacted by the pandemic, continued delivery online where possible and support put in place for training providers and to facilitate completion of qualifications where work based learning interrupted;</li> <li>- PACE activity accelerated; 136 businesses supported (73 Q1 last year) and 9,137 individuals supported (3,865 Q1 last year)</li> <li>- New Job Hub created within MyWoW (88k+ page views in Q1);</li> <li>- My World of Work (MyWoW) continuing its reach and functionality. Promotion to schools, businesses and individuals;</li> <li>- Work Based Learning – with the complete shutdown of the economy there was an obvious impact in apprenticeship starts with employers. Employability Fund had also followed this trend. Redesign of Modern Apprenticeships and Foundations Apprenticeships was nearing completion to make them 'COVID-19 Proof' to ensure delivery in a controlled/safe environment.</li> </ul> </li> <li>• Budget Update: <p><i>SDS Budget 2020/2021</i></p> <ul style="list-style-type: none"> <li>- SDS Board approved Budget for 2020/2021 – Total Income £264.9m and working deficit of £(3.7)m;</li> <li>- Income – Total Grant in Aid £234.1M: Other Income £30.8M;</li> <li>- Total Expenditure £268.6m, including £135.1m for Work Based Learning and Employability Fund.</li> </ul> <p><i>Q1 Budget Performance</i></p> <ul style="list-style-type: none"> <li>- Total Income drawn in line with Budget;</li> <li>- Actual expenditures on apprenticeships &amp; employability;</li> <li>- Other Costs;</li> <li>- Q1 Variance to Budget;</li> </ul> </li> </ul>

*Financial Forecast 2020/21*

- 2 Scenarios modelled in June giving range of budget variance;
- Volatility and very high uncertainty continues – difficult to forecast full year financial outturn;
- SDS structured interventions required resources – 2020/2021 £38.1m and 2021/2022 £31.4m;
- Immediate £10m repurposing agreed with SG (AO Template awaiting approvals);
- As budget variances materialise, SDS Board will align budget variances with SDS priority interventions (Adopt an Apprentice, Pathway Apprenticeships, and Apprentice Transition Plan).

DY added that the outlook is still incredibly difficult due to masking effects of furlough and demand uncertainties, huge volatility and change.

- SDS Actions in Support of ESSB Sub Group Recommendations: SDS Initial Ambitions (initial ambitions and required funding to support the response to COVID-19 crisis was shared with SG in July):

- PACE Plus and Next Steps – total funding 2020-21 £19m, 2021/22 £18m;
- Apprenticeship Transition Plan, Adopt and Apprentice and Pathway Apprenticeships – total funding 2020/2021 £38m, 2021/2022 £31.2m;
- Transition Training Fund and Individual Training Account – 2020/2021 £12m, 2021/2022 £20m.

- SDS Actions in Support of ESSB Sub Group Recommendations: SDS New Service Enhancements and Scale-up following SG Instruction, as at 12 August 2020 (noting that scale and scope of service enhancement highly dependent on realigned SDS budget variances and new SG funding): DY highlighted that the following was the actions that SDS had responsibility for.

- PACE Webinar – proposals only support additional 1-2-many Webinars with no additional 1-2-1 support. Careers Management Skills (CMS) and guidance interventions to prepare the individual to make effective informed decisions was missing. SG instruction was to keep what we have but scale up accessibility (webinars), HR1s. We have signaled to SG if we need to scale up we will require staff resource funding;

PACE was the responsibility of SG and the above represented SDS' contribution to this programme. Overall tracking and reporting on PACE was the responsibility of SG.

- Next Steps – SDS project a likely doubling of volumes; hence dilution of “next steps” is inevitable without new funds (in terms of Partners, clarity is required from DWP, LAs and Youth Guarantee);
- Apprenticeship Transition Plan Adopt an Apprentice and Pathway Apprenticeships – agreement/approval from SG to utilise up to £10m in 2020/2021 from SDS budget variance to support all 3 activities. This represents an initial £10m allocation against potential demand for 2020/2021 for £38m. SDS would look to align further budget variances over time to close the funding gap required and would keep the Board advised on options;
- Transition Training Fund - SG Sponsorship team has advised TTF support may come from the £100 million for employment support and training announced 16 July 2020. Position still to be agreed;
- Individual Training Account - Additional funding would require clarity on funding and policy from SG. Currently £3.5m already in SDS 20/21 budget to support ITAs.

	<p>WM (Chair of Finance &amp; Operational Performance Committee) shared the key points from the recent FOP meeting advising that FOP members acknowledged the fantastic job SDS were doing during these difficult times. An area of significant concern for the Committee was around future funding. There was very little narrative around what was going to be available in this world of change. SDS was progressing as best as it could however more narrative and clarity was required from SG.</p> <p>OG advised that she recognised the challenges adding that Ms Forbes had requested a further process so that there is greater scrutiny on spend and Ministers can see the response to COVID-19 (detail on this process was provided to members via paper entitled 'Revised Delegated Authority and Budget Authorisation').</p> <p>PM asked what level of engagement there had been with employers. The Chair advised that there was always ongoing engagement. DY highlighted that the challenge we are in is that without 'real' labour market information we do not know how things will be after furlough. More economic view/vision was required and where we want to drive jobs e.g. Industry Leadership Groups and directly with employers.</p> <p>DB asked about SG apprenticeship targets and whether these were still relevant in the unprecedented times. The Chair advised that the Executive were working up the various scenarios and looking to firm up in a couple of months time to then signal to SG.</p> <p>Members noted the initial response, the current situation regarding current levels of funding and the potential impact on the proposition to serve businesses, apprentices, employees, learners and the unemployed.</p>
<b>1.4</b>	<b>Scottish Government – Youth Job Guarantee</b>
	<p>GG joined the call to provide an update on the Youth Job Guarantee.</p> <p>The Chair highlighted the paper circulated which provided members with an update on the remit of the Group and SDS' input to Sandy Begbie.</p> <p>GG thanked the Chair for the opportunity to speak to the SDS Board and provided an update, key highlights included:</p> <ul style="list-style-type: none"> <li>• Following the AGER recommendations, SG invited Sandy Begbie to lead on the development on an Implementation Plan;</li> <li>• The emerging ambitions/principles was that within 2 years every 16-24 year old in Scotland will either be in paid employment for a period between 12 and 24 months, enrolled in education, actively involved on an apprenticeship or training programme or engaged on a formal volunteering programme;</li> <li>• Emphasis had moved from Job Guarantee to Youth Guarantee (to avoid competing schemes e.g. Kickstart);</li> <li>• There was political commitment and support within AGER and ESSB Sub Group recommendations;</li> <li>• Employer input was critical and Sandy was engaging with many businesses. Ambitions would not be realised alone by SG but with joint commitment from businesses.</li> </ul> <p>TB commented that she fully understands the intent of the guarantee however asked what consideration was being given to older workers being made redundant and were the lessons learned from 2008 (Oil and Gas Sector) being taken into account (reskilling/upskilling).</p> <p>BC asked if SDS would receive any of the £32m for youth advisers. GG advised that he had no sense of the consequential for careers advisers. Kickstart was being channelled through DWP. WM added that clarity was needed of what Kickstart would be.</p>

MMcC highlighted that current figures are not showing the full impact and the prospect of skilled people moving in to lower skilled jobs.

CP asked in terms of work placements had there been any discussion regarding deprived backgrounds, an ‘entitlement’ with young people, community actions, outward bound, Duke of Edinburgh – giving roundness to skills development. GG confirmed that this was part of the ongoing discussions, keeping young people connected to ‘work’. There was a delicate balance – positive perceptions from previous programmes would factor in to the recommendations and then taken forward.

ER added that there had been some good news stories, investment programmes that will be the backbone. Are we considering what skills are needed e.g. green and technology, major investment programmes. GG advised that the report would look at how to stimulate demand, fair work principles. Linking these sorts of investments and gearing up young people for these in the future with SDS being the broker.

PT echoed ER comments adding if there was a sense of where the jobs were going to come from and would they still be there after 12 months. Was there any alignment to a job creation policy e.g. bring back jobs currently based in India, China, Asia – were incentives being considered for employers to bring these jobs back to the UK, we require visibility and movement of jobs. GG advised that this was a wider economic position – the economy had to be creating jobs.

TT asked when you look at the number of people who have fed in to the group how do we get a ‘team’ approach – how do we get one approach to engage any type of programme like this, there is a need to simplify. GG agreed adding that big challenges in recent years was trying to simplify the landscape, everyone has best intentions.

DH added that although he fully supported his concern was how it would fit in Scotland and with what we are currently doing. If we could achieve, this would be great, but it needs to put them into jobs linked to their skill set and SDS has been fully involved in this way (careers advice, Next Steps), this should be kept in mind when preparing report.

The Chair thanked GG for his attendance and members for their input.

**1.5 UK and SG Announcement and the likely impacts in Scotland**

NP referred to the paper circulated which provided members with a note of the UK and Scottish Governments’ policy announcements since the onset of the pandemic.

OG presented on the announcements. With regards to Kickstart (*£2 billion to create govt. paid 6-month work placements – eligible for those aged between 16-24 and on Universal Credit*) OG advised that this was being delivered by DWP. SG were working with SDS and others to ensure this was being delivered in the best way possible.

NP agreed that this needed to be co-ordinated. Key part would be the wrap around in training (around what is already in Scotland). JR advised that he would be attending a series of SG facilitated round table discussions. The Chair asked if there were any timescales for Kickstart. OG advised that there have been weekly meetings in place between civil servants and DWP. DWP Scotland were well sighted when Kickstart was announced, and they have been working hard on propositions and have engaged with Ministers. A note of timescales and greater clarity were hopefully due soon however this was outwith SG control with it being an UK Government initiative.

	<p>OG highlighted that we are in unprecedented times and do not yet have clarity on immediate impact on labour market and long-term impacts. OG advised that we need to be able to respond quickly and we do not know what we are heading into. There was added complexity of having so many interventions and the challenge this gave for businesses trying to navigate this. SG were alert to these challenges.</p>
<p><b>1.6</b></p>	<p><b>SDS' Role in Support in Scotland's Economic Recovery</b></p> <p>The Chair introduced the item highlighting that the Board needed to be very clear on what we want SDS to do and as a Board provide clarity to the Executive.</p> <p>DY advised that in very difficult working conditions OG and her team had worked very hard with very positive engagement with SDS which had been hugely beneficial.</p> <p>DY reaffirmed that the SDS Strategic Plan 2019/2022 remained highly relevant, what had changed was the pace, scope and scale of disruption arising from COVID-19 and the unfolding employment crisis. The drivers remained unchanged (including demographic trends, Brexit, Industry 4.0, Net Zero Carbon, Nature of Work). The pandemic had accelerated what we had been doing but with a relatively small resource the challenge was how we face in to this.</p> <p>DY highlighted the top 5 recommendations from the AGER and ESSB Sub Group reports adding that these articulated a very strong basis for provision in skills:</p> <ul style="list-style-type: none"> <li>• Compelling Economic Vision;</li> <li>• A fundamental restructuring and rebalancing of Scottish skills investment is required;</li> <li>• Empower Scottish workers to commit to personal 'upskilling &amp; reskilling';</li> <li>• Create a National Workforce Academy;</li> <li>• Meta-skills.</li> </ul> <p>DY also highlighted that in response to the crisis SDS would:</p> <ul style="list-style-type: none"> <li>• Within the scope of SDS' budget, SDS will deploy all available resources dynamically to respond to the unfolding employment crisis;</li> <li>• Intensify investment in digital channels to address challenges of social distancing;</li> <li>• Maintain our commitments to deliver targeted CIAG support in all Scottish schools;</li> <li>• Provide £13.7m grant support for training providers;</li> <li>• Skills alignment – comprehensive labour market data and insights; evaluative data on performance of provision; better align provision with employer needs; engagement with national, regional and local partners;</li> <li>• Provide £10m to protect 'in-training' apprentices and maximise the number of new start apprentices; <ul style="list-style-type: none"> <li>a) Adopt an Apprentice; b) enhance redundancy support for all apprentices; c) Pathway Apprenticeships;</li> </ul> </li> <li>• Provide advice to SG colleagues leading the design of support for; a) school leavers; b) FE &amp; HE leavers; redundant workers;</li> <li>• Intensify collaboration with national, regional and local partners;</li> <li>• Revised SG – Ministerial Letter of Guidance.</li> </ul> <p>DY advised the Board of the new actions for SDS in supporting the unfolding crisis:</p> <ul style="list-style-type: none"> <li>• Providing Guidance <ul style="list-style-type: none"> <li>- PACE Webinars (1-2-many support for those affected by redundancy)</li> <li>- Next Steps (greater volume of "next steps" customer numbers who are increasing due to redundancy and school/college leavers)</li> </ul> </li> <li>• Protecting our Apprentices <ul style="list-style-type: none"> <li>- Apprentice Transition Plan (enhanced support for redundant Apprentices)</li> <li>- Adopt an Apprentice (helping redundant Apprentices find new Apprenticeships)</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>• Routes to Employment <ul style="list-style-type: none"> <li>- Pathway Apprenticeships (providing training to help school leavers progress)</li> <li>- Individual Training Account (expansion of the existing ITA offering)</li> <li>- Transition Training Fund (short term training opportunities led by employment prospects)</li> </ul> </li> </ul> <p>There were many key dependencies associated with the new actions, many outwith SDS' control. SDS would drive to influence but ultimately, accountability lay elsewhere e.g. PACE – SDS were not responsible for reporting tracking/tracing of all redundant works, accountability for this lay with SG: Other key dependencies included:</p> <ul style="list-style-type: none"> <li>• Future economic vision for Scotland, AGER, SG, Enterprise Agencies – economic growth will drive skills investment;</li> <li>• Short and medium term economic demand stimulation – job creation and new job opportunities;</li> <li>• SG – Ministerial led review of PACE redundancy support services;</li> <li>• SG – monitoring progress and outcomes (data tracking);</li> <li>• Job support and CIAG services in FE colleges and Universities;</li> <li>• SG – Scottish Youth Job Guarantee – Sandy Begbie;</li> <li>• SFC – review of credit based funding model to enable work based provision (FAs/GAs) and short sharp courses (as directed by DFM via letters to SFC &amp; SDS);</li> <li>• Skills alignment – evidence and demand led skills system driven by outcomes &amp; needs of industry (as directed by DFM via letters to SFC &amp; SDS);</li> </ul> <p>The Chair thanked DY for his presentation and for clarifying to the Board:</p> <ul style="list-style-type: none"> <li>• what SDS has budget for;</li> <li>• what SDS does not have budget for;</li> <li>• what SDS is accountable for;</li> <li>• what SDS is not accountable for.</li> </ul> <p>The Chair asked OG if this aligned with SG understanding. OG agreed that it aligned and that the presentation was very helpful and very clear. OG also highlighted the many areas where SDS had an influential role to play.</p> <p>The Chair sought comments from Board members. All members fully supported the direction of travel of SDS and agreed with the points highlighted in particular the need for clear understanding on SDS' accountabilities. The Board commended the Executive and all the teams at SDS for the positive and clearly focused steps in responding to the COVID-19 crisis in such challenging circumstances.</p> <p>The Chair thanked members for their continued support.</p>
<b>2.</b>	<p><b>Any Other Business</b></p> <p><u>Annual Accounts 2019/2020</u> DB, Chair of the Audit and Risk Committee, expressed his gratitude to EPG, AL and the Finance Team in being the first public sector organisation to submit their annual accounts this year, despite the challenging circumstances.</p> <p><u>Equalities</u> NH provided an update on discussions she had had with Katie Hutton and Fergus MacMillan highlighting proposed actions in terms of Committee engagement.</p> <p><u>Special Board Meeting</u> The Chair highlighted that due to current circumstances, there may be a need to hold a special Board meeting before the scheduled meeting in November to consider budget discussions, etc. Members noted this.</p>

<b>3.</b>	<b>Close of Board Business Meeting</b>
<b>4.</b>	<b>Date of next Scheduled Meeting: 3 November 2020</b>