

Minutes of the meeting

Board Business Meeting (BD)

Date	13 September 2023
Time	10:00 – 15:15
Location	Barra/Jura room, Monteith House, Glasgow
Present	<p>Frank Mitchell (Chair) (FM) Tracy Black (TB) Beth Corcoran (BC) Victoria Erasmus (VE) Carol Evans (CE) Nazim Hamid (NH) Graham Hutcheon (GH) Dr Poonam Malik (PM) (joined the meeting at 11:30) Christine Pollock (CP) David Rankin (DR) Eileen Russell (ER) Paul Taylor (PT) Damien Yeates (Chief Executive) (DY)</p>
Attendance	<p>Andrew Livingstone (AL) (item 5, 6, 11) Neville Prentice (NP) (item 7, 9) George Boag (GB) (item 9)</p> <p>Ayah Hatim (AH) (Secretariat) Kathleen Nisbet (KH) (Secretariat)</p> <p><u>Scottish Government</u> Graeme Dey (GD) Ailish Juniper (AJ) Lesley Ward (LW)</p>
Apologies	<p>Sheila Cowan (SC) Dr Mark Dames (MD) Prof David Hillier (DH) Margaret McCaig (MMcC) Eileen Russell (ER)</p>

1.	<p>Welcome and introductions</p> <p><u>Minister for Higher and Further Education; and Minister for Veterans – Graeme Dey MSP</u></p> <p>The Minister, Graeme Dey (GD), Lesley Ward (LW) and Ailish Juniper (AJ) joined the meeting.</p> <p>The Chair thanked GD, LW and AJ for attending the Board. Introductions around the table were made.</p> <p>The Chair initiated the discussion by reassuring the Minister that Skills Development Scotland (SDS) was genuinely supportive of the evidence led reform programme and that the Board wanted to work with him to contribute to the realisation of the future vision he shared. The Chair outlined how poorly James Withers performed at his appearance with the SDS Board, and ultimately, he admitted that his report was opinion led and not evidence led. The Chair had previously written to James with factually incorrect statements made with regard SDS in his final report.</p> <p>GD acknowledged the performance of SDS in consistently meeting its targets and having a dedicated, committed and knowledgeable workforce. He advised that he had met some SDS colleagues in the field and a small group of career advisers.</p> <p>In terms of the reform programme, GD advised that he and the Scottish Government (SG) are focused on the future and designing a system that delivers for young people and the changing nature of employment.</p> <p>GD acknowledged previous engagement with the SDS Chair and the unsettling time for the organisations impacted by the reform programme, including SDS, Scottish Funding Council (SFC), and the Student Awards Agency Scotland. GD advised that he and SG colleagues were currently identifying timelines to progress actions and he would provide information on the intent at the appropriate time.</p> <p>Key discussion points:</p> <ul style="list-style-type: none"> - the Board asked for more detail on the Minister’s desired outcomes of the reform for citizens, consumers, and businesses. GD commented he would meet with businesses and that he supported the Board’s comments on the need to upskill and reskill, which will require greater involvement by businesses and colleges. - the Board asked for clarification on what it might mean for learners in the short, medium and long term whilst waiting for change in the system. GD acknowledged the challenge in ensuring there were no negative impacts for young or older people coming through the school and post-school system. He would look to raise the status of Modern Apprenticeships (MAs) to ensure parity of esteem. In conversations with young people, they had articulated they wanted career services to provide information not just about colleges, universities, and apprenticeships but to translate what this meant for them. This was the knowledge they needed to make an informed choice.
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- the Board highlighted the excellent partnerships with universities for providing apprenticeships. GD commented there were some really good partnerships between schools and colleges at a local level and they would look to encourage more of this systematically.
- the Board asked GD what success would look like in two years' time. GD noted in the short term this would see some progress in enhancing career services but he would know more once SG explored the timelines required to complete actions.

GD had asked Grahame Smith to continue in his role as Chair of the Career Services Collaborative and commented on Grahame's excellent work and experience. The Chair asked for clarification on how long GD was proposing to extend Grahame Smith's role. GD advised that this would be for a further six months.

GD noted a need for greater coherence in skills planning, as both SDS and SFC were working in this space and it was unclear how this was aligned. The Chair clarified that in skills planning, the SFC were part of SDS's skills planning process and were fully embedded in what was achieved regionally and nationally.

- the Board noted that they were already seeing the effects of uncertainty and the effects on staff who wanted to see a long-term vision. The Board asked for clarifications on what the timescale of decisions was to reassure staff and articulate what the changes would mean for them. GD hoped his meeting with a small number of career advisers had provided reassurance that he would keep them informed and welcomed their opinions. There was ongoing engagement with trade unions and information would be provided to both the trade unions and SDS. GD recognised this was an unsettling time but the priority was to lead the reform through people rather than processes.

LW noted some elements may require legislation which required timelines but there would be some accelerated actions. SG was committed to being transparent and communicating with staff and the unions. The SG noted the knowledge and expertise that exists across the breadth of the system and the challenge of delivering during a period of change.

The Board asked what evidence was used by SG and what information data was needed from SDS. LW noted the diversity of provision report published alongside the Purpose and Principles included an evidence base provided by analytical colleagues from SDS, SFC, SG and other partners. Regarding the system, there is further work needed on benefits realisation, each of the strands had a business case for transformation.

- the Board commented on the relationships that had been built in the equality sector to raise organisations' and employers' understanding of equality and diversity in the workplace. The concern was the unintended consequences of change in those relationships being lost which would take over ten years to rebuild if the landscape and funding changed. There would be a greater challenge of digital inequality amongst older people, exacerbated by the cost-of-living crisis and leading to disengagement from the digital world. There was also a larger community of young people in need. There was a risk of resources not

	<p>being used to engage with those already disengaged to ensure equality in access to pathways to progression and meaningful change. The concern was ensuring those groups of young people and service users were not lost in this change.</p> <p>GD commented they would ensure this was addressed by listening to people and noted these concerns were also raised by the trade unions.</p> <ul style="list-style-type: none"> - the Board advised of the risk of losing whole communities and the need to engage with parents as there were often intergenerational inequalities and this would require engagement with their social structures. <p>LW noted the connection to a lifelong education system and this would look at transition points where learners fall out and reengage them to ensure they do not disappear from view.</p> <ul style="list-style-type: none"> - the Board commented on a need for points of stability in large complex change and suggested scheduled interactions with the programme design as it was coming together. <p>GD commented this was a good ask and a good offer which was appreciated. He highlighted that the reform was concerned about young people and employers having the right people and training.</p> <ul style="list-style-type: none"> - the Board commented on the value of apprentices, but it was often too late in secondary school and more was needed to be achieved in primary school and not just at transition points. This was vital for vulnerable groups, for example, to address low self-esteem, maths and mental health. - the Chair asked for clarification on whether SDS should continue with their transform programme and areas of focus. GD advised that if the actions supported the outcomes that SG were driving out, then SDS transform programme should continue. - the Board noted the importance of community empowerment, so communities drive change at a local level and demand the skills landscape for the future. GD noted there could not be a one-size-fits-all approach to regional bodies. They would need to explore the makeup of the skills boards, where they were located and the criteria. <p>The Chair thanked the Minister, LW and AJ for joining the Board meeting and invited them to the next Board meeting in November to provide a further update.</p>
2.	Apologies and Declarations of Interest
	<p>Apologies were received from SC, MD, DH, MMcC, and ER.</p> <p>CE advised of her recent appointment as Non-Executive Director on the Accounts Commission for Scotland Board.</p> <p>The Members noted the update.</p>
3.	Minutes/Decisions/Actions

	<p><u>3.1 Minute of 21 June 2023</u> <u>3.2 Minute of 02 August 2023 (Special)</u> <u>3.3 Decisions/Actions from previous meeting</u> The minutes of the previous meetings were approved without amendment. The decisions were noted, and actions reviewed.</p>
4.	Programme for Government (PfG) 2024/25
	<p><u>4.1 PfG</u> DY referred to the paper circulated which provided members with a summary of SG's PfG 2023/24 and an outline of the implications for SDS.</p> <p>The Members noted the update.</p>
5.	Annual Accounts
	<p><u>5.1 Annual Accounts 2022/23</u> AL joined the meeting and referred to the paper circulated which sought Board approval of the statutory accounts of SDS for the financial year 2022/23.</p> <p>AL referred to the key elements noted in the paper highlighting that the Audit & Risk Committee (ARC) had recommended approval of the accounts at its meeting on 31 August 2023.</p> <p>The Members approved the Annual Accounts 2022/23.</p>
6.	Finance
	<p><u>6.1 Budget 2023/24 Update</u> AL referred to the paper circulated which summarised the management account report to the end of August 2023.</p> <p>The Members noted the update.</p>
	<p><u>6.2 Scottish Government In-Year Budget Reductions 2023/24</u> AL referred to the paper circulated which summarised requests from SG to SDS for consideration of future budget reductions and surrender of further Grant in Aid within 2023/24. It was noted these requests were made after approval of the budget with a working deficit.</p> <p>It was noted that SDS had formally responded to both requests, explaining that such actions would be very difficult or impossible to achieve given the level of budget commitment and therefore, risks for legal challenge and reputational damage for SDS and SG.</p> <p>The Members noted the position.</p> <p>PM joined the meeting.</p>
	<p><u>6.3 Budget 2024/25 Update</u> DY presented on the current budget workings for 2024/25 highlighting known changes and assumptions.</p> <p>The Board noted the update and that further updates, including budget scenarios, would be provided at a future meeting.</p>

	The Members noted the update.
7.	Performance
	<p><u>7.1 Performance Update – Q1 2023/24</u> NP joined the meeting.</p> <p>NP referred to the paper circulated which provided the Quarter 1 Performance report and summary of performance up to 30 June 2023 against our draft Operating Plan 2023/24 and wider Strategic Plan 2022/27 commitments.</p> <p>Key highlights presented included:</p> <ul style="list-style-type: none"> - Operating Environment. - Work moving forward. - Highlights, Risk, Mitigations and Forward Look: <ul style="list-style-type: none"> o Industry Focused Skills o Inclusive Talent Pool o Invested Employers o Intelligence-Led System - Update – Impactful Organisation. <p>The Members noted the update.</p> <p>PT left the meeting.</p>
8.	Operational
	<p><u>8.1 Transform 27 (T27) Update</u> DY referred to the paper circulated which provided members with a progress update on T27.</p> <p>DY then presented on rationale for transformation, programme overview, profile of target budget reductions, transforming our working practices, transition to local employability/community hubs, transforming career services (Phase 2), transforming apprenticeships, transforming digital services, and a summary position.</p> <p>The Members noted the update.</p>
9.	Cyber
	<p><u>9.1. Cyber Security – Risk Mitigation Update – SDS and EIS</u> NP and GB joined the meeting.</p> <p>NP referred to the papers circulated which provided (1) an update on EIS cyber risk mitigation and cyber security measures and (2) SDS business-side update on cyber security activity, providing a ‘business lens’ on recent and ongoing cyber security, resilience and risk mitigation activity since the last Board update (June 2023).</p> <p>Key highlights included:</p> <ul style="list-style-type: none"> - the cyber security strategy approved at the last Board meeting was published and the cyber action plan was being progressed. - NP provided further information on the cyber incident which was closed-out the week before. - update on mandatory staff training.

	<p>The Chair asked for clarification on changing training modules and retraining all staff to ensure compliance with cyber security. NP advised this would be implemented.</p> <p>NP advised that the lessons learned report following the cyber incident would be conducted independently to recommend future actions. This would be shared with the Board once available.</p> <p>The Board asked if there was shared learning with partners. NP advised that during cyber breaches, partners worked together and the lessons learned report would be shared with partners.</p> <p>The Chair asked what the consequences of repeated failures on phishing tests were. NP advised processes and procedures were updated to reflect consequences (in consultation with SDS HR). GB confirmed that there had been no repeat failures over phishing tests in the last 18 months.</p> <p>The Chair asked for an update at the next Board regarding the implementation of updated processes and procedures.</p> <p>The Members noted the update.</p>
10.	Board Member Updates
	<p><u>10.1 Equality & Diversity Update</u> NH provided an update, key highlights included:</p> <ul style="list-style-type: none"> - the Committee Chairs Equality Forum (CCEF) had not met since the last Board meeting. - the Board Equality & Diversity induction pack would be updated following feedback. - discussion had taken place with Committee Chairs regarding proposed ‘spotlight’ sessions at each Committee. - the next CCEF would review its work to date at the next meeting and refresh the process if required. <p>The Members noted the update.</p>
11.	Risk Update
	<p><u>11.1 ESF- Risk Mitigation Update</u> AL referred to the paper circulated which provided an update on the continued progressive work with the SG Managing Authority and the SG Sponsor Team in relation to ESF claims.</p> <p>The Members noted the update.</p>
12.	Papers for Noting*
	<p>Members noted the following papers:</p> <p>12.1 Service Development Committee (SDC) Minute of SDC – 20 April 2023</p> <p>Draft Minute of SDC – 03 August 2023</p> <p>12.2 Finance and Operational Performance Committee (FOP)</p>

	<p>Minute of FOP - 8 June 2023</p> <p>12.3 Remuneration and HR Committee (RHR) Draft Minute of RHR - 14 June 2023</p> <p>12.4 Board Annual Report 2022/23</p> <p>12.5 Youth Board Annual Report</p> <p>12.6 Economic and Labour Market Outlook</p> <p>The Members noted the papers.</p>
13.	Papers previously circulated for approval/noting via correspondence for homologation
	<p>Members homologated the decision to approve/note the following papers:</p> <p>13.1 Publication of Purpose and Principles for Post-School Education, Research and Skills and letter from Chair to Minister –information.</p> <p>Letter of Guidance: Purpose and Principles and Initial Priorities – noting Board CPD Programme 2023/24 (BD-23-010vc) – approval.</p> <p>Board CIAP 2023/24 – approval SDS Modern Slavery Statement 2022 – 2023 – approval.</p> <p>Papers previously circulated for approval/noting via correspondence were homologated.</p>
14.	Any other business
15.	Close of Board Business Meeting