

Minutes of the meeting

Board Business Meeting

Date	18 November 2021
Time	10:00 – 13:00
Location	MS Teams Online
Present	<p>Frank Mitchell (Chair) (FM) Tracy Black (TB) Beth Corcoran (BC) Dr Mark Dames (MD) Dr Carol Evans (CE) Nazim Hamid (NH) Prof David Hillier (DH) Willie Mackie (WM) Poonam Malik (PM) Margaret McCaig (MMcC) Christine Pollock (CP) Eileen Russell (ER) Grahame Smith (GS) Paul Taylor (PT) Tracy Trotter (TT) Damien Yeates (Chief Executive) (DY)</p>
Attendance	<p><u>Skills Development Scotland (SDS)</u> Chris Brodie (CB) (item 2.2) Andrew Livingstone (AL) James Prentice (JP) (item 3.3) Neville Prentice (NP) John Robertson (JR) (item 3.3) James Russell (JRu) (item 3.3)</p> <p>Kathleen Nisbet (KN) (Secretariat) Christine McCall (CMcC) (Secretariat) Elaine MacPherson (EMacP) (Secretariat)</p>

	<u>Scottish Government</u> Gary Gillespie (GG) (agenda item 2.1) Adam Reid (AR) (agenda items 3.1 & 3.2)
Apologies	There were no apologies.

1.	Minutes of Previous Meeting 9 September 2021
	The minute of the previous meeting was approved without amendment.
2.	Scotland's Economic Recovery
	<p><u>2.1 National Strategy for Economic Transformation (NSET) – Update</u> GG joined the call and provided an update on the NSET.</p> <p>Key highlights included: the framing had changed and the vision had been revised with 5 key themes; update on consultation and engagement; it was hoped that next week clear actions would be articulated for discussion with Ms Forbes.</p> <p>Members asked what would be different in this strategy. GG highlighted that what would need to be different was the combination of actions and how they are delivered and how they interact, that they are transformational.</p> <p>Members sought clarification in terms of the role of the Delivery Group and how this relates to other structures e.g. SDS Board, Enterprise & Skills Strategy Board (ESSB), whether this would be another layer of governance. GG advised that this was raised at ESSB also and he explained that the delivery landscape would be considered following publication. Members added that businesses do not want to see a cluttered landscape instead looking for accountability and transparency.</p> <p>The Chair thanked GG for his attendance adding that SDS are ready to help the objectives of the ambitions.</p> <p>Members noted the update.</p> <p>GG left the call.</p> <p><u>2.2 Latest Economic and Labour Market Overview / SDS Service Response</u> 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, CB presented on key highlights.</p> <ul style="list-style-type: none"> - Timeline and Content - Scotland's Economy: Output: <ul style="list-style-type: none"> o Economic recovery appears to be stabilising. o Overall, recovery scenarios are cautiously optimistic. - Scotland's Labour Market: Payroll, employment and unemployment <ul style="list-style-type: none"> o Strong signs of payroll recovery and employment stabilisation. o Scotland's unemployment levels remain stable. - Scotland's Labour Market: The end of CJRS support <ul style="list-style-type: none"> o Across the UK, it is estimated that the majority of people on furlough at the end of September were in work in early October.

	<ul style="list-style-type: none"> ○ Early indications suggest the end of CJRS has helped ease labour shortage pressures. - Scotland’s Labour Market: Labour Shortages <ul style="list-style-type: none"> ○ Scotland is currently facing a mix of labour and skills shortages, which may impact on the pace of recovery. ○ Increased demand for workers, yet steep declines in staff availability. - Scotland’s Labour Market: Labour Shortages <ul style="list-style-type: none"> ○ Scotland’s economic inactivity rate has increased compared to pre-pandemic levels. ○ Lower migration has contributed to the mismatch between labour supply and demand. - Economic Headwinds: Supply Chain Challenges <ul style="list-style-type: none"> ○ Scotland is currently facing supply chain issues, which are being exacerbated by labour shortages in some sectors. ○ Business confidence decreased, due in part to supply chain pressures. - Economic Headwinds: Inflation, Cost of Living and Consumer Spend <ul style="list-style-type: none"> ○ Inflationary pressures driving increase in cost of living ○ Consumer sentiment has strengthened but concerns around current economic performance and household finances remain. - Scotland’s Labour Market: In conclusion <ul style="list-style-type: none"> ○ Feared ‘tsunami’ of unemployment now looks unlikely to materialise. ○ Strong signs of labour market recovery – and labour shortages are a dominant issue. ○ Labour shortages – combined with supply chain challenges and inflationary pressures – have the potential to act as a ‘headwind’ on economic growth. ○ Addressing labour supply will require concentrated effort across talent attraction, migration, and reducing economic inactivity. ○ Continuing concerns about impacts of the pandemic, and the recovery on labour market inequalities. <p>TB welcomed the report and agreed that what SDS was observing was the same as CBI members. There were many challenges going forward e.g., increased energy costs, high inflation costs which would impact on profits resulting in areas such as upskilling and training being ‘squeezed’ on budgets. Furthermore, focus had generally been on the young workforce during these types of times and essentially focus also needs to be on the 50+ workforce.</p> <p>Members noted the percentage of FE/HE which in effect is taken out of the labour market and asked how FE/HE is aligned to the economy. It was agreed that it would be beneficial for the Board to have a better understanding of this, possibly a future deep dive item for Board discussion.</p> <p>Members noted the update.</p>
3.	Strategy / Policy
	<p><u>3.1 Scottish Government Draft Budget 2022/23</u> AR joined the call and presented an update on the Scottish Government (SG) draft budget 2022/23. Key highlights included:</p> <ul style="list-style-type: none"> - Scottish Budget 2022/23 – Background

- Cabinet Secretary for Finance and the Economy, Kate Forbes MSP, would publish the 2022/23 Scottish Budget and the Medium-Term Financial Strategy on Thursday 9 December 2021.
- The 2022/23 Scottish Budget would focus on delivering the new Programme for Government, reflecting the challenges facing households, communities and businesses as a result of the coronavirus (COVID-19) pandemic.
- The Scottish Government was deeply concerned that the UK Government is yet to commit to any further, ongoing COVID-19 funding support for 2022/23. This was a key issue for the 2022/23 Scottish Budget.
- The 2022/23 Scottish Budget would be delivered against considerable financial challenges, as SG wished to prioritise investment in the services, infrastructure and support measures that help build a fairer, greener, more progressive Scotland.
- As in previous years the budget would cover one year, but it was planned that a multi-year Spending Review would take place and implement at the start of FY 2023/24.
- Scottish Budget 2022/23 – Resource Spending Review – What this means for External organisations
 - The Resource Spending Review was intended to provide stakeholders across Scotland with certainty on SG spending that allows them to develop effective organisational plans for the coming years. This was particularly relevant given the impacts of Covid upon our economy and society.
 - In order to ensure that the Resource Spending Review works for Scotland’s citizens and economy, SG would engage widely over January to March in 2022.
 - SG engagement would seek views from the widest possible range of stakeholders including citizens, charities and third sector organisations, businesses, local authorities and many more.
- Scottish Budget 2022/23 – Process/Timeline
 - w/c 22 November - Meeting with SDS and SG to discuss budget submission.
 - 9 December – Draft budget announced in Parliament.
 - January 2022 – Budget goes through three stages in parliament.
 - February 2022 - Passing of the Scottish Budget Bill.

Members noted the update.

3.2 Future Skills Action Plan

AR presented an update on the Future Skills Action Plan (FSAP). Key highlights included:

- Context
 - Underpinning the plan were 4 themes:
 - Increasing system agility and employer responsiveness
 - Enhancing access to upskilling and retraining opportunities
 - Ensuring sustainability across the skills system
 - Implementing the Learner Journey Review

- Scotland's FSAP sets out the socio-economic trends and changes that necessitate the development of a culture of lifelong learning. These remained relevant:
 - Balancing support based on individual, sectoral and geographical need
 - Managing and augmenting the introduction of new technology
 - Changing workforce demographics
 - A Just Transition to net zero
 - Alleviating poverty
 - Changing employer skills needs
 - Reducing regional inequalities
 - Achieving better value for money in delivery
- FSAP Phase 2: missions
 - SG was developing five missions that would provide a framework for alignment with the National Strategy for Economic Transformation and National Performance Framework; and our ambition to develop a skills system that promotes shared investment and access to lifelong learning.
 - Mission 1: Ensuring learning and skills provision better aligns with our economic objectives, including our drive towards net zero.
 - Mission 2: Creating opportunities for lifetime upskilling and retraining, particularly for those most in need of support.
 - Mission 3: Effective collaboration and joint working across agencies.
 - Mission 4: Reform of apprenticeships, including better integration with the tertiary education system.
 - Mission 5: Attracting more people to live and work in Scotland.
- Next Steps
 - SG working with SDS.
 - Developing a clear purpose.
 - Measuring success.

In terms of Mission 4, members asked if this would build upon the work of the Scottish Apprenticeship Advisory Board (SAAB). AR advised that it is building on from where we are so maybe 'reform' is best. It would be about quality and impact and this would take account of research and findings. Members suggested caution on giving the wrong impression on what SG was intending and asked if SG had collated and considered sufficient evidence around quality and impact e.g. external reviews via OECD, the various reports produced via SAAB and SAAB Frameworks & Standard Group, the SG led ESIF and SDS annual reports. AR advised that he needs to build up the evidence. Members also cautioned about 'reinventing the wheel' as with NSET, additional layering was not what was required. GG advised that in terms of NSET, the hope was that 'dependency mapping' would be developed and aligned. The Chair highlighted that it was important for AR to be conscious of the fact that SG do not own apprenticeships, these are owned by industry via SAAB. It was incumbent that evidence was embedded. Both SAAB and the Minister want to expand Foundation Apprenticeships (FAs) and Graduate Apprenticeships (GAs) so before looking at 'reform' look to industry on this and ensure they are fully engaged.

It was agreed that DY speak separately to AR to make him fully aware of the structures and various evidence available around apprenticeships.

	<p>Members noted the update.</p> <p>AR left the call.</p> <p><u>3.3 Career Review – Update</u> JRu joined the call.</p> <p>GS and JRu referred to the paper circulated which provided an update on the Career Review. GS and JRu presented on the draft recommendations and communications strategy. Key highlights included:</p> <ul style="list-style-type: none"> - Design Principles - The career ecosystem - Customer centred, evidence led approach - Draft recommendations overview - Communications strategy <ul style="list-style-type: none"> o Phase 1 – communication proposition o Phase 1 – key messages o ‘on the page’ – what, how, who, reasons to believe - Next steps <ul style="list-style-type: none"> o Creative development: 30 November 2021 o Production: early December 2021 o Creative testing: early December 2021 o Ph 1 communications strategy goes live: January 2022 o Phased comms and stakeholder engagement: Ongoing <p>It was noted that a session with the SDS Board on the Career Review strategy development was taking place on 29 November 2021.</p> <p>Members commended GS and JRu on their work today and wholly endorsed the direction of travel.</p> <p>Members noted the update.</p> <p><u>3.4 Strategic Plan 2022-25 – Update</u> DY presented. Key highlights included:</p> <p>Overall Timeline Stage 2: Board Strategy Days Stage 3: Co-creation and Collaboration</p> <p>Members noted the update.</p>
4.	Performance / Financial / Operational
	<p><u>4.1 Organisational Effectiveness Review – Stage 1 Update</u> DH provided an oral update. It was noted that Stage 1 would essentially be a data exercise, identifying trends and a peer review process. Internal Audit had been leading this work and were currently preparing the stage 1 report. Stage 2 would involve a deeper dive and look to identify ‘best fit’ in terms of our Strategic Plan and Ministerial/SG priorities.</p>

Members noted the update.

4.2 Performance Report – Q2 2021/22

NP referred to the paper circulated which provided Quarter 2 Performance Report summarising performance from 1 April to 30 September 2021 against our Annual Operating Plan and directorate targets. NP presented key highlights:

- Q2 21-22 Performance Highlights, Risks & Opportunities – Career Information, Advice & Guidance (CIAG);
- Q2 21-22 Performance Highlights, Risks & Opportunities – Work Based Learning (WBL);
- Q2 21-22 Performance Highlights, Risks & Opportunities – Skills;
- Q2 21-22 Performance Highlights, Risks & Opportunities – Organisation.

It was noted that the Finance & Operational Performance Committee had reviewed the performance report in detail at its recent meeting.

Members noted the update.

4.3 Finance Report (including Management Accounts up to end of September 2021)

AL referred to the paper circulated which included the management accounts to September 2021 and reflected the position at the end of Quarter 2 of the financial year, noting both the deficit budget set at the beginning of the year and a rolling forecast.

Members noted the update.

4.4 2021/22 Budget Management Plan to end of March 2022

DY presented. Key highlights included:

- Operating environment (programme and non-programme);
- Indicative summary;
- Summary of Budget Movement – 2021/22;
- Summary of Movements – Programme;
- Summary of Movement – Non Programme;
- Outline Proposal for SDS Budget Variance: ‘Green Jobs’ – Apprentice Employer Grant.

The Chair explained to members that the proposed approach was to forward a proposition to SG to consider re-investing the current variance in to an apprenticeship employer grant for green jobs, in line with Ministerial ambitions.

It was noted that the Finance & Operational Performance Committee had reviewed the budget position in detail at its meeting on 15 November 2021 and had endorsed the proposed approach in terms of re-investing the current variance.

Members noted the update and endorsed the proposed approach as outlined.

5.	Board Member Updates
	<p><u>5.1 Equality and Diversity Updates</u></p> <p>NH provided a verbal update highlighting discussion and actions arising from the quarterly meeting with the Committee Chairs. It was noted that work was progressing including the preparation of an Equality & Diversity Board report and a proposed Board 'deep dive' about raising awareness and creating the conditions for confident conversations about embedding anti-racism at SDS. The Chair noted that the programme for deep dives should include all areas of equality, diversity and inclusion e.g. disability. NH confirmed that she and the Committee Chairs were aware of this and would look at prioritising the programme of deep dives.</p> <p>Members noted the update.</p>
6.	Any Other Business
	The Chair advised that he would follow up discussion regarding FSAP at today's meeting.
7.	Close of Board Business Meeting
8.	Date of next scheduled meeting: 17 February 2022

KN
Dec 2021