

# Minutes of the meeting

## Board Business Meeting (BD)

<b>Date</b>	<b>22 May 2024</b>
<b>Time</b>	<b>10:00 – 15:00</b>
<b>Location</b>	<b>Monteith House, 4<sup>th</sup> Floor, McClelland Room</b>
<b>Present</b>	<p>Frank Mitchell (Chair) (FM)  Tracy Black (TB)  Beth Corcoran (BC)  Sheila Cowan (SC)  Dr Mark Dames (MD)  Victoria Erasmus (VE)  Carol Evans (CE)  Prof David Hillier (DH)  Graham Hutcheon (GH)  Poonam Malik (PM)  Margaret McCaig (MMcC)  Christine Pollock (CP)  Paul Taylor (PT)  Damien Yeates (Chief Executive) (DY)</p>
<b>Attendance</b>	<p><u>Skills Development Scotland (SDS)</u>  James Prentice (JP)  James Russell (JR) (items 4, 11 and 12)  Andrew Livingstone (AL) (items 5, 6 and 9)  Carolyn Anderson (CA) (item 8)  Diane Greenlees (DG) (item 10)</p> <p><u>Secretariat</u>  Kathleen Nisbet (KN)  Christine McCall (CMcC)</p>
<b>Apologies</b>	<p>Nazim Hamid (NH)  David Rankin (DR)</p>

## **Update from Shirley Laing, Director for Lifelong Learning & Skills, Scottish Government**

The Chair welcomed Shirley Laing (SL) to the meeting and thanked her for taking the time to attend to provide members with an update on Reform. Introductions around the table were made.

SL thanked the Chair for the opportunity to attend the meeting as she was keen to meet early with members and to engage. SL provided members with an overview of her previous roles and work experience and how this will build on her new role.

A key priority was to build relationships, understand and respect each other and work together. Post-school reform was, of course, a fundamental priority and this could not be compartmentalised; rather this would need to be undertaken together. SL appreciated that a lot of time had passed since the publication of the Purpose and Principles paper. A lot of work had been undertaken internally in Scottish Government (SG) as to how post-school fits in with the other Reviews and SG were looking at how this all interconnects.

Scoping out parameters with Ministers was currently underway and SL hoped to be in a position within the next few weeks to say more on this, including how SG engage with key stakeholders to find a collective way through Reform.

SL felt that she appreciated how SDS staff were feeling, evidenced by the recent SDS Staff Pulse Surveys. She indicated that she sincerely wanted to work together and draw on SDS staff expertise and she hoped the Board and Executive would see this in the coming weeks/months; working together to create sustainable services for the people of Scotland to build their own potential and the economy. SL highlighted that she was aware of the impressive and powerful work of Transform 27 and that there was a huge amount to learn from this.

The Chair thanked and welcomed SL's comments of a commitment to joint working. He highlighted that the Board and Executive had always been pro-reform and for many years had been advocates for this. The Chair gave a commitment to SL that SDS would provide any data/evidence SG required to enable them to build business cases.

The Chair opened the discussion to Board members. Key points included:

- Green Skills: if we have not got the skills then we will not have the people to work. We want young people to get good paid jobs which in effect helps the economy. SL highlighted that this is one of the First Minister's priorities. The Green Skills agenda is huge and we need to think how we get the right skilled people in.
- Reform: no one disagrees with the ambitions and SDS has made many recommendations over many years. Members felt that more could be done to unblock reform ideas. SDS' work had included skills planning, CESAP Action Plan etc.
- Employer Voice – Members opined that there appears to be no 'employer voice' in terms of Reform. Business contributes much more money than SG, however no employers are on any Ministerial Groups. Employers attract funding and know the skills that are required for the future. Their critical voice is needed in the room. Shirley Laing advised that she is

still getting up to speed with the various governance groups on Reform. She would look into this matter.

- Digital and Tourism/Hospitality – this works hand in hand with net zero, green tech (skills and infrastructure). Along with upskilling/reskilling, need to apply these skills early e.g. primary school. This will lead to more jobs, higher paid jobs.
- Hayward, Withers and P&P all approached skills and post school, however, all from different perspectives, from different angles. SG’s ability to implement effectively was not clear. There was a need to plan / align effectively to give confidence in how we bring everything together and get community/society buy in.
- Budgets were reducing year on year, but Ministerial objectives remained the same. The Board was concerned that this would result in not being able to deliver Ministerial priorities. SDS had pulled back on what it can do e.g. no new development, no marketing/advertising for apprenticeships. Despite the Executive’s effective management action to date, there would be a crunch point in future when SDS cannot meet its targets. SL agreed that it was a fundamental challenge, while trying not to diminish ambitions. This was in many ways the Reform – collectively, we cannot continue in the way we have. SL recognised SDS management to date and acknowledged that there were lessons SG could learn.
- It was noted that Scotland’s spend on post-school was in the top quartile, while productively was only in the 3<sup>rd</sup> quartile. This was a mismatch and tough decisions would be needed to address this.
- Members highlighted the lack of factual evidence provided in the Withers Review and that there appeared to be significant omissions. Currently, there were no business cases available from Withers so no evidence of benefits (financial or non-financial). Members felt that SG would need to be clear on this along with short, medium and long terms plan. Furthermore, clear and simple messaging was required to alleviate concerns of staff and employers. SL highlighted that the First Minister had made it clear the need to set out priorities and that there would be tough choices to make. SG officials were working with the First Minister and other Ministers and SL hoped it would not be long before SG were able to advise on plans in the reform space. Her understanding was that it would be an evolution not revolution. She hoped in the coming weeks that the position would become clearer and that we can then do further deeper work/engagement. SL confirmed that she was personally committed to engaging and drawing on SDS’ expertise.

SL committed to attending a future Board meeting to provide further update.

SL left the meeting.

<b>Business Meeting</b>	
<b>1.</b>	<b>Apologies and Declaration of Interest</b>
	Apologies were received from Nazim Hamid and David Rankin. There were no declarations of interest.
<b>2.</b>	<b>Minute of meeting held on 21 February 2024</b>
	The minute of the last meeting was approved with amendment.

<b>3.</b>	<b>Decisions and actions from previous meetings</b>
	The decisions were noted and actions reviewed.
<b>4.</b>	<b>Year End Performance Report 2023/24</b>
	<p>JR joined the meeting.</p> <p>DY introduced the item and thanked DH, Chair of FOP, for leading detailed discussion on the year end performance report at the previous day's Finance &amp; Operational Performance Committee (FOP).</p> <p>DH highlighted that through discussion at FOP it was recognised that, taking into account the current external factors and the fiscal challenges, SDS had performed better than would be expected that notwithstanding, there were a number of internal targets which could not be reached. These were predominantly as a result of the external environment and FOP members therefore would consider improved ways to present performance data taking these factors into account.</p> <p>JR went through the overall RAG status by Goals and referenced the detail behind these which were included in the paper circulated to Members.</p> <p>Members acknowledged the performance by the staff particularly taking into account the current challenges.</p> <p>Members noted the year-end performance report.</p> <p>JR left the meeting.</p>
<b>5.</b>	<b>Year End Accounts 2023/24</b>
	<p>AL joined the meeting.</p> <p>DY introduced the item and thanked DH, Chair of FOP, for leading detailed discussion on the year end finance report at the previous day's FOP.</p> <p>DH highlighted that despite the challenges, the Executive had done an excellent job on the year-end outturn and landing on a balanced budget. Members acknowledged the Executive's management of the budget over the previous years and level of confidence this provided to FOP and the Board. This also evidenced SDS as an effective organisation which delivered on targets and budgets and this was messaging that should be highlighted to SG officials and Ministers.</p> <p>AL referred to the paper circulated that summarised the management accounting reporting at the end of financial year 2023/24. Period 12 Management Accounts were provided to members which focused on the Resource Accounting position which was aligned to the monthly Budget Monitoring Returns for SG.</p> <p>The draft statutory accounts and the audit outcomes would be discussed at the Audit &amp; Risk Committee (ARC) on 27 June 2024, with the plan of recommending the accounts to the SDS Board thereafter.</p> <p>Members noted the year-end accounts.</p>

<b>6.</b>	<b>ESF Payments Risk Assessment</b>
	<p>AL referred to the paper circulated which provided a summary of the remaining aspects of the European Social Fund (ESF), which closed to claims in January 2024.</p> <p>The paper highlighted that there was a financial risk to SDS until the final claim was verified, paid and audited, including post payment checks by the European Commission Audit Authority. This was mitigated by correspondence from SG and a key decision point would be at or after the mid-year review point.</p> <p>The paper also sought Board support, in principle, for the release and repurposing, at an appropriate time, of accounting provisions which were made to mitigate against payment variances, following post-payment checks on the final claim.</p> <p>ESF would continue to be monitored closely and progress recorded at monthly Risk Mitigation Plan meetings with SG officials. Payment and Risk progress would be communicated through the SDS Executive Governance and reported to FOP, ARC and Board, as appropriate.</p> <p>The Executive thanked MMcC, Chair of ARC, for her advice in leadership in progressing ESF to this stage.</p> <p>Members noted the update.</p> <p>Members agreed the planned, potential release of the provision in September/October 2024.</p> <p>Members agreed to the commitment to repurpose the provision, as and when released, to support budget management to eliminate our working deficit, with particular emphasis on financial support to maximise apprenticeship starts and progress.</p> <p>AL left the meeting.</p>
<b>7.</b>	<b>Scottish Government Reform Update</b>
	<p>JP referred to the paper circulated which provided a note of the Executive understanding of progress on reform of the skills delivery landscape since the SDS Board last met in February.</p> <p>JP and DY highlighted key points, including: feedback from recent CEO Forum and a letter from Mr Dey to the Education, Children and Young People Committee on 27 March (members were provided with copy of letter).</p> <p>Members noted the update.</p>
<b>8.</b>	<b>Scottish Government Reform – Staff Pulse Surveys</b>
	<p>CA joined the meeting and referred to the paper circulated which shared insights from the recent Reform Pulse Survey which sought the views of a sample of SDS colleagues on the impact of the SG reform of the skills landscape. The survey was initiated by the Executive, at the request of the SDS Chair, on behalf of the Board as a result of considerations during the risk workshop held with Board members in February 2024.</p> <p>Key highlights included:</p>

- Themes from open ended comments
  - o Most respondents had very little to no involvement in reform.
  - o The biggest impact on respondents was job uncertainty and change.
  - o Lack of information also had an impact.
  - o The lack of clarity would impact on customers and the reform would have a negative impact overall on the service.
- Key Messages
  - o Security: Respondents were concerned about the security of their jobs, their roles, their teams, their organisation and transfer of employment.
  - o Opportunity: Respondents would like opportunities to develop, share and increase their skills. Opportunities for career development would be welcomed.
  - o Voice: Respondents would like more opportunity to respond and influence.
  - o Respect: Many respondents reported concern over a lack of information and clarity from Scottish Government.
  - o Fulfilment: Some respondents felt de-motivated, reporting low team morale and some managers reported challenges to leading under uncertain times.

The Chair advised that he had shared the results, along with a letter, with the Director General for Education & Justice and received a response which he had shared with the relevant staff and Trade Unions. He noted that Shirley Laing, SG Director for Lifelong Learning and Skills, had given a commitment to meaningful engagement going forward.

Board members welcomed the feedback and highlighted that it was right to understand how staff were feeling, particularly Board member responsibility for duty of care to staff. It was noted that one of the main issues was that staff were aware change was coming but did not know what that change was. SDS staff were prepared for reform but needed to know what this would be so that they could positively engage.

Through SDS' transformation, T27, relevant development and training was in place through the relevant workstreams to prepare staff. An update on the T27 programme would be provided later in the agenda.

Members highlighted Board visibility and discussed improvements for communicating with SDS staff. It was agreed that one of those measures would be an update from the Chair following each Board meeting providing staff with relevant updates on Board business.

Members noted the paper provided and key insights from the Pulse Surveys.

CA left the meeting.

<b>9.</b>	<b>SDS Budget 2024/25 Update</b>
	AL joined the meeting and referred to the paper circulated which provided extensive detail of the revised summary budget for 2024/25, highlighting that since the last Board meeting a further cut had been imposed on SDS, along with a new budget pressure to cover Foundation Apprenticeship travel costs for starts contracted by the Scottish Funding Council.

	<p>The Chair referred to the communication sent out to the Board on 3 April 2024 advising them of developments and the agreed summary budget for 2024/25, with a working deficit of £2.653m. DH confirmed that FOP went through the detail of the 2024/25 budget and management actions and endorsed the approach.</p> <p>AL presented; key highlights included:</p> <ul style="list-style-type: none"> <li>- Progression Summary SDS Budget 2024/25 – Key Developments;</li> <li>- Progression with Management Actions;</li> <li>- Proposed Path to Balance.</li> </ul> <p>Members noted the update.</p> <p>AL left the meeting.</p>
<b>10.</b>	<b>Modern Apprenticeship Contracting and Foundation Apprenticeship Grants 2024/25 – Update</b>
	<p>DG joined the meeting and referred to the detailed paper circulated which provided members on the outcomes of commissioning and contract award allocations for Modern Apprenticeships (MAs) and Foundation Apprenticeships (FAs) delivery in 2024/25.</p> <p>Members discussed various aspects of MA delivery in particular demand which was higher than available contracts. Members requested further detail in relation to breakdown of contracts which DG advised she would supply.</p> <p>Members noted the update.</p> <p>DG left the meeting.</p>
<b>11.</b>	<b>Annual Operating Plan</b>
	<p>JR joined the meeting and referred to the paper circulated which presented a draft SDS Annual Operating Plan for 2024/25 for approval.</p> <p>DH and JR provided feedback following review of the draft plan at the previous day's FOP meeting.</p> <p>Members noted the draft SDS Annual Operating Plan for 2024/25 and that this would be updated in line with discussion and issued to Board via correspondence for approval.</p>
<b>12.</b>	<b>Transform 27 - Update</b>
	<p>JR referred to the paper circulated which provided an update of Transform 27 (T27), a programme of work designed to realise the ambitions of the SDS Strategic Plan and the transition to a more sustainable operating model by 2027. The paper provided background and context on the Programme, an update on progress to date and the next steps. JR highlighted that the Service Development Committee had approved the High-Level Development Plan at its meeting on 25 April 2024.</p> <p>JR presented; key highlights included:</p> <ul style="list-style-type: none"> <li>- Mission</li> <li>- T27 cost savings to date</li> <li>- Principles for Transformation</li> <li>- Transformation Phases</li> </ul>

	<ul style="list-style-type: none"> <li>- Progress of Integrated Planning</li> <li>- Parameters for Decision Making</li> <li>- Staff Engagement</li> <li>- Transitional Changes and Bridgeheads</li> <li>- Service Development Committee Approval of Bridgeheads</li> </ul> <p>CP provided an update in terms of SDC engagement highlighting that it was a comprehensive, multi-faceted programme; she felt that the passion, commitment and energy of staff leading this, who presented to SDC, provided assurance that plans were on track. The pace of progress was impressive and SDC agreed with the approach and direction. CP advised that engaging with our customers and key stakeholders would be key. JR confirmed that a stakeholder engagement plan was in place.</p> <p>In terms of budget, the Executive explained that there was no new money and that the transformation was about influencing how we deliver differently/more efficiently. The Chair advised that we would prioritise what we can do and resource appropriately and that he would work with the Executive to agree a proportionate level of oversight for the ‘financial/budgeting’ aspects of T27. The T27 programme was not a traditional change management process and was instead a highly iterative and dynamic programme. The Chair was aware that the budget challenge driving T27 was well articulated through the multi annual scenario planning and the extensive annual budget drafting via FOP and the main Board.</p> <p>Members noted the update.</p>
<b>13.</b>	<b>Board Member Updates</b>
	<p>In NH absence, the Committee Chairs provided an updated. Key highlights included:</p> <ul style="list-style-type: none"> <li>- Annual meeting of the Committee Chairs Equality Forum (CCEF), in its revised format, took place on 18 April 2024 <ul style="list-style-type: none"> <li>o Revised Terms of Reference.</li> <li>o Committee Equality, Diversity &amp; Inclusion Board report 2023-24.</li> <li>o CCEF Annual Report / business review 2023-24.</li> <li>o Planning for annual deep dive, September 2024 (tbc). Focus of the 2024 deep dive - a preventative approach to poverty, including the intersections with protected characteristics and the implications for SDS service design and delivery.</li> </ul> </li> </ul> <p>Members noted the update.</p>
<b>14.</b>	<b>Papers for Noting *</b>
	<p>14.1 Cyber Security – Risk Mitigation Update SDS</p> <p>14.2 Cyber Security – Risk Mitigation Update ESF</p> <p>14.3 Service Development Committee (SDC) Minute of SDC – 25 January 2024 Draft Minute of SDC – 25 April 2024</p> <p>14.4 Finance and Operational Performance Committee (FOP) Draft Minute of FOP – 20 February 2023</p>



	<p>Draft Minute of Special FOP – 11 March 2024</p> <p>14.5 Remuneration and HR Committee (RHR) Draft Minute of RHR 29 February 2024</p> <p>14.6 Audit and Risk Committee – Draft Minute of 26 March 2024</p> <p>14.7 Economic and Labour Market Outlook</p> <p>Members noted the papers circulated.</p>
<b>15.</b>	<p><b>Any other business</b></p> <p>15.1 Cyber Security</p> <p>Members noted the update.</p>
<b>16.</b>	<p><b>Close of Board Business Meeting</b></p>
<b>17.</b>	<p><b>Date of next scheduled meeting: 21 August 2024, location to be confirmed (10:00-16:00)</b></p>

KN, June 2024