

Minutes of the meeting

Board Business Meeting

Date	17 February 2022
Time	10:00 – 13:30
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 2.1) James Russell (JRu) (item 3.5) Katie Hutton (KH) (item 4.2) Andrew Livingstone (AL) (item 4.3 and throughout)</p> <p>Kathleen Nisbet (KN) (Secretariat) Christine McCall (CMcC) (Secretariat) Elaine MacPherson (EMacP) (Secretariat)</p> <p><u>Audit Scotland</u> Gordon Smail (GSm)</p>

	<p>Rebecca Seidel (RS)</p> <p><u>Scottish Government</u></p> <p>Gary Gillespie (GG) (agenda item 2.2)</p> <p>Adam Reid (AR) (agenda items 3.1 & 3.2)</p> <p>Lesley Ward (LW) (item 3.3)</p>
Apologies	Neville Prentice (NP)

1.	Minutes of Previous Meeting 18 November 2021
	The minute of the previous meeting was approved without amendment.
2.	Scotland's Economic Recovery
	<p><u>2.1 Latest Economic and Labour Market Overview</u></p> <p>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 was stabilising prior to Omicron. o Overall, recovery scenarios remained stable and were cautiously optimistic. - Scotland's Labour Market: Payroll, employment, and unemployment <ul style="list-style-type: none"> o The number of pay rolled employees surpassed pre-pandemic levels, but employment rate has fallen. o Some concerns that Scotland's recovery rate may be behind the rest of the UK. o Scotland's 16+ and youth unemployment levels remain low at 4.1% and 6.4%. - Scotland's Labour Market: The Impact of Omicron <ul style="list-style-type: none"> o Due to Omicron, there was a short period of restrictions which impacted business activity, particularly, amongst consumer facing sectors such as Hospitality, Retail, and Leisure sectors. o The impact of Omicron on the labour market remained unclear. However, 29% of businesses in Scotland recorded a decrease in turnover. - Scotland's Labour Market: Labour Shortages <ul style="list-style-type: none"> o Labour shortages continued to be a challenge due to staff absences because of illness and self-isolation. o Increased demand for workers, yet steep declines in staff availability. - Spotlight: Poverty and Inequality <ul style="list-style-type: none"> o The economic and social impacts of the pandemic had been unequal, exacerbating and widening existing inequalities. - Spotlight: Economic Inactivity <ul style="list-style-type: none"> o During the pandemic, economic inactivity amongst working-age adults rose. o Increase in economy inactivity was driven by an increase in students and the long-term sick. o The number of inactive people who were discouraged increased sharply but is starting to fall. o More men became economically inactive during the pandemic than women.

- Economic Headwinds: Inflation, Cost of Living and Consumer Spend
 - o Increase in cost of living was being driven by inflationary pressures.
 - o Concerns around current economic performance and household finances remained.
- Scotland's Labour Market: In conclusion
 - o Labour shortages remained a dominant issue and were one of several factors that had the potential to act as a 'headwind' on economic growth.
 - o In the medium term the lack of labour supply may impact on Scotland's economic growth ambitions.
 - o Addressing labour supply would require a concerted effort across talent attraction, upskilling and reskilling and reducing economic inactivity.
 - o Unemployment may increase in the short term as the impact of temporary restrictions to control the spread of Omicron were reflected in the labour market.
 - o The pandemic had widened labour market inequalities and there were concerns around the impact of inflation and rising energy prices.

Members noted the update provided.

2.2 National Strategy for Economic Transformation (NSET) - Update

GG joined the call and provided an update on the NSET.

Key highlights included: Details of the key priorities of NSET were creating green jobs, transitioning into net-zero, investing and supporting entrepreneurial potential, delivering across Scotland in a national and regional way and being bold and ambitious in Scotland's transformation. The vision was to create an economy with a thriving economic, social and environmental dimension. The ambitions were centred around ensuring fairer work, becoming wealthier and greener through tackling climate change and transitioning to net-zero. The five key programmes of action were focused on entrepreneurial people and culture, new market opportunities, productive businesses and regions, skilled workforce and a fairer and more equal society. This included a new culture of delivery which strengthened accountability and leadership, transformed the delivery to people and businesses in Scotland and measuring success.

GS asked where the Career Review sat within the Strategy and this needed to align with NSET. GG advised that he would check this and report back.

Members highlighted the need to ensure that there were no additional layers of bureaucracy that could essentially slow down progress. GG confirmed that this was taken into consideration and it would be a failure if it felt more bureaucratic.

In terms of access to all for higher qualifications, it was felt that this could have been more ambitious e.g. online versions, ask education to convert into micro credentials and make a 'skills wallet'. GG advised that he would consider this further.

The Chair thanked GG for his attendance and for providing an update and recommended that for agency Chairs/CEOs, there should be a section which provided very clear objectives and all have accountability.

	Members noted the update.
3.	Strategy / Policy
	<p><u>3.1 Future Skills Action Plan - Update</u></p> <p>AR presented an update on the Future Skills Action Plan (FSAP). Key highlights included:</p> <ul style="list-style-type: none"> - Skilled workforce one of key programmes of action. This focused on three key areas: <ul style="list-style-type: none"> o Education and Skills systems responsive to economic need and ambition. o Investment in skills and training throughout working lives by people and employers. o Expand Scotland’s available talent pool. - FSAP aligned with NSET through five cross-cutting ‘missions’: <ul style="list-style-type: none"> o Skills and learning provision that was responsive to employer need and Scotland’s economic ambitions. o Establishing lifetime retraining and upskilling offer. o Skills delivery – partnership and collaboration. o Continuously improving apprenticeships. o Addressing skills shortages through attracting more people to work in Scotland. - Mission 1: Learning and skills provision that was responsive to economic need and ambition <ul style="list-style-type: none"> o Workstreams: Green skills, digital skills, transferable/meta skills and sector specific skills. o Green skills workstream priorities: Green Jobs Skills Hub, Green Jobs Workforce Academy 2.0 and Skills Guarantee for carbon intensive sectors: options. - Mission 2: Lifetime upskilling and retraining <ul style="list-style-type: none"> o Workstreams: Building the evidence base, improve lifetime learning offer, all age careers guidance and Micro credentials. o Early priorities: Individual Training Account (ITA) evaluation, Flexible Workforce Development Fund (FWDF) evaluation and Research: Understanding the target audience. - Mission 3: Partnership and Collaboration <ul style="list-style-type: none"> o Early priorities: Continue to develop shared outcomes framework between SDS and Scottish Funding Council (SFC) and Skills Pact with business and TUs. - Mission 4: Apprenticeships <ul style="list-style-type: none"> o Workstreams: Foundation Apprenticeship (FA) strategy and improvement, Graduate Apprenticeship (GA) evaluation, Greening Apprenticeships, WBL standards and qualifications. o Early priorities: FA review and improvement and Greening Apprenticeships. - Mission 5: Attracting skilled workers from UK <ul style="list-style-type: none"> o Workstreams: Data and Analysis, Migration Service, Promoting Sectors to UK, Student retention programme and Skills Recognition Scotland. o Early priorities: Evidence base and Establish Industry Group.

The Chair thanked AR for the update and requested that the relevant Project Initiation Documents (PIDS) be sent to SDS as soon as possible to ensure we achieved collaborative/joint working.

Members noted the update.

3.2 Resource Spending Review 2022 – Update

AR joined the call and provided an update on the Resource Spending Review. Key highlights included:

- The Context:
 - o UK Spending Review had provided funding until 2024/25. SG wanted to look two years ahead of that.
 - o SG Covid funding had been cut from 2022/23, creating challenges in supporting recovery.
 - o Demographic change, health trends, inflation and other challenges were increasing demand for public service and the cost of delivering them.
- Approach:
 - o Vision: Deliver effective services for the people of Scotland today whilst maintaining sustainable public finances to ensure the needs for future generations were met.
 - o Key Strategies: Programme for Government, Bute House Agreement, National Strategy for Economic Transformation and Covid Response Strategy.
 - o Resource Spending Review (RSR) priorities: Tackling child poverty, addressing climate change, securing a stronger, fairer and greener economy and commitment to strong and responsive public services.
 - o Principles of the RSR approach: Evidenced Based, Outcomes focused and Consultative.
- Person Centred Services:
 - o People not Processes: Whole systems for whole people.
 - o It's Not About Us: Challenge 'us' focused thinking.
 - o Focus on the Jigsaw not Pieces: More horizontal policy and service thinking, starting with people.
- Key Dates:
 - o 4 March: Returns due back for the commission.
 - o 23 March: UK Spring Statement.
 - o 27 March: Consultation closes.
 - o 31 May: Resource Spending Review to be published.

AR advised that a session was in the process of being set up to bring SDS and SFC together to share top-level thinking around RSR. The Chair highlighted the importance of the need for deep and detailed engagement which needed to happen now and the need for any outcomes to be evidence based.

Members noted the update.

3.3 Reform Division, Directorate for Advanced Learning and Science, Scottish Government - Update

LW provided an update on the Reform Division, Directorate for Advanced Learning and Science. Key highlights included:

- Three related programmes of work for reform division:
 - o Statement of Strategic Intent:
 - Incorporating NSET and SFC Review – Encompassed the whole Education, Skills and Research system and set the long-term vision.
 - Shared and agreed evidence base, narrative, principles and values resulting in a clear, agreed framework for decision making.
 - o Skills Alignment:
 - Shared Outcomes Framework.
 - Secretariat for Shared Outcomes Assurance Group and joint agency Ministerial meetings.
 - Drawing in NSET Skills Actions and connecting to FSAP.
 - Response to Audit Scotland report and preparation for the Public Audit Committee (PAC) and other Parliamentary engagement.
 - o Education and Skills Spending Review System Project:
 - Explore opportunities for efficiencies or generating improved Value for Money (VFM) in the short-mid-term.
 - Project connected to the spending review but this would also inform strategic intent and choices/values/ principles explored within that work.

The Chair thanked LW for the comprehensive update and noted the good engagement between her team and SDS executive.

Members noted the update.

3.4 Audit Scotland – Planning for Skills Final Report

GSm and RS referred to the recently published Audit Scotland report. GSm highlighted the recommendations contained within the report.

DY advised that the executive was wholly focused on the future to take up recommendations of the working. In terms of the report, SDS made significant commitment to joint working at every stage and committed appropriate resource. The focus going forward was to work collaboratively with SG and SFC.

The Chair recommended that Audit Scotland should revisit the recommendations of the report in 18/24 months time to assess implementation by SG, SDS and SFC.

The Chair thanked GSm and RS for the update.

Members noted the update.

3.5 Career Review Update

GS and JR provided an update on the Career Review.

Key highlights included:

- Context: Drivers of Change
 - o Covid-19.
 - o The climate emergency.

- Stretched public finances.
- A dynamic labour market.
- Poverty and Inequality.
- Education and Reform.
- The changing nature of work.
- Review Approach:
 - Evidence-led, driven by insight and co-design.
 - Equity at the core: each recommendation sought to address inequality, informed by a comprehensive Career Review Equality Impact Assessment.
 - Recommendations represent transformational and deliverable redesign of career system. There was a focus on services to young people but also a recognition the career strategy focused on an all-age service.
 - A need and opportunity to act quickly to maximise recovery and minimise impact of the pandemic.
- Findings:
 - Internationally recognised: Scotland has protected funding for services.
 - Prioritised within policy: career services were central to SG policy.
 - In demand and valued: A high and growing demand for career services by young people.
 - High quality national career service: Over 75% of SDS services were independently assessed as very good or excellent by Education Scotland.
 - Professional workforce in schools and university: In-person career services were delivered by highly qualified practitioners.
 - Growing partnerships between education and employment: The Developing the Young Workforce (DYW) infrastructure was starting to bridge the gap between employers and education.
 - Local structures, including third sector were effective at connecting people to services.
- However:
 - Career education was not embedded or prioritised in curricula systematically.
 - Insufficient resources to provide personalised 1-2-1 support to every young person.
 - Fragmented and complex delivery landscape.
 - Demand often went unmet and was likely to increase.
 - Not all young people had equal access.
 - Limited professional guidance resources in colleges.
 - Pressure on finances and 'initiative overload'.
 - Largely measured on activity not outcomes.
 - Inequality and discrimination continued to impact the life chances of many young people.
- Recommendations:
 - A new career development model.
 - Developing skills and habits essential for the future World of Work.
 - Creating person centered career services.
 - Experiential career education.
 - Community based services.
 - Exposure to Fair Work.

	<ul style="list-style-type: none"> ○ Digital enablement, empowerment and engagement. ○ Clear roles for the delivery of career services. ○ Strengthening evaluation and continuous improvement. ○ Creating a career services coalition. <p>The Chair thanked GS and JR for the update adding that he did not underestimate the amount of work, time and effort to date in undertaking the review.</p> <p>Members noted the update.</p> <p><u>3.6 Strategic Plan 2022-25 – Update</u> DY presented. Key highlights included:</p> <ul style="list-style-type: none"> ● Overall timeline. ● Stage 3: Co-Creation and Collaboration. ● Alignment of Strategic Direction. ● Stage 4: Refinement and Prioritisation. <p>Members noted the update.</p>
4.	Performance / Financial / Operational
	<p><u>4.1 Organisational Effectiveness Review Update</u> DH presented Stage 1 – Part A of the Strategic Workforce Planning</p> <ul style="list-style-type: none"> - Stage 1 Part A: Internal Audit Report <ul style="list-style-type: none"> ○ Agreed scope of the review was to “verify that the employee data, information and trends was complete and accurate” and review processes and controls over staff resourcing and maintained the integrity of resource data. ○ Report discusses the controls environment, presents analysis of workforce data and provides assurance over trend reporting from HR. ○ A full reconciliation of workforce changes to SDS’s strategic objectives was not possible. - Next Steps: map workforce to activities <ul style="list-style-type: none"> ○ Output & Productivities Ratios and Trends. ○ Equality and Diversity Trends. ○ Culture – Fair Work – Employee Engagement. ○ External Scottish, UK and International comparisons. <p>DH advised that a request was submitted to SG for comparable information. This was still awaited however would not halt the review.</p> <p>DY advised that a further report would be submitted to the Board in due course. DY also thanked DH for his excellent leadership and strategic direction.</p> <p>Members welcomed the update.</p> <p>Members noted the update.</p> <p><u>4.2 Performance Report – Q3 2021/22 +1</u> KH provided an overview. Key highlights included:</p> <ul style="list-style-type: none"> - Highlights, Risks and Opportunities – Career Information and Guidance (CIAG):

- First half of Academic Year (June – Dec) saw improved delivery compared to the same period last year across all elements of service offer.
- Challenges remain around high levels of pupil absenteeism due to Covid, which will impact on the achievement of the minimum service expectations.
- Next Steps customers show improved Career Management Skills on par with Same Period Last Year (SPLY) and the proportion of customers progressing to a positive destination was up 16% on SPLY when opportunities were suppressed due to Covid.
- Use of Centres remained low due to Covid restrictions.
- Department for Work and Pensions (DWP) Universal Credit data was currently being processed into Customer Support System (CSS) with an 87% match rate.
- PACE individuals supported by SDS (group work and 1:1) volumes down 79% on same point last year. Review: Report and recommendations were submitted on time to Scottish Government in December 2021. Ministerial approval for Stage 2 commencement was received which would include detailed service design, costing and resource need.
- Workplace Learning:
 - Modern Apprenticeship (MA) and Employability Fund (EF) starts were on target against forecast.
 - GA on track to reach highest recorded number of starts since 2017.
- Employers and the Skills System:
 - Significant cross directorate effort to progress sectoral projects within the National Transition Training Fund (NTTF), North East Economic Recovery and Skills Fund (NEERSF) and Tourism Recovery Fund.
 - Research to look at the definition of green jobs and develop a greens skills taxonomy would support the development of the Climate Emergency Skills Action Plan (CESAP) evidence base. The Green Jobs Workforce Academy (GJWA) Phase 2 development was underway and the initial scoping of Green Skills wallet underway. ZeroWaste Scotland was leading on the scoping of the Green Jobs Skills Hub and scoping work was being finalised.
 - Skills Alignment Pathfinders – SDS leading on CESAP, SFC leading on North East and South of Scotland regional pathfinders.
- Our Organisation:
 - Strategic Plan development: Led by a cross-directorate team. A programme of internal and external engagement activity was undertaken throughout Q3.
 - Offices closed again before Christmas in response to new variant and SG guidance - remote service delivery worked well but was not as effective as face-to-face delivery for our customers.
 - Sickness absence remained below threshold but increased relative to SPLY - partly due to new Covid variant.
 - Enterprise Information Services (EIS): Information Technology service stability continued to hold up well, enabling colleagues to deliver strongly throughout the pandemic.

Members noted the update.

4.3 SDS Budget Projections to end of March 2022

AL provided budget projections to the end of March 2022. Key highlights included:

- Indicative Summary:
 - o Projected surplus was presented to the SDS Board on 18 November 2021.
 - o A new Apprenticeship Employment Grant proposal not supported by Scottish Ministers.
 - o Executive accelerated digital application development scheduled for 2022/23.
 - o Pilot MA payment profiles, marrying support for training providers to increase starts, reflecting pressures and restrictions, within existing budget lines. This was not payment in advance.
 - o On 11 January 2022 revised projection surplus variance; FOP agreed to seek Spring Budget Review (SBR) transfer to reduce SDS budget as a discrete change.
 - o Currently, expecting a revised Grant in Aid letter post-SBR to reflect this.

Members noted the update.

4.4 Skills Development Scotland First Draft Budget 2022/23

DY provided SDS's first Draft Budget 2022/23. Key highlights included:

- Strategic Context.
- SG Funding and Ministerial Priorities.
- Available Funds and Inflationary Pressures.
- Approach.
- Zero Based Budgeting Review.
- Budget Challenges Apprenticeships.
- Budget Challenges Staff Resourcing.
- Budget Challenges Other Deliver.
- Budget Challenges Other Cost Savings.
- Summary Position February 2022.
- Next Steps.

WM highlighted that FOP considered the current draft in detail and endorsed the provisional proposal of setting a budget to incorporate a small deficit which would be managed in-year.

Members welcomed the update and noted that final draft would be submitted to the Board in due course for approval.

Members noted the update.

4.5 Draft Operating Plan & Scottish Government Letter of Guidance 2022/23

DY presented. Key highlights included:

- Planning Timeline 2022/23.
- Outline Guidance to date.

Members noted the update.

5.	Board Member Updates
	<p><u>5.1 Equality and Diversity Updates</u> NH provided an update. Key highlights included:</p> <ul style="list-style-type: none"> - Update on proposed Board Deep Dive (race equality). - Update on work with Committee Chairs. <p>Members noted the update.</p>
6.	Any Other Business
	There was no other business.
7.	Close of Board Business Meeting
8.	Date of next scheduled meeting: 6 June 2022