

# Minutes of the meeting

## Board Business Meeting (BD)

<b>Date</b>	<b>1 September 2022</b>
<b>Time</b>	<b>10:00 – 16:00</b>
<b>Location</b>	<b>McClelland Room, Monteith House, Glasgow</b>
<b>Present</b>	<p>Frank Mitchell (Chair) (FM)          Tracy Black (TB)          Beth Corcoran (BC)          Dr Mark Dames (MD)          Dr Carol Evans (CE)          Nazim Hamid (NH) (online)          Prof David Hillier (DH)          Willie Mackie (WM) (online)          Margaret McCaig (MMcC)          Christine Pollock (CP)          Eileen Russell (ER)          Grahame Smith (GS)          Tracy Trotter (TT) (online and left the meeting at 12:30)          Damien Yeates (Chief Executive) (DY)</p>
<b>Attendance</b>	<p><u>Skills Development Scotland (SDS)</u>          Carolyn Anderson (CA) (item 5 and throughout)          Chris Brodie (CB) (item 13 and throughout)          Andrew Livingstone (AL)          Neville Prentice (NP)</p> <p>James Russell (JR) online (item 9)          Linda Christie (LC) (item 13)          Paul Clark (PC) (item 14.1)          Laura Barjonas (LB) and George Boag (GB) (item 14.2)</p> <p>Christine McCall (CMcC) (Secretariat)          Kathleen Nisbet (KN) (Secretariat)</p>

	<u>Scottish Government</u> Helena Gray (HG) and Adam Reid (AR) (item 6)
<b>Apologies</b>	Poonam Malik (PM) Paul Taylor (PT)

<b>1.</b>	<b>Apologies and Declaration of Interest</b>
	Apologies were received from PM and PT. There were no declarations of interest.
<b>2.</b>	<b>Minutes of Previous Meeting 6 June 2022</b>
	The minute of the previous meeting was approved without amendment.
<b>3.</b>	<b>Decisions/Actions from Previous Meeting</b>
	The decisions and actions were noted.
<b>4.</b>	<b>Scottish Government – 5% in-year budget cut</b>
	<p>The Chair introduced the item and provided context and background. Members were advised that the Sponsor Team instructed SDS to explore in-year budget cuts as a result of the increased budgetary pressures across the Scottish Government (SG). The Chair was initially asked not to engage the Board because at this stage it was only scenario planning and looking at possible options. The Chair advised that following initial workings, a formal communication was then received from the Minister on 22 August 2022 advising that SDS was expected to identify 5% budget cuts. This in turn triggered involvement of the SDS Board and a letter from the Chair (dated 23 August) was sent to the Minister seeking early direction and clarification on a range of competing challenges and budget pressures which may not have been immediately apparent to SG. The Minister responded providing clarification (letter dated 31 August sent to Board members for their awareness).</p> <p>The Executive presented the outline options to address a 5% in-year budget cut. It was noted that the Finance &amp; Operational Performance Committee (FOP)/Audit &amp; Risk Committee (ARC) would review the detailed analysis at a special meeting on Monday 5 September and thereafter the SDS Chair/Board would respond to the Minister that week.</p> <p>The SDS Board recognised the enormous risks and organisational stress created by the in-year budget cuts. The challenge from the proposed action was compounded by the challenge to close out the £2.35m working deficit, to meet the costs of the growth in Modern Apprenticeship (MA) starts and to address options in support of a revised pay remit. The Board also noted that SDS was approaching the end of Q2, with over 80%+ of its budget already committed. This remained an immediate priority for the Executive and work was ongoing to ensure the analysis and options were fully assessed in time for the special meeting of FOP/ARC on 5 September.</p> <p>Members noted the position and that a Special FOP/ARC meeting would take place on Monday 5 September to consider detailed analysis of the options before formally responding to the Minister.</p>

<p><b>5.</b></p>	<p><b>SDS Pay Remit Update</b></p> <p>CA presented on the SDS Pay Remit. Key highlights included:</p> <ul style="list-style-type: none"> <li>- Pay Remit 2022/23 – background and current status;</li> <li>- Employee Relations – it was noted that both trade unions indicated that they do not view SG Pay Policy as an adequate response to the ‘cost of living crisis’. Furthermore, there was a significant focus on Industrial Action across the Scottish Economy in response to the pace of the rate of inflation.</li> <li>- SDS as a Responsive Fair Work Employer: <ul style="list-style-type: none"> <li>o Annual Pay Remit was key to recognising, rewarding and valuing continued employee contributions and commitment, and retaining pay competitiveness;</li> <li>o As a Fair Work employer, financial security was fundamental to employee wellbeing;</li> <li>o During the pandemic, employee wellbeing was the core guiding principle, the same holds true for a cost of living crisis of the scale we are facing into;</li> <li>o Failing to act to maximise the pay award within that which is allowable, would significantly undermine both employee engagement and our ability to attract and retain talent in dynamic and competitive labour market.</li> </ul> </li> </ul> <p>The SDS Chair and Board were hugely appreciative of the staff effort and recognised that SDS’ success and achievements were wholly attributable to the hard work and commitment of each and every member of the SDS staff. The Board was also very cognisant that the cost of living crisis would negatively impact all staff but would land disproportionately on those members of staff with dependents and on lower incomes. The SDS Board asked the Executive to engage with the TUs to consider a range of options to ensure the SDS Pay Remit fully reflected their concerns for the welfare of SDS staff and also addressed the wider parity and equity of pay awards across the public sector. The Board asked the Executive to maximise and set out within the newly communicated SG pay policy flexibilities to enhance the current SDS Pay Remit.</p> <p>Executive to maximise and set out within the newly communicated SG pay policy flexibilities to enhance the current SDS Pay Remit.</p>
<p><b>6.</b></p>	<p><b>Scottish Government Review of Skills Delivery Landscape and SDS</b></p> <p>HG and AR joined the meeting to provide an update on the recently-announced Review of the skills landscape.</p> <p>Key highlights included:</p> <ul style="list-style-type: none"> <li>- Further details on the remit of the review, including the terms of reference, and who will lead it was yet to be confirmed. However, it would focus on the functions and remit of SDS and its interface with – and role within – the wider skills and education system.</li> <li>- SG confirmed that this would not be a performance review; rather, it would be future focused looking for wider, long-term opportunities to improve within the</li> </ul>

	<p>skills delivery landscape. SG anticipated that the approach to the Review would give the opportunity for colleagues across SDS to contribute to the review.</p> <ul style="list-style-type: none"> <li>- The Minister also stressed that the Review would not consider the abolition of SDS and that in line with wider SG arrangements, the standing commitment of no compulsory redundancies as part of the 2022/23 Public Sector Pay Policy continued.</li> </ul> <p>GS highlighted the work undertaken to date (over past 18 months) on the Career Review with full involvement with the Minister and asked where this fitted in with the proposed review. AR advised that the Minister lay out more detail in the parliamentary statement.</p> <p>The SDS Chair advised that he would continue to engage with the Minister and SG officials to establish the intent of the recently announced SG review of SDS. Board members expressed deep concern around the motivation for the review and, moreover, what they perceived as an absence of transparency, independence or respect for the SDS Board. The initial focus of the Board was to ensure that the process was truly independent and the SDS Board asked to be provided with an opportunity to consider and input to the draft terms of reference. The Chair instructed the Executive to mobilise a short life working group to interface with the proposed review secretariat and facilitate the SDS Board's input to the draft terms of reference.</p> <p>Members noted the update.</p> <p>HR and AR left the meeting.</p>
<b>7.</b>	<b>Strategic Plan Update – 2022-27</b>
	<p>DY presented the update highlighting next steps. The Board formally approved the Strategic Plan 2022-27.</p> <p>The Chair and members recorded their thanks to the Executive for producing a highly articulated and ambitious plan that fully reflected the ambitions of the SDS Board. It was also noted that the plan was future focused, was fully aligned to the National Strategy for Economic Transformation (NSET), was reviewed extensively by SG and involved deep and wide engagement with our partners and stakeholders including the key Enterprise and Skills agencies. The Chair would now submit the plan to the Minister for his sign off.</p> <p>SDS Board formally approved the Strategic Plan 2022-27.</p> <p>TT left the meeting.</p>
<b>8.</b>	<b>Organisational Effectiveness Review (OER)</b>
	<p>DH presented on the OER. Key highlights included:</p> <ul style="list-style-type: none"> <li>- Purpose and scope (identify opportunities to improve organisational resourcing and effectiveness in SDS) <ul style="list-style-type: none"> <li>o Inform the development of SDS's Strategic Plan 2022-27;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Respond to the recommendations from the European Foundation for Quality Management (EFQM) external review March 2021;</li> <li>○ Provide strong governance and oversight;</li> <li>○ Provide a strategic response to the Scottish Government’s Resource Spending Review;</li> </ul> <ul style="list-style-type: none"> <li>- Stage 1 – Part A findings;</li> <li>- External Validation of Organisational Effectiveness;</li> <li>- Stage 1 Part B findings’</li> <li>- Approach to progressing stage 2; <ul style="list-style-type: none"> <li>○ Purpose and scope</li> <li>○ Transformational approach</li> <li>○ Leadership and Engagement.</li> </ul> </li> </ul> <p>The Board welcomed the Stage 1 OER findings and thanked DH for leading the review of SDS’ organisational effectiveness over the past 5 years, also noting the external validation via the EFQM 7-star award for excellence. Members noted that SDS’ resource planning was well managed and fully aligned to SG strategic priorities. Reporting a 1.6% annual growth in headcount, DH noted that this was well below comparator organisations including SG and Glasgow City Council who registered ca.10% grow per annum in headcount. Given the clarity of vision and ambition set out in the Strategic Plan 2022-27, the Board approved the OER, Stage 2 approach and asked the Executive to proceed with the development of a transformational programme with the aim of transitioning to a new Target Operating Model (TOM) that would deliver on the ambitions of the Strategic Plan but within the context of the wider economic outlook and the highly constrained public finances.</p> <p>The Board welcomed the report and approved the OER, Stage 2 approach.</p> <p>Executive to proceed with the development of a transformational programme with the aim of transitioning to a new Target Operating Model (TOM) that would deliver on the ambitions of the Strategic Plan but within the context of the wider economic outlook and the highly constrained public finances.</p>
<b>9.</b>	<b>Career Review – Update</b>
	<p>JRu joined the meeting and he and GS presented a progress update on the Career Review. Key highlights included:</p> <ul style="list-style-type: none"> <li>- Phase 2 Progress <ul style="list-style-type: none"> <li>○ Development of Ecosystem Target Operating Model (end June 2022);</li> <li>○ Testing report recommendations and actions with all age groups (end of June 2022);</li> <li>○ Career Services Coalition remit, function and membership confirmed (end of August 2022);</li> <li>○ Career Development Model Co-designed (end of September 2022);</li> <li>○ Implementation Plan for All Recommendations and Actions Developed (end of December 2022).</li> </ul> </li> </ul> <p>Members welcomed the update and congratulated GS, JRu and the team on the progress to date and the way in which the review was conducted highlighting that this should be shown as ‘best practice’.</p>

	<p>Members noted the update.</p> <p>JRu left the meeting.</p>
<b>10.</b>	<b>SDS Performance Review - Quarter 1 2022/23</b>
	<p>NP presented the key highlights on Q1 performance. It was noted that the FOP reviewed the performance report in detail at its meeting on 25 August 2022.</p> <p>Members noted the update.</p>
<b>11.</b>	<b>Financial Review - Quarter 1 2022/23</b>
	<p>AL presented the key highlights on Q1 finance report. It was noted that the FOP reviewed the finance report in detail at its meeting on 25 August 2022.</p> <p>Members noted the update.</p>
<b>12.</b>	<b>European Social Fund – Progress Report, Risks and Mitigations</b>
	<p>AL referred to the paper circulated which provided an outline summary of the ESF risk mitigation position, noting ongoing bi-weekly review, and providing a copy of the mitigation plan summary.</p> <p>It was also noted that SG informed Lead Partners that the European Commission had lifted its suspension, allowing the former to submit its claims for funding. This did not have a linear effect on SDS but it did mean that the format of SDS claims can be confirmed.</p> <p>Members noted the update.</p>
<b>13.</b>	<b>CESAP 2022/23 Implementation and Green Jobs Workforce Academy Update</b>
	<p>CB and LC referred to the paper circulated which provided an update to the Board on the approach to implementation of the Climate Emergency Skills Action Plan (CESAP) and Green Jobs Workforce Academy (GJWA), with particular focus on a refreshed approach to SDS's delivery role, in light of recent Scottish Government (SG) budget discussions.</p> <p>The members noted the update and requested a further update at the next meeting.</p> <p>Members noted the update.</p>
<b>14.</b>	<b>Cyber Security Update</b>
	<p><u>14.1 Update – EIS</u></p> <p>PC referred to the paper circulated which provided an update.</p> <p>Key highlights:-</p> <ul style="list-style-type: none"> <li>- an outline of Data Security arrangements within SDS;</li> </ul>

	<ul style="list-style-type: none"> <li>- an overview of current known incidents and external threats and risks to data integrity, availability and confidentiality; and</li> <li>- other imminent changes that may affect data security service delivery, reputation and operations at SDS.</li> <li>- Cyber Essential accreditation on 5 August 2022.</li> </ul> <p><u>14.2 Update – SDS</u> GB and LBB referred to the paper circulated which provided an update.</p> <p>Key highlights:-</p> <ul style="list-style-type: none"> <li>- Digital Assurance Group (including development of the SDS Cyber Strategy and Phishing preventative planning)</li> <li>- Cyber Maturity Improvement Project</li> <li>- Cyber Resilience Planning &amp; Exercising.</li> </ul> <p>The members discussed the current plans in place to manage and reduce the risk from phishing attacks. SDS Email Policy and associated guidance was currently being reviewed and refreshed; this was a further opportunity to reinforce key messages about appropriate and secure use of email.</p> <p>The members were advised that shared platforms between partners could also pose a risk to security if a breach occurred. The members advised that it was important to consider highlighting this to Chief Executives and Chairs of partners to raise awareness of the risk.</p> <p>Members noted the update.</p> <p>PC, GB and LBB left the meeting.</p>
<b>15.</b>	<b>Board Member Updates</b>
	<p><u>15.1 Equality &amp; Diversity Update</u> Slides to be circulated to Board members via correspondence for comments.</p> <p>Members noted the update.</p>
<b>16.</b>	<b>Papers for noting</b>
	<p>Members noted the following papers:-</p> <p><u>16.1 Economic and Labour Market Outlook</u></p> <p><u>16.2 National Strategy for Economic Transformation – Delivery &amp; Governance</u></p> <p><u>16.3 Reform Unit – Purpose &amp; Principles Progress Update</u></p> <p><u>16.4 Shared Outcome Assurance Group – Progress Update</u></p> <p><u>16.5 Cyber Security Update - EIS and SDS</u></p> <p><u>16.6 Finance and Operational Performance Committee (FOP)</u> <u>Minute of FOP – 10 May 2022</u></p>

	<p><u>16.7 Remuneration and HR Committee (RHR)</u> <u>Draft minute of RHR – 09 June 2022</u></p> <p><u>16.8 Audit and Risk Committee (ARC) (Special)</u> <u>Minte of ARC (Special) – 17 June 2022</u></p> <p><u>16.9 Service Development Committee (SDC)</u> <u>Draft minute of SDC - 21 July 2022</u></p> <p>All papers were noted.</p>
<b>17.</b>	<b>Papers previously circulated for approval/noting via correspondence</b>
	<p>17.1 Board slides Reform Division and E&amp;D Updates (BD-22-005vc)</p> <p>Members homologated the paper previously circulated via correspondence.</p> <p>Reform Division and E&amp;D Update slides previously circulated for noting via correspondence were homologated.</p>
<b>18.</b>	<b>Any Other Business</b>
	There was no other business.
<b>19.</b>	<b>Close of Board Business Meeting</b>
<b>20.</b>	<b>Date of next scheduled meeting: 17 November 2022, Monteith House, Glasgow – 10.00 – 16.00 hrs</b>

September 2022