

# Minutes of the meeting

## Board Business Meeting (BD)

<b>Date</b>	<b>6 June 2022</b>
<b>Time</b>	<b>10:00 – 15:35</b>
<b>Location</b>	<b>Barra/Jura room, Monteith House, Glasgow</b>
<b>Present</b>	<p>Frank Mitchell (Chair) (FM)          Beth Corcoran (BC)          Dr Mark Dames (MD)          Dr Carol Evans (CE)          Willie Mackie (WM)          Poonam Malik (PM)          Margaret McCaig (MMcC)          Tracy Trotter (TT)          Damien Yeates (Chief Executive) (DY)</p>
<b>Attendance</b>	<p><u>Skills Development Scotland (SDS)</u>          Andrew Livingstone (AL)          Neville Prentice (NP)          Chris Brodie (CB) (item 4.1, 6.2, 6.7 and throughout)</p> <p>Hannah Dunbar (HD) (item 5.5)          Alison More (AM) (item 6.1 and 6.5)          Carolyn Anderson (CA) (item 6.2 and 6.9)          Diane Greenlees (DG) (item 6.2)          Katie Hutton (KH) (item 6.2)          Gordon McGuinness (GMcG) (item 6.2)          James Russell (JR) (item 6.2)          David Coyne (DC) (item 6.7)          Claire Murray (CM) (item 6.8.1 and 6.8.2)          Laura Barjonas (LB) (item 6.8.1 and 6.8.2)          George Boag (GB) (item 6.8.1 and 6.8.2)</p> <p>Ayah Hatim (AH) (Secretariat)          Christine McCall (CMcC) (Secretariat)</p>

	<u>Scottish Government</u> Adam Reid (AR) (items 4.2 and 5.1) Helen Webster (HW) (item 5.2 and 5.3) Catherine Cacace (CC) (item 6.6) Susan Tamburrini (ST) (item 6.6)
<b>Apologies</b>	Tracy Black (TB) Nazim Hamid (NH) Prof David Hillier (DH) Christine Pollock (CP) Eileen Russell (ER) Grahame Smith (GS) Paul Taylor (PT)

<b>1.</b>	<b>Apologies and Declaration of Interest</b>
	Apologies were received from TB, NH, DH, CP, ER, GS and PT.  There were no declarations of interest.
<b>2.</b>	<b>Minutes of Previous Meeting 17 February 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>Scotland's Economic Recovery</b>
	<u>4.1 Economic and Labour Market Outlook</u> CB presented.  CB noted that in reflecting on the minutes of the previous meeting, the format was amended to highlight the medium and long-term drivers separate from the implications of Covid-19.  Key highlights: Economic Outlook: International <ul style="list-style-type: none"> <li>- Due to the Covid-19 restrictions in Asia and the Ukrainian conflict, the global economy was experiencing difficulty.</li> <li>- Energy costs were high, driven partly by the European Union's (EU) reliance on Russian oil and gas.</li> <li>- Global growth was projected to slow down from 6.1% to 3.6% in 2022. Beyond 2023, global growth was forecasted to decline to around 3.3% over the medium term.</li> <li>- Inflation was affecting businesses and individuals, partly driven by the energy crisis and the Eurozone inflation.</li> <li>- The UK was experiencing the highest inflation in the G7 which highlighted the difficulties as a result of Brexit.</li> </ul> Economic Outlook: Scotland and the UK <ul style="list-style-type: none"> <li>- UK inflation reached 9% in the twelve months to April 2022, the highest 12-month inflation rate recorded since 1982.</li> </ul>

- UK Gross Domestic Product (GDP) contracted unexpectedly in March 2022 (-0.1%).
- UK Purchasing Managers' Index fell to 51.8 in May (down from 58.2 in April) which highlighted a sharp slowing of the economic growth rate.
- May witnessed the slowest rise in business activity since March 2021.
- Scotland's GDP increased by 0.3% in March 2022 compared to 0.4% in February 2022.
- Both Scotland and the UK GDP growth forecasts had been downgraded.

#### Economic Outlook: Components of GDP

- Consumer spending was decreasing due to the sharp rise in inflation. The percentage of households who cut back on food increased to 57% in April from January 2022.
- Government spending had been increasing since 1997-98 but sharply rose during the pandemic from 48.3% in 2018/19 to 64% in 2020/21 (excluding North Sea revenue) but this was now decreasing.
- UK business investment fell by 0.5% in Quarter 1 2022 and was 9.1% lower than it was pre-pandemic.
- Scotland's goods exports increased by 1.6% to £27 billion in 2021 compared to the previous year. Exports remained 20% lower than in 2019 driven by a fall in the export of oil and gas.
- Goods imports increased by 24.1% to £24.8 billion between 2020 and 2021. Imports in 2021 were 4.8% higher than in 2019 due to the impacts of Brexit.

#### Labour Market Outlook

- Scotland's employment rate increased to 75.6% (+53,000 people) in the three months to March 2022 compared to the previous quarter.
- 16+ unemployment rate remained low at 3.2% in the three months to March 2022, a decrease of 0.9pp (-24,000 people) from the previous quarter.
- Youth unemployment stood at 5.6% (20,000 people), a fall of 2.1pp, from the same point the previous year (January to March 2021). However, estimates were based on a small sample.
- Labour Market Participation remained a concern due to either the long-term sick or students which resulted in a rise in economic inactivity in Scotland over the past two years.
- However, slight signs of improvements were recorded as the economic inactivity rate decreased to 21.9% (-24,000 people) in March 2022.
- The supply of people to contribute to labour shortages had been affected by lower migration, evidence of Brexit/Covid reducing EU nationals entering Scotland and workforce demographics, including Scotland's ageing population.
- In mid-April, 35.3% of businesses experienced a shortage of workers.
- Due to the difficulty in filling positions, almost 70% of businesses reported employees working increased hours and 39.1% of businesses were unable to meet demands.
- Job postings remained high at 69,900, more than double pre-pandemic levels.
- For the first time, vacancies outnumbered unemployed people in the UK in March 2022. SDS analysis suggested there were 1.2 unemployed people per job posting in Scotland.

### Inequality

- As a result of the cost of the living crisis, around 1.3 million people were estimated to be in absolute poverty.
- Real-term wages in the UK were expected to fall by 3.6% over 2022.
- According to the Office for Budget Responsibility estimations, households faced the biggest single year fall in living standards since 1956, equating to an average fall of £1,200 per household in the UK in 2022/23.
- The Joseph Rowntree Foundation highlighted that the impacts of inflation would be felt by those on the lowest incomes and the Living Wage Foundation stated that spikes in inflation would have a more significant impact on women.

### Conclusions

- Scotland faced subdued economic growth over the short to mid-term and the risk of stagflation was increasing, with the immediate gains of lockdown easing.
- Inflation was expected to rise which would place pressure on people and businesses with a potential impact on business survival rates.
- Labour and skills shortages could hinder Scotland's ambitions for economic transformation and impact plans for a Just Transition to NetZero by 2040.
- Scotland appeared to revert to a lag position behind the UK after a period of recovery.

PM asked for clarification on how Scotland compared to other countries in government spending. The Chair noted that historically Scotland had higher public spending compared to other countries, but this was skewed by the pandemic. CB and AR both offered to provide the comparison data to the Board. PM also raised what solutions the government or the Home Office were exploring if the unemployment rate was low, but job vacancies were high with businesses unable to find the talent. DY commented that for those who were economically inactive, improving accessibility in the workplace for the long-term sick, getting people into work quicker through graduate apprenticeships and migration could all help to support economic growth.

PM sought clarification on whether there was a sector split across labour shortages and CB advised that data shortages were most prominent in hospitality, retail, health and social care, construction and mid-level occupations. DY commented that SDS was meeting with the Chambers and Confederation of Business Industry for insight into methods companies were using to attract and retain employees.

CE sought clarification on whether the recession experienced during the 70s had only impacted the UK or globally. CB advised that the oil price shock led to a global recession, but the circumstances are different as the energy costs and Covid continued to develop. Also, the UK economy was different to the 70s which centered around manufacturing. The UK was also experiencing headwinds not experienced by other countries due to austerity and Brexit.

Members noted the update.

### 4.2 National Strategy for Economic Transformation (NSET) - Update

AR presented.

AR highlighted the National Strategy for Economic Transformation (NSET) report, which was published in March, set out strengthening the economy over the next ten years in five areas, entrepreneurial people and culture, new market opportunities, productive businesses and regions, a skilled workforce and a fairer and more equal society.

AR presented key highlights:

- The vision was to have a wellbeing economy where economic, social and environmental dimensions thrived.
- The ambition was to create a fairer, wealthier and greener society.
- From a skills perspective, the skills workforce strand was split into three areas, a more responsive and agile education and skills workforce, incentivising more people and employers to invest in lifelong learning and expanding Scotland's talent pool.
- All of which occurred through a stronger culture of delivery.

Where we are and next steps on delivery:

- Some progress was reported on productivity clubs, tech export plan, talent attraction programme and the Centre for Human Rights. The announcement of the NSET delivery board membership would be announced in a couple of days.
- In a collaborative approach, over 60 project initiation plans had been finalised.
- Building on the NSET evidence paper and new data, the Scottish Government (SG) was finalising metrics of success which SDS would be consulted with.
- Work on wellbeing economy monitor was well advanced.

A Culture of Delivery

- The three new projects would strengthen accountability and transparency through the publishing of annual progress reports, transform support delivered to people and businesses and measure success.

Summary of proposed governance of NSET

- NSET Delivery Board replaced the Enterprise and Skills Strategic Board (ESSB) to provide strategic oversight. The membership was announced last week and the first meeting was held this week.
- Portfolio Board to include programme directors, agencies and Chief Executive Officers (CEOs) for collaboration.
- NSET Programmes Board: SG was in communication last week with SDS and Scottish Funding Council (SFC) and the first meeting was held in June.
- Co-Chairs would regularly interact with Agency Chairs.

NSET Next Steps

- First meeting of the NSET Delivery Board was held on the 8 June.
- Further meeting between Cabinet Secretary for Finance & Economy and agency chairs to discuss NSET governance arrangements.
- Worked with SDS and other delivery partners to finalise programme delivery plans.
- Engaged with delivery partners and stakeholders in deciding indicators of success.
- Ensured programme governance arrangements were in place.

	<p>WM sought clarification regarding several queries including whether there was a danger of over-layering the governance which would result in structures becoming too complicated to monitor and execute. Also, whether the different layering of accountability would result in structures being less agile leading to slowing down the pace of the work. WM sought clarification as to why CEOs and Chairs were on the ESSB, but this was not the case with NSET. Lastly, WM asked whether there was a possibility to reset NSET as the world and the economy was different to the prior couple of months and what mechanisms were in place to reset and deliver on changes.</p> <p>AR responded by agreeing to feedback WM comments on the layering of governance and that the governance structures would be kept in review. However, AR noted that there would always be some form of complexity. AR also commented chair's roles were under discussion, but agencies were represented through CEOs on the portfolio board and the Co-Chair would regularly meet with agency Chairs. SG wanted to ensure that the NSET Delivery Board could hold the delivery to account and some element of this was to have representatives outside of the agencies on the delivery board. In regards to reset, AR stated that the programme was designed to deal with inevitable changes in the economy and with regard to the skills perspective, the three broad areas were flexible to change but there was nothing to suggest a move away was needed at present.</p> <p>MD asked for clarification on the roles of the private sector in all the boards presented. AR did not have the details, but the private sector would be represented on the Delivery Board and the Cabinet Secretary announced the membership a few weeks prior. The Chair sought clarification as to whether there was the right number of private sectors represented on the Board. HW advised that SG had sent invitations to each of the Senior Responsible Officers to engage regularly with the 'big six' and a meeting was set up in June with companies in the private sector.</p> <p>PM sought clarification on whether existing structures would be used for delivery or whether more structures would be created. Also, as to whether NSET would create new jobs or use existing agencies to deliver the programmes. AR commented that the Cabinet Secretary wanted to see delivery through the government sector and would not be able to comment on membership yet. However, agencies would be given direction through the Letters of Guidance issued.</p> <p>TT sought clarification on what would happen if the governance structure were found not to work and what SG had learnt from ESSB. AR commented on learning to focus more on metrics of success and that the SG would review the structure once the progress against metrics became clear.</p> <p>Members noted the update.</p>
<b>5.</b>	<b>Strategy / Policy</b>
	<p><u>5.1 Resource Spending Review</u> AR presented.</p> <p>Key highlights included:</p>

- The Resource Spending Review (RSR) detailed financial plans for the next four years alongside the findings from the public consultation held last year and the equality and fairer statement.
- This was the first multi-year spending review since 2011 but this did not replace the Scottish budget with the precise level of spending set to look different.
- The Scottish public grant was only growing by 2% once social security was considered.
- Budgets were flat and prioritisation was underway.
- There were priority areas including reducing child poverty, supporting households and businesses with the cost of living, securing stronger public services, achieving net-zero and tackling the climate crisis and building a stronger, fairer and greener economy.
- In Education and Skills, there was scheduled to be would be additional investment for the portfolio and a flat cash settlement for the four years.

DY sought clarification on the timelines for delivery plans. AR advised these were not available at present. CE sought clarification on whether there would be a net decrease over the years due to a flat budget but increasing salary levels and whether this would result in a significant gap. In addition, how agencies would be able to deliver with a reduced budget. AR advised that it would be challenging but more detail would be given in the next couple of months in line with the budget which would likely prioritise frontline delivery and NSET.

DY advised that it was not flat across the board with some areas protected in flat lines. AR advised that regarding the flat cash settlement, there were increases in other priority areas including child payments and NHS with the reflected increase resulting in less budget for other areas.

CE sought clarification if the projected numbers were a minimum budget for agencies and whether this would be likely to reduce further. AR advised it would depend on circumstances. The Chair advised due to fiscal tightening clarity would be needed in the budget on what SDS would and would not do and the implications of this. The Chair suggested that some of the pressures could be alleviated by shared services between agencies. AR advised that RSR addressed shared services in digital and procurement. DY noted that SDS would need a five-year plan for shared services. RSR provided an indicative five years that SDS could plan around based on government priorities.

Members noted the update.

## 5.2 Reform Unit – Purpose and Principles Progress Update

HW presented.

Key highlights included:

- Purpose and Principles document to stimulate debate on education, skills and research to shift cultural expectations and challenge expectations of what the systems can deliver.
- To provide a single-led evidence model to determine the optimum set of interventions for economic growth.
- To align the system behind a set of purpose and shared principles for the next decade based on the outcomes decided.

- To use existing intelligence which would be both consultative and generative.
- Clarity and coherence for prioritisation in an uncertain environment.

#### SG Investment in post-school education, research and skills

- The majority of spending in the Education and Skills portfolio (c.£3.4bn) was related to tertiary education and skills.
- Outcomes measures based on attainment of qualifications were high however impacts on the Scottish economy in terms of increased productivity were less clear.
- There are elements of the ecosystem performing well and SG does not want to undermine the international reputation of universities. However, the ecosystem had not previously done well in setting out long-term outcomes and therefore targeting knowledge and skills would be key to aligning skills for the next ten years.
- To articulate the fulfilment of outcomes, what were the different interventions and people needed to sustain the ecosystem and which elements need more interventions. There would be different roles, people and interventions involved.

#### What is the ecosystem and what are its drivers?

- Domestic drivers influencing the system included government policy, NSET, budget, Brexit, Covid, learner's choice and careers advice.
- Global drivers that influenced the system included climate emergency, demographics and ageing population, technological transformation, international trade and investment flows.

#### Timetable

- Set to publish a short paper on the scope of the work in the next few weeks with engagement set to start in summer and autumn. SDS would feed into the final version with the process democratised to allow a large number of people to contribute.
- A draft paper is to be published in January 2023.

The Chair noted that phrasing was key as not all universities were internationally reputable. Moreover, the Chair noted there was a lack of data on how spending connected to research outcomes or its contribution to the SG economy. A need to be clear on which areas were having an impact and which areas were not.

MMcC sought clarification on whether SG would be tougher on conditions of funding as there is little evidence on the return of investment and destinations for disadvantaged groups entering higher education. HW responded by expressing it was hard to hold an institution to account for where the individual was five years later. HW noted the difficulties of defining one single vision and the legislative constraints on investment, but SG was exploring what conditions or outcomes for funding would look like.

The Chair recommended inviting the minister to provide an update to the Board on the RSR and NSET at the next Board meeting. HW commented that she would provide an update at the next Board meeting and would run a consultation workshop.

Members noted the update.



	<p>AR and HW left the meeting.</p> <p><u>5.3 Shared Outcome Assurance Group – Progress Update</u></p> <p>Members noted the update.</p> <p><u>5.4 Career Review - Update</u></p> <p>Deferred to the next Board meeting.</p> <p><u>5.5 Final Draft Strategic Plan – 2022–27</u></p> <p>AM and HD joined the meeting.</p> <p>DY provided an update.</p> <p>Key highlights included:</p> <ul style="list-style-type: none"> <li>- SG feedback arrived the morning the Strategic Plan papers were issued. As such, this would be approved by the Board in a couple of months to ensure the Strategic Plan responded to the input provided by SG.</li> <li>- To ensure the plan is fully aligned to NSET and SG priorities, DY and the Chair would meet with the CEO of agencies to ensure they can offer final input into the Strategic Plan.</li> <li>- Five priority areas include, industry-focused skills, inclusive talent pool, intelligence-led system, impactful organisation and invested employers. This would be externally focused but broad enough to cope with changes of emphasis depending on Government decisions over the next couple of months.</li> </ul> <p>Post-publication collaboration</p> <ul style="list-style-type: none"> <li>- External engagement to include SG and national, regional and local partners to support the delivery of SDS and partner plans.</li> <li>- Colleague engagement to raise awareness of the new Plan and prepare to maximise organisational effectiveness in delivery over the next five years.</li> </ul> <p>PM sought clarification on whether consulting with agencies would be in regard to delivery or how agencies were to implement the Plan. DY clarified this would create links between strategy plans across partners to tie strategies together.</p> <p>Strategic Plan approved in principle subject to further refinement of the narrative. Item to be approved at the next Board meeting.</p> <p>HD left the meeting.</p>
<b>6.</b>	<b>Performance / Financial / Operational</b>
	<p><u>6.1 Annual Review 2021/22</u></p> <p>The SDS Annual Review 2021/22 was due to be published the following day.</p> <p>Members noted the update.</p> <p>AM left the meeting.</p> <p><u>6.2 SDS End of Year Performance Review 2021/22</u></p> <p>KH, DG, JRu, GMcG and CA joined the meeting.</p>

JRu provided highlights on Career Information Advice Guidance (CIAG) progress:

- CIAG delivery in school was ahead of last year and was on track to meet the minimum expectation by the end of the academic year.
- Lower demand for Partnership Action for Continuing Employment (PACE) as 9,902 individuals received PACE guides compared to 34,222 last year.
- The biggest challenge was being able to meet the intensity of service as pupil absenteeism remained high.
- However, expected that minimum service offers for the senior phase would be achieved.

KH and DG provided an update on Work-Based Learning (WBL).

DG presented key highlights:

- 4,199 Foundation Apprenticeships (FAs) starts this year was a good outturn in a difficult environment.
- Modern Apprenticeships (MAs) outturn exceeded expectations (25,401 starts) and is 36% up on last year.
- New Graduate Apprenticeships (GA) starts were fully funded by SFC and were slightly behind on anticipated volume. Delays were reported as numbers were usually confirmed in November but this year, it was confirmed in February with ongoing challenges in places of learning and access to the workplace due to covid.
- Only 11 redundancies in GAs last year with eight of those placed with another employer through the adopt the apprentice programme. Number of redundant MAs is 69% below last year and 26% down on 2019/20.
- Employability Fund starts were marginally behind figures from the same period last year and 11% behind 2019. Employability Fund ceased in March 2022 with funding transferred to Local Authorities.

KH provided key highlights:

- The last year had the best ratio for ethnic minorities and care experienced within apprenticeships.
- MA achievement rates slightly decreased due to implications due to Covid.
- 23 sessions with providers and the service design and innovation team to implement one equality strategy to mainstream and build a cohesive strategy in SDS.

GMcG provided key highlights:

- 157 Skills for Growth skills reviews delivered.
- Climate Emergency Skills Action Plan (CESAP) implementation and launch of the Green Jobs Workforce Academy (GJWA).
- Disruption around working from home and hybrid working present challenges around talent attraction and people moving to the south due to wages.

CA provided key highlights:

- In addition to gaining a 7-star recognition in SDS's first external assessment at the end of last year, SDS was also announced as the winner of the UK EFQM (European Foundation for Quality Management) Excellence Award at the annual British Quality Foundation Awards.
- Over 68,000 hours of (Continuing Professional Development (CPD) hours with an average of 41 hours CPD per colleague.

- Achievement of Investors in Young People (IIYP) Platinum Award and Gold standard in The Stonewall Workplace Equality Index 2022.
- Telephony Decommissioning completed, now delivering savings.
- 85% survey response rate in the Your Views Survey with 8.6 out of 10 recommended SDS as a place to work.
- Strategic Plan development was co-created with input from colleagues and stakeholders.
- Hybrid working pilot had begun.
- Review of priorities within the Information Management Strategy to deliver the action set out within the Strategic EFQM action plan in response to the recommendations within EFQM feedback.

CE sought clarification on the experiences of career advisers going back into schools. JRu noted that there were difficulties at the start, but this was now resolved with schools working proactively to deliver integrated services to hard-to-reach pupils. JRu also advised that Her Majesty's Revenue and Customs (HMRC) were moving forward with sharing statistics to use for statistical purposes. BC asked if there was a timeline for the HMRC data. NP advised the timeline would be months rather than years.

Members sought clarification on the work with people from Scottish Index Multiple Deprivation (SIMD) postcode areas. KH advised that there had been a disproportionate impact on those living in SIMD areas due to Covid. PM sought to clarify what measures and incentives were used to attract people from SIMD postcode areas. KH advised there had been awareness-raising work, Scottish Apprenticeship Week and promotion in specific areas.

Chair asked to formally minute a thank you for the performance of SDS and the leadership provided by Board Members who provided excellent support and invaluable advice. Also, the Chair reflected on the good leadership evidenced by the EFQM award, highlighting the underlying quality and sustainability of results.

Members noted the update.

KH, DG, JRu, GMcG and CA left the meeting.

### 6.3 SDS End of Year Accounts 2021/22 Update

Key highlights included:

- The original budget.
- Small adjustments around property were made due to Monteith House being completed this year.
- Total expenditure.
- 0.29 management accounting variance position before capitalisation and any ESF adjustments required.
- Audit finalisation was ongoing.

The Chair noted that this was a strong result in a difficult financial year.

Members noted the update.

### 6.4 SDS Budget 2022/23

It was noted that the SDS Budget 2022/23 was circulated via correspondence for approval. The agreed position was a deficit budget of £2.35M, for which the executive would identify mitigation opportunities in-year.

Members homologated the decision to approve the SDS Budget 2022/23.

#### 6.5 SDS Operating Plan 2022/27

Key highlights by AM:

- The Operating Plan was aligned with the Letter of Guidance and was signed off by SG.
- Budget covered all activities (with a £2.35m challenge) but excluded CESAP related projects (subject to a separate funding application).

CE highlighted the commentary on tables was useful and questioned if this could continue with papers published in the future.

The Board agreed that the format of including commentary in tables in papers circulated would continue.

Members noted the update.

AM left the meeting.

#### 6.6 European Structural Fund – Risk

CC and ST joined the meeting.

DY highlighted that SDS would be subject to non-recovery of any European Structural Fund (ESF) claims after January 2024. However, currently, a number of factors had conspired to prevent verification or payment of claims to SDS and there was a significant income accrual of circa £61.8M in the 2021/22 statutory accounts.

The apparent uncertainty created risk for SDS and for Board Members. In previous years, SDS had received a formal letter from the sponsor team director to state that no personal liability would arise for Board members and an enhanced version was now sought.

For the overall question of achieving payment from SG, SDS had led an initiative with the SG sponsor team and Managing Authority to seek to address concerns through an ESF mitigation plan.

A refreshed letter had been received but was not deemed to cover all concerns appropriately.

SDS was concerned that without progress on the claims and letters of assurance, Audit Scotland would be unable to provide a clean audit opinion for 2021/22, or would qualify these accounts.

AL provided an update on current claims. SDS was trying to simplify the process as the longer a claim takes to make, the bigger the claim becomes. To assist, SDS and the SG Managing Authority had agreed to provide supporting documents in smaller and regular batches.

CC explained that the Managing Authority had agreed a sample methodology with SG audit colleagues to seek to address the original protocols for sample size and the time to process it. CC reported SG were committed to working together with SDS to mitigate the risks.

The Chair noted the difficulties of human error in such a large undertaking, the importance of ensuring SDS controls and the testing of the samples to be confident of the quality of the data.

AL advised that the raw data came from Funding Information and Processing System (FIPs) and this should be uniform for each record, but delays could be expected to occur if or when further data was sought from training providers. There were eight people in the team working on this. CC advised that two rounds of checking were done within the team and then the SG programme performance team also checked requests. Staffing was at full complement and reviewed on an ongoing basis and if there was flexibility, staff would be deployed.

Members sought clarification on who made the judgement to simplify sample sizing for Modern Apprenticeship verification. CC advised this was a proposal discussed with internal auditors acting on behalf of the European Commission and the methodology was agreed upon by auditors.

The Chair advised due to the risks, regular updates were to be provided to the Finance and Operational Performance and Audit and Risk Committees.

Members noted the update.

CC and ST left the meeting.

#### 6.7 Green Jobs Workforce Academy

CB and DC provided an update.

Key highlights included:

- GJWA is an element of the CESAP. It was part of the 100-day commitment after last year's May elections to provide a deliverable service by August 2021.
  - GJWA is part of a wider careers service offer delivered through My World of Work (MyWoW). This included overview pages that introduce the transition to Net Zero, content on the key industries to Net Zero. A course search tool, which allows users to search and explore thousands of green learning opportunities. A job search tool which allows users to search and explore thousands of green job opportunities and access via live chat or phone to an SDS adviser.
  - There was limited promotion to date since the launch in August, but SDS had 6,000 users visit the site.
  - Phase 2: Between April 22 – March 23, Green Skills Tool V1, Commission User Research and Design Skills Wallet user journey.
  - Phase 3: April 23 – March 24, deploy user dashboard, deploy Skills Wallet UX, Green Skills Tool V2 and Deploy new Opportunity Search.
- GJWA risks and dependencies
- Without dedicated resources in addition to SDS Grant In Aid, little progress was possible.

- Technical capability required digital services to be fit for purpose.
- GJWA only works as part of the broader programme of work to support the CESAP work programme.
- Ministerial priority with high visibility which required constant management.

MMcC sought clarification on the number of digital green jobs. CB advised this was not currently possible to provide as it was still unclear on the single definition of a green job, which Warwick University was working on defining. CE sought clarification on whether other elements of the project could continue if funding was not provided. DC advised elements such as meta-skills, mapping job titles against technical skills and identifying green skills associated with occupational data would go ahead as this is completed by the customer. However, the cost would relate to developing the artificial intelligence needed. DC advised the money would be needed to outsource some of the design work as MyWoW would be prioritised.

WM sought clarification for the funding requests. DY advised that there was no funding in the Grant in Aid (GIA) for the GJWA. MMcC sought clarification on whether the GJWA was ambitious enough as the demand for green jobs was needed immediately and not in 2025. CB advised that priority areas were being identified and engagement with different industries and sectors was occurring through CESAP.

Members noted the update and requested further updates to future meetings.

DC left the meeting.

#### 6.8 Cyber Security Update

GB, CM and LB joined the meeting.

##### 6.8.1 Update – EIS (Enterprise Information Systems)

Key highlights included:

- EIS established an annual security programme to enhance the controls SDS requires to protect data.

Since November 2020, EIS had invested heavily into cyber security:

- Provided Security Assurance to projects and Business as usual (BAU) changes.
- Creation of a new technical security operations capability and operationalised Microsoft Security Controls.
- Recruited a contract specialist Security Architect to look at future security controls more strategically.
- Invested significantly in training, with formal training in Microsoft Security, Microsoft Security Operations and achievement of formal industry recognised security qualification.
- Ransom wearing so in the event of an attack, SDS can quickly detect and recover.

Annual Security Programme

- Concentrated on enhancing the current BAU process to align to the Cyber Essential Plus (CE+) Framework. This resulted in the obtainment of CE+ in June 2021.

- Work was currently underway to recertify, with regular engagement with SDS and other partners – on track to achieve this in June 2022.

Training Modules:

- There were 26 training modules available.
- Phishing exercises were undertaken across SDS in April 2022.
- 1487 test phishing emails was successfully delivered to SDS employees. 213 employees reported this as a phishing email.
- Only eight people clicked the email and six entered credentials, promoting users to undertake training.

6.8.2 Update – SDS

GB provided an update.

Key highlights included:

- Software governance was established in 2020 to look at applications across SDS to control requests for new applications.
- Renaming of the Software Governance Group to the Digital Assurance Group.
- Cyber Maturity Assessment was renamed to the Cyber Maturity Improvement Project. Cyber Incident Training/Exercising was also renamed to Cyber Incident Playbooks.
- Cyber Audit (EIS) was renamed to the SDS Cyber Strategy.
- Q3 2022 SDS Cyber Security/Maturity Audit planned.

CM advised that EIS was working with partners in a collaborative approach to sharing practices rather than EIS providing updates. MD noted that threats are constant and sought clarification on what lessons were learnt from Scottish Environment Protection Agency (SEPA) cyber-attack. CM advised that lessons learned were to test preparedness before a cyber-attack and education was key to this. As well as the importance of continuing to invest in security. In addition, collaboration was key to this process to share with others when impacted by a security attack, otherwise, other businesses would not be able to learn from mistakes made.

The Chair sought clarification on solutions for colleagues who fail the phishing test and not completed the online training. CM advised that it was key to not penalise colleagues for clicking on an email, but the focus would be to educate colleagues through training. Any consequences chosen should not deter colleagues from informing due to fear of being reprimanded. Chair noted that physical security was tied to cyber security and it was vital to ensure the former was not lost in the process. LB noted that this was not as explicit as it should be and would review.

Members noted the update and requested further updates to future meetings.

GB, CM, and LB left the meeting.

6.9 Organisational Effectiveness Review

Deferred to the next meeting.

**7. Board Member Updates**

7.1 Equality and Diversity Updates

	NH was absent from the meeting therefore the slides to be circulated to members for noting.
<b>8.</b>	<b>Papers for Noting</b>
	<p>Members noted the following minutes:-</p> <p><u>8.1 Minute of Scottish Apprenticeship Advisory Board (SAAB) – 19 October 2021</u></p> <p><u>8.2 Draft minute of Remuneration and HR Committee (RHR) – 3 February 2022</u></p> <p><u>8.3 Finance and Operational Performance (FOP)</u>  8.3.1 Minute of FOP – 8 February 2022  8.3.2 Minute of FOP (Special plus ARC) – 11 March 2022  8.3.3 Minute of Special FOP – 13 April 2022</p> <p><u>8.4 Draft minute of Audit and Risk Committee (ARC) – 17 March 2022</u></p> <p><u>8.5 Draft minute of Service Development Committee (SDC) – 21 April 2022</u></p> <p>Members noted the minutes.</p> <p><u>8.6 Board Member – Stakeholder Events</u></p> <p>Members noted the paper.</p>
<b>9.</b>	<b>Papers previously circulated for approval/noting via correspondence</b>
	<p>Members homologated the decision to approve/note the following papers:-</p> <p>9.1 Board Business Papers – 17 February 2022 (BD-21-020vc) for approval  9.2 Board Feedback Survey Results 2021 (BD-22-001vc) for noting  9.3 Board Code of Conduct Update (BD-22-002vc) for endorsement  9.4 Proposal to Strike off Scottish University for Industry (SUFi) (BD-22-003vc) for approval  9.5 Draft Budget 2022/23 – Board Member Approval (BD-22-004vc)</p> <p>Papers previously circulated for approval/noting via correspondence were homologated.</p>
<b>10.</b>	<b>Any Other Business</b>
	There was no other business.
<b>11.</b>	<b>Close of Board Business Meeting</b>
<b>12.</b>	<b>Date of next scheduled meeting: 1 September 2022</b>

AH  
June 2022