

# Minutes of the meeting

## Board Business Meeting (BD)

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| <b>Date</b>       | <b>21 May 2025</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Time</b>       | <b>10:00 – 15:00</b>                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Location</b>   | <b>Monteith House, 1st Floor, Barra/Jura Room</b>                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Present</b>    | <p>Prof Frank Mitchell (Chair)<br/> Tracy Black (TB)<br/> Beth Corcoran (BC)<br/> Sheila Cowan (SC)<br/> Dr Mark Dames (MD)<br/> Victoria Erasmus (VE)<br/> Dr Carol Evans (CE)<br/> Nazim Hamid (NH)<br/> Prof David Hillier (DH)<br/> Graham Hutcheon (GH)<br/> Margaret McCaig (MMcC)<br/> Christine Pollock (CBE) (CP)<br/> David Rankin (DR)<br/> Damien Yeates (Chief Executive) (DY)</p>                                                                  |
| <b>Attendance</b> | <p><u>Skills Development Scotland (SDS)</u><br/> James Prentice (JP)<br/> James Russell (JR)<br/> Neville Prentice (NP) (item 6, 11, 12 and 13)<br/> Andrew Livingstone (AL) (items 7 and 8)<br/> Linsay Lochans (LL) (item 11)<br/> Judith Kavanagh (JK) (item 13)</p> <p><u>Scottish Government</u><br/> Naureen Ahmed (NA)<br/> Shirley Laing (SL)<br/> Sarah Moore (SM)</p> <p><u>Secretariat</u><br/> Shirlene Grant (SGr)<br/> Christine McCall (CMcC)</p> |

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| <b>Apologies</b> | Dr Poonam Malik (PM)<br>Paul Taylor (PT) |
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| <b>Business Meeting</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>1.</b>               | <b>Apologies and Declaration of Interest</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                         | Paul Taylor passed apologies. There were no declarations of interest.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>2.</b>               | <b>Minute of meeting held on 19 February 2025</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                         | The minutes of the last meeting were approved subject to the replacement of a word on page 4.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>3.</b>               | <b>Decisions and Actions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                         | The decisions and actions were reviewed and noted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>4.</b>               | <b>Scottish Government Reform Update (SG)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                         | <p>Shirley Laing (SL) Director for Lifelong Learning and Skills, Naureen Ahmed (NA) Deputy Director of the Skills Division and Sarah Moore (SM) Head of Sponsorship and Engagement, Scottish Government joined the meeting.</p> <p>NA and SM introduced themselves to the members and the Chair welcomed them to the meeting.</p> <p>The Chair opened by advising SL that due to timings of the draft implementation planning documentation being shared with SDS, the SDS Board had not yet come to a collective view on the outline implementation plans and that this would not be feasible within the timelines for feedback that had been set.</p> <p>SL welcomed the opportunity to follow up on discussions from the February Board meeting.</p> <p>SL provided key highlights on progress:-</p> <ul style="list-style-type: none"> <li>– The Tertiary Education and Training Bill was introduced on the 5 February 2025, key step in taking forward SG Reform.</li> <li>– Stage one to be completed by 26 September 2025.</li> <li>– PFG outlines an intent to complete transition of transition from SDS to SFC by March 2027. This is slightly later than had been communicated previously and built on previous feedback from SDS on the complexity of an in-year transition.</li> <li>– SL passed on a huge thank you to the SDS team who had supported the early work around implementation planning, including James Russell, Carolyn Anderson, Diane Greenlees and James Prentice. This constructive insight had helped the Scottish Government progress the outline planning documentation, alongside input from colleagues in SFC and SAAS.</li> <li>– In relation to Skills Planning Reform – continued close collaboration between SG/SDS and SFC under the Memorandum of Understanding had been invaluable for planning a future model for delivery of national and regional skills planning. This future model is close to being finalised subject to Ministerial approvals.</li> </ul> |

NA provided additional points in relation to the SG-led implementation plan:-

- workshops with individual public bodies had supported development of the high level project plan.
- Working to have high level project plan finalised during w/c 26 May 2025 in advance of a senior leadership roundtable on 3 June 2025.
- First meeting of the Project Board is expected to take place w/c 9 June 2025. Draft Terms of Reference and Project Initiation Documents to be shared.
- Decisions are ongoing in relation to how to best engage colleagues in public bodies and external stakeholders.
- Focus is shaping a delivery plan all partners can trust.
- NA was keen to include clear roles and responsibilities and limit the disruption to the day job for staff involved.

The Chair thanked Shirley and Naureen for their updates and opened the discussion to Board members. Key points included:

The Board noted the transfer of all apprenticeship administrative functions and funding by April 2027 was a highly complex operational undertaking.

After many months of no material updates in relation to implementation planning, SG officials appeared to have been tasked with providing detailed plans in a matter of weeks. Whilst the SDS Board welcomed the development of this initial planning activity and appreciated that input and engagement was sought, there remained critical risks and uncertainties to the Board of SDS which could have significant implications for implementation.

On that basis the Board had significant concerns about the short timescales involved.

*These minutes are in confidence for participants in the meeting to which the minutes relate, only, and may contain legally privileged information. The contents of these minutes are not to be disclosed to anyone other than the participants without SDS's formal permission: **Legal Advice [IMAN-MATTERS.FID3703379]***

The Chair went on to highlight the Board's concern that years into the reform process, there remained no articulation of anticipated outcomes or impact. Board members had consistently asked what would be better as a result of the proposed structural reform in terms of defined, measurable improvements for individuals, apprentices or businesses.

He also highlighted that despite the unfolding crisis in higher education funding and the worsening outlook for public finances there was no articulation of the cost benefit of this action, nor an obvious pathway to having this cost benefit analysis in place. Undertaking significant structural reform without a clear grasp of its costs, benefits, or intended outcomes represented a primary strategic risk.

SL responded that there is a need for SG to get better at telling the story of reform but that it will be very positive for the learner experience overall and relationships and goodwill should not be lost during this process.

SL highlighted historic work undertaken through Purpose and Principles and development of the strategic outline case which seeks to articulate the case for

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|           | <p>reform. SL highlighted that benefits definition is a key priority for the next stage of reform development.</p> <p>The Board discussed the fact that it had insufficient detail on the critical risks and issues of the migration of functions from SDS to SFC. This, coupled with the continued lack of clarity around the future role and functions of SDS, mean there is continued concern about our ability to continue our fiduciary responsibilities as a functioning Board.</p> <p>In relation to the implementation planning documentation shared, the Board highlighted that SDS staff appeared to be excluded from proposed workshops which would determine how apprenticeships will be delivered in 2027/28 and beyond. Also there was no workstream on the outcome of SDS and what the shape of this would be to deliver.</p> <p>SL advised that SG would seek to provide clarity regarding the position on TUPE as a priority.</p> <p>The Board also highlighted that SDS staff appeared to be excluded from proposed workshops which would shape the reformed SFC, of which they will be a part.</p> <p>The Board highlighted that this appeared wholly inconsistent with Fair Work Principles and led to a concern that the future delivery of apprenticeships would be shaped by people that did not understand how they are currently delivered.</p> <p>NA highlighted that this was not a conscious omission and agreed that SDS staff would be involved in the sessions highlighted. She also agreed to the need to ensure workstream arrangements consider the future functions of SDS.</p> <p>The Board re-iterated that they were committed to reform which addresses the challenges in the labour market and economy however were concerned about the lack of clarity of the change proposed. They also expressed concern in relation to the demands on SDS colleagues tasked with both managing their regular duties and handling additional asks in relation to reform planning.</p> <p>NA responded that Ministers have made the decisions regarding simplification and that the case for change has been made. NA highlighted that apprenticeship funding is more likely to grow rather than diminish, and that through reform apprenticeships can move to a statutory footing and will have parity with other qualifications.</p> <p>The Chair thanked SG colleagues for the update and contribution to the discussion and would provide comments to them in due course.</p> <p>SL, NA and SM left the meeting.</p> |
| <b>5.</b> | <b>Scottish Government Reform Update (SDS)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|           | <p>JP referred to the paper circulated which provided members with an update for reference. JR presented on key points and was discussed in the previous SG update.</p> <p>Members noted the update.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| 6. | <b>Year end Performance Report 2024/25</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|    | <p>NP joined the meeting and referred to the paper circulated which provided the Year End Performance Report and summarised performance from 1 April 2024 to 31 March 2025 against the commitments in our Operating Plan 2024/25 and wider Strategic Plan 2022/27.</p> <p>SDS delivered another year of strong performance in the context of considerable complexity and uncertainty in the operating environment. Transform 27 (T27) continued to protect front line service delivery, including career services. Moreover the biggest achievement was that Apprenticeship starts were exceeded. In senior phase activity this was marginally behind the same point last year but still two months to improve outturn before the academic year finished (end of May). Key Performance Indicators were on track. The targets on the Letter of Guidance were all achieved.</p> <p>NP advised members as part of the digital offer that a pilot was completed on Microsoft Copilot with non-customer facing staff and work continued to identify how we can use other AI and machine learning techniques for other areas of work. JR provided an example of this working where the Evaluation and Research team through analysis were able to tell a better 'story'.</p> <p>NH commended the improved figures in equalities and requested this be passed onto staff.</p> <p>DH advised that Finance and Operational Performance Committee (FOP) reviewed the Performance Report in detail at its recent meeting and commented on the fantastic performance achieved under incredibly difficult challenges and that staff should be commended.</p> <p>The Chair recognised and acknowledged the positive performance and asked for the Board's thanks to be included in the Board Bulletin for staff.</p> <p>Members noted the update.</p> <p>NP left the meeting</p> |
| 7. | <b>Year end Finance Report 2024/25</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|    | <p>AL joined the meeting and provided an update on the management accounting report at the end of financial year 2024/25.</p> <p>Key highlights included:-</p> <ul style="list-style-type: none"> <li>– Management outturn for 2024/25 in period 12 was revised with year-end adjustments to £16k</li> <li>– the Executive considered the final accounting position to be within reasonable tolerance of the target outturn</li> <li>– Draft statutory accounts and the audit outcomes will be discussed at the ARC in June 2025 with the plan to recommend the accounts to the Board thereafter.</li> </ul> <p>The Board considered the management accounts and commended the Executive on reaching the final target outturn.</p> <p>Members noted the update.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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| <b>8.</b> | <b>Budget Update 2025/26</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|           | <p>AL referred to the paper circulated highlighted at the FOP and Board meetings in February 2025, the executive presented a working deficit budget (£0.7m) subject to approval of AO templates submitted by SDS in support of contract and grant plans for Modern and Foundation Apprenticeships and other procurements.</p> <p>Subsequently, the executive undertook further analysis with budget holders and now recommended a deficit budget of (£0.087m). Key assumptions were the pay guidance and the increase of Modern Apprenticeship liability with some frameworks costing more and taking longer to complete.</p> <p>The Budget proposal was outlined with a top down bottom up approach by the executive and would continue to manage the working deficit and identify means to eliminate it.</p> <p>DH highlighted that FOP reviewed the draft budget in detail at its recent meeting and recommended the Budget to the Board.</p> <p>Members noted the update and agreed the revised working deficit for the 2025/26 budget.</p> <p>AL left the meeting.</p>                                                                                                                                                                                                                                                                 |
| <b>9.</b> | <b>Transform 27 Update</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|           | <p>JR referred to the paper circulated which provided members with a progress update on T27 programme of work over the course of 2024/25 and outlined proposed next steps.</p> <p>Key highlights included:-</p> <ul style="list-style-type: none"> <li>– the programme enabled our response to the fiscal pressures, progressing SDS towards a more sustainable operating model</li> <li>– aspects of T27 were being realised ahead of the expected profile and this contributed to achieving the projected balanced budget at the year end including achieving additional efficiency savings</li> <li>– summary of the programme progress and challenges over 2024/25 and 2025/26 next steps, to be presented to the next Service Development Committee in July</li> <li>– critical enablers will be People, Digital, Data and Technology strategies.</li> </ul> <p>Executives undertake integrated impact assessments during the programme development and would review resources in line with SG Reform impacts.</p> <p>Members noted the programme activity and its integral part of transforming the organisation to a target operating model in line with challenging fiscal pressures. In addition an equality impact assessment will be carried out at the appropriate times in the programme.</p> <p>Members noted the update.</p> |

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| <b>10.</b> | <b>Annual Operating Plan 2025/26</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|            | <p>JR referred to the paper circulated which presented a draft SDS Annual Operating Plan for 2025/26.</p> <p>DH and JR provided feedback following review of the draft plan at the previous FOP meeting. A comment from FOP was the inclusion of a White paper which was published by the UK Government that day and this was to be reflected within it.</p> <p>The members requested a further addition of the potential impact on supporting SG Reform. The members approved the plan subject to the amendment.</p> <p>Members approved the draft SDS Annual Operating Plan for 2025/26 and that this would be updated in line with discussion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>11.</b> | <b>Leadership Roadshows – Staff feedback</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|            | <p>NP and LL provided an update on the recent Leadership Colleague Engagement Roadshows which were arranged due to periods of significant organisational change and uncertainty at SDS. It was critical to engage with all colleagues' face to face emphasising the importance of communication and support during change.</p> <p>Key highlights:-</p> <ul style="list-style-type: none"> <li>– overview of the Roadshow approach and logistics</li> <li>– examples of outline team agendas, with input from colleagues</li> <li>– colleague question themes</li> <li>– colleague feedback and key insights</li> <li>– Leadership feedback</li> <li>– Future actions and next steps.</li> </ul> <p>LL advised that based on feedback the leadership team would continue local engagement and other types of engagement to provide reassurance. Recommendations included to continue with a national approach and plan to have these events annually, take what worked well, what was valued by colleagues and adapt future agendas to suit the audiences.</p> <p>The members noted the feedback of the leadership and colleagues and supported the recommendations and to the implementation of an action plan.</p> <p>The Board members suggested joining a future event, the executive to consider this and advise.</p> <p>Members noted the update.</p> <p>LL left the meeting.</p> |
| <b>12.</b> | <b>Workforce North – Update</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|            | <p>DY provided a further update (provided at the February Board). The update included details of progress with research and external engagement and the delivery of a Workforce Summit which was held on 4 April 2025 in Inverness.</p> <p>Key highlights:-</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|            | <ul style="list-style-type: none"> <li>– outputs of the Workforce Summit were documented and circulated to Summit attendees</li> <li>– the outputs were presented to the Convention of Highlands and Islands in May and was endorsed</li> <li>– work was underway to progress the outputs.</li> </ul> <p>The members discussed further the opportunities and recognised the engagement and rapid action required between private and public sectors. The Chair to keep the members updated as it progressed.</p> <p>Members noted the update.</p> <p>NP left the meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>13.</b> | <b>Trends &amp; Analysis - S4 School Leavers</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|            | <p>NP and JK joined the meeting and referred to the paper to update members to understand the increasing number of S4 leavers and their destinations, characteristics and the support received from SDS.</p> <p>JK provided a presentation which provided analysis of the trends and patterns observed among S4 school leavers over the past few years.</p> <p>Key highlights included:</p> <ul style="list-style-type: none"> <li>– sessions with Careers Advisers were highly valued by pupils</li> <li>– research suggested SDS services were effective in developing young people's Career Management Skills</li> <li>– persistent school absenteeism impacted the delivery of career service delivery.</li> </ul> <p>The members noted the update and recognised that SDS was working with partners to identify and support potential S4 leavers, helping them stay in school or move into positive destinations that meets their needs and would continue to find ways of improvement.</p> <p>Members noted the update.</p> <p>NP and JK left the meeting.</p> |
| <b>14.</b> | <b>Board Member Updates</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|            | <p><u>14.1 Equality and Diversity Update</u></p> <p>NH provided a verbal update. Key highlights included:</p> <ul style="list-style-type: none"> <li>– Equality and Diversity Mainstreaming report published at the end of April, reported progress and set out plans for the next four years</li> <li>– Work was underway to further develop measurement frameworks for new equality outcomes which would enable progress reporting into Committees over the coming months</li> <li>– Board Deep Dive session delivered by Who Cares? Scotland on Corporate Parenting Plan responsibilities</li> <li>– Annual Committee Chairs' Equality Forum (CCEF) took place in April 2025.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                          |

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|            | <p>Members agreed on the theme of poverty for the next deep dive which was a focus on a preventative approach to poverty, including the intersections with protected characteristics and the implications for SDS service design and delivery. Members discussed a possible date in Q3.</p> <p>NH, Board Equality Champion felt that equality and diversity was embedded and visible throughout the committees and therefore she was going to step back from this role and would concentrate her efforts in other areas. The Board members acknowledged that E&amp;D was more visible and embedded through the committees and as a result of this the Chair would consider whether the role of Champion was necessary.</p> <p>Members agreed to continue the CCEF meeting and Annual Report and add a spotlight on 'Impact on the landscape and what does the future look like' to the next meeting.</p> <p>Members noted the CCEF Annual Report.</p> <p>Members approved poverty as the theme of the E&amp;D deep dive.</p> |
| <b>15.</b> | <b>Papers for Noting*</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|            | <p>15.1 Cyber Security – Risk Mitigation Update – SDS</p> <p>15.2 Cyber Security – Risk Mitigation Update - EIS</p> <p>15.3 Economic and Labour Market Outlook</p> <p>15.4 Service Development Committee (SDC)<br/>Draft Minute of SDC – 3 April 2025</p> <p>15.5 Finance and Operational Performance Committee (FOP)<br/>Minute of FOP – 11 February 2025<br/>Minute of Special FOP – 17 February 2025</p> <p>15.6 Remuneration and HR Committee (RHR)<br/>Draft Minute of RHR – 12 March 2025</p> <p>15.7 Audit and Risk Committee (ARC)<br/>Draft Minute of ARC – 19 March 2025</p> <p>Members noted the papers.</p>                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>16.</b> | <b>Any other Business</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 16.1       | There was no other business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>17.</b> | <b>Close of Business Meeting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>18.</b> | <b>Date of next scheduled meeting: 20 August 2025, 10:00 – 16:00 hrs, Monteith House, 4th floor McClelland Room</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |