Minutes of the meeting

Board Business Meeting (BD)

Date	**25 February 2026**
Time	**10:00 – 15:00**
Location	**Monteith House, Glasgow, 1st Floor, Barra/Jura Room**
Present	Prof Frank Mitchell (Chair) Tracy Black (TB) Sheila Cowan (SC) Dr Mark Dames (MD) Stephen Davis (SD) Danny Gallacher (DG) Zahra Hedges (ZH) Professor David Hillier (DH) Louisa Macdonell (LM) Graham Hutcheon (GH) Dr Poonam Malik (PM) Margaret McCaig (MMcC) David Rankin (DR) Paul Taylor (PT) Damien Yeates (Chief Executive) (DY)
Attendance	Skills Development Scotland (SDS) James Prentice (JP) Chris Brodie (CB) (item 4.1) Lynne Robson (LR) (item 4.1) Carolyn Anderson (CA) (item 4.2) James Russell (JR) (items 4.2, 4.6 and 5.4) Cheryl Mallon (CM) (items 4.3, 4.4 and 5.3) Elma Murray, Scottish Careers Collaborative Chair (EM) (item 4.6) Neville Prentice (NP) (items 5.1 and 5.2) Secretariat Claire McEleavy (CMcE) Christine McCall (CMcC)
Apologies	Victoria Erasmus (VE) Lisa Thomson (LT)

Business Meeting	
1.	**Introductions and Apologies**
	1.1 Introductions, Board Remit, and 2025/26 Scope Overview
	The Chair introduced the five new Board Members present who had joined the Board in January, members welcomed them to the Board and their first meeting.
	1.2 Apologies and Declarations of Interest
	Victoria Erasmus and Lisa Thomson passed apologies. Zahra Hedges joined the meeting at 12pm. There were no declarations of interest.
2.	**Minute of meeting held on 10 December 2025**
	The minutes of the last meeting were approved.
3.	**Decisions and Actions**
	The decisions and actions were reviewed and noted.
4.	**Strategic Update**
4.1	Economic and Labour Market insights for Scotland – key trends & future outlook
	CB and LR joined the meeting. CB and LR provided an update on the summary of the economic outlook for Scotland, with a spotlight on small to medium sized enterprises (SMEs) which highlighted the challenges and opportunities currently faced and the impact on young people. The Board discussed current labour market and business conditions, noting sustained cost pressures on employers and uneven sector impacts influencing recruitment activity. Members highlighted the knock-on impact on recruitment patterns, youth unemployment and skills (including AI), the growth of sole traders/gig work and agreed further analysis to be shared for the next Board meeting. LR to share summary headlines when impact of AI research work was completed and seek views from the Board on further areas of work that could then stem from this. Members noted the update. CB and LR left the meeting.
4.2	Scottish Government Reform Update
	JR and CA joined the meeting. JR provided an update on the SG Simplification Reform and the next stages and timelines for delivery. He advised work on a delivery plan was in progress and highlighted the summary risk matrix.

	Members discussed the progress and recognised the tight timelines, uncertainty around Digital, Data and Technology (DDaT) options and TUPE considerations as well as the importance of clear staff engagement and communications. The Board discussed governance and risk management arrangements, including how shared risks and liabilities will be identified and managed. Members were clear that the as-is transfer must be fully completed on 1 April 2027. The Board discussed the risk matrix and JR assured members the plan would help to identify transition and post-transfer risks shared with SFC and mitigations. A subgroup of SDS and SFC Audit and Risk Committee (ARC) members to hold a joint meeting and share update with the Board as work progresses. Board to be kept up to date on comms plan, with consistent communications for both organisations to support staff. Members noted the update. JR and CA left the meeting.
4.3	Post Transfer – Budget Scenarios
	CM joined the meeting. JP advised that the Scottish Government reform of the Skills Delivery Landscape would bring significant change to the remit and funding of Skills Development Scotland, with implications for the organisation's future scope, operating model and resourcing. Following the passing of the Tertiary Education and Training (TET) Bill on 20 January 2026, SDS undertook early financial modelling to understand the potential medium-term impacts through to 2030/31. Emerging budget scenarios were shared with the Finance and Operations Committee on 6 February. This work highlighted that, without mitigating action, the scale and pace of change associated with the reform programme would place increasing pressure on SDS's financial sustainability. The modelling indicated an unmitigated projected deficit of approximately £9.836m in 2027/28, rising to around £18.699m by 2030/31. The Board considered a range of potential mitigating actions presented by the Executive and the Board directed the Executive to progress these actions. The Chair noted the Board's fiduciary duties and emphasised that the Board required clear assurances from Scottish Government on how liabilities will be funded/covered. In the absence of such assurances, the Board may have no option but to include a provision that could impact service delivery. Further legal advice was being sought. Members noted the update and directed the Executive to progress with the mitigating actions.
4.4	Corporate Risk Update

	CM and MMcC provided the update. CM and MMcC provided an update. MMcC advised a joint risk workshop with SFC ARC members will be scheduled once the joint plan was available and she would keep the Chair updated following this. Members noted positive engagement with SFC and agreed the importance of joint risk management as planning progresses. Members noted the update. CM left the meeting.
4.5	Scottish Apprenticeship Awards (SAW) and Week
	JP provided the update. JP shared the range of events planned for the upcoming SAW and how Board members could get involved. Members noted the update.
4.6	Scottish Career Collaborative Update
	JR and EM joined the meeting. EM introduced herself and along with JR provided an update to the Board regarding the Scottish Careers Collaborative (SCC). JR shared the vision for the SCC and EM highlighted the 2026 Roadmap. The Chair explained the background of the SCC, the ecosystem of those who delivered careers advice, SCC to bring consistency of approach for professional careers advice. All age careers approach across all the bodies. The Board discussed the progress to date on strengthening careers advice and the developing approach through the SCC, the shared ambition but variable pace was noted. Members emphasised the need for clearer accountability, consistent delivery in schools, stronger engagement across partners and firmer leadership and mandate from Scottish Government to accelerate implementation. Members noted the update. JR and EM left the meeting.
5.	**Operations Update**
5.1	2025/26 Q3 Performance Report
	NP joined and provided the update on the Q3 performance. NP highlighted the key areas of delivery across SDS:- - He noted the strong delivery in the Careers, Information, Advice and Guidance (CIAG) Next steps service offer, with targets regarded as achievable for the year. The success of Careers week in November was highlighted.

	- The Modern Apprenticeship (MA) delivery was noted as slightly off track given external factors and the strong mitigations in place to support in Q4 were shared. - Cyber compliance, keen to make sure employees are well trained, this continued quarterly, better than Microsoft trend. DH advised Finance and Operational Performance (FOP) had discussed in detail and particularly around MA figures and advised the Board that FOP were assured by the mitigations put in place by the Executive. TB made suggestions regarding visualisation of MA reporting for the team to consider. Members discussed the Performance report and were assured by the Executives approach to delivery heading into Q4. Members noted the update.
5.2	Workforce North (WFN) – Update
	NP provided the update on the progress with Workforce North mission since the last meeting. The Chair noted the lasting legacy for the region from WFN, strong collaboration from employers and tangible outcomes from the capable supply chain for legacy of economic growth in the area. Members discussed how this model could work in other regions in Scotland. Members noted the update. NP left the meeting.
5.3	Finance Report Update
	<u>5.3.1 2025/26 Budget Update (including 2025/26 Finance Report up to end of January)</u> CM joined the meeting and provided the update. She advised of the detailed review that took place and advised of balanced budget and that this was expected to be maintained at year end. DH advised FOP were comfortable with the position. Members noted the update. <u>5.3.2 2026/27 Draft Budget</u> CM shared the iterative draft budget for 26/27, she advised of the small opening deficit. Scottish Government formally agreed budget. DH advised FOP were comfortable with the position. Members noted the update.

	CM left the meeting.
5.4	Transform 27 Update
	JR joined the meeting and provided the update. JR shared the strong progress since the last meeting and highlighted that overall, the project was on track against plan, any areas not on track were noted as those going through change controls. Members noted the update. JR left the meeting.
6.	**Papers for Noting**
	6.1 Cyber Security – Risk Mitigation Update – EIS 6.2 Cyber Security – Risk Mitigation Update – SDS 6.3 Finance and Operational Performance (FOP) Draft Minute of 03 December 2025 6.4 Audit and Risk Committee (ARC) Draft Minute of 17 December 2025 Members noted the updates.
7.	**Papers previously circulated for approval/noting via correspondence**
	7.1 Committee Chairs Equality Forum Annual Report 2024/25 for noting (BD-25-017vc) Members homologated the paper circulated previously.
8.	**Any Other Business**
	Members asked that their thanks be passed on to colleagues for their resilience and strong delivery to customers and businesses and for their work on T27 and WFN. Members noted it was clear that staff have embraced the transformation programme and innovation.
9.	**Close of Board Business Meeting**
10.	**Date of next scheduled meeting: Wednesday 20 May 2026, 10:00 – 16:00 hrs, Monteith House**