

Minutes of the meeting

Board Business Meeting (BD)

Date	20 November 2024
Time	10:00 – 15:30
Location	Monteith House, 1st Floor, Barra/Jura Room
Present	Prof Frank Mitchell (Chair) (FM) Tracy Black (TB) Beth Corcoran (BC) Sheila Cowan (SC) Dr Mark Dames (MD) Victoria Erasmus (VE) (online until 12 noon) Dr Carol Evans (CE) Nazim Hamid (NH) Prof David Hillier (DH) Dr Poonam Malik (PM) Margaret McCaig (MMcC) Christine Pollock CBE (CP) David Rankin (DR) Paul Taylor (PT) Damien Yeates (Chief Executive) (DY)
Attendance	<u>Skills Development Scotland (SDS)</u> James Prentice (JP) James Russell (JR) (items 4 and 8) Neville Prentice (NP) (item 5) Carolyn Anderson (CA) (item 5) Diane Greenlees (DG) (item 5) Dave McCallum (DMcC) (online) (item 5) Andrew Livingstone (AL) (items 6 and 7) <u>Secretariat</u> Kathleen Nisbet (KN) Christine McCall (CMcC)
Apologies	Graham Hutcheon (GH)

Business Meeting	
1.	Apologies and Declaration of Interest
	Apologies noted from GH and no declarations of interest.
2.	Minute of meeting held on 21 August 2024
	The minute of the last meeting was approved following amendment (addition of action under the performance report).
3.	Decisions and Actions
	The decisions were noted, and actions reviewed.
4.	Scottish Government Reform Update
	<p>JP/JR referred to the paper circulated which provided members with an update for reference of Scottish Government (SG) reform.</p> <p>Members discussed the update, key discussion points included:</p> <ul style="list-style-type: none"> – the Board was absolutely committed to reform of the system which delivers better outcomes for the people and businesses of Scotland. – the Board passionately believed that urgent action was needed to ensure Scotland had the workforce it needs to deliver economic growth, our net zero ambitions, and raise living standards which help eradicate child poverty. – the Board considered the recent development of the outline business case which will underpin SG's decision to move apprenticeship funding and delivery into the Scottish Funding Council (SFC). This outline business case was concerning and as a Board with fiduciary duties, members would be failing in their duties if the following concerns were not highlighted. – A lack of critical analysis of costs, defined benefits for customers and validated risks of action to diagnose a confident pathway forward as would be consistent with the HM Treasury Green Book (5 Case Business Model) and Magenta Book. <p>These fundamental gaps in the business case shared with SDS, were also compounded by:</p> <ul style="list-style-type: none"> – A lack of meaningful engagement with SDS colleagues who have knowledge and experience of apprenticeship delivery which does not exist within SG. This had been exacerbated by the recent cancellation of technical working groups, where many of these concerns would be discussed. – A lack of maturity in the planning and preparation for this change, given the projected timelines for implementation. Experienced Board Members reflected that indicated timescales for the scale of transformation would require detailed planning, none of which was apparent at this time in any documentation or in discussions with SDS staff.

	<p>On that basis, whilst the documentation shared with SDS followed the basic structure of a business case, it was the Board's view that the content had a concerning lack of specificity and analytical rigour that would be required to underpin responsible decision making.</p> <p>Members agreed that comments/feedback should be forwarded to the Minister with the understanding that there was no significant expectation of affecting change at this stage, recognising that SG appeared to be on a clear path to take action within a short timeline. The intent of forwarding comments to the Minister would be to simply ensure the Board's concerns were captured in an official capacity and to demonstrate the Board's advocacy for the staff in SDS who deliver and support apprenticeships and those current and new apprentices and businesses who depend on this service.</p> <p>The Board's primary focus was now ensuring a successful implementation that does not disrupt existing or new apprenticeships during the transition. If the implementation phase was not planned carefully in detail, jointly with the experts in this area, with clear governance, the Board had deep concerns as to the impact this would have not only on those who depend on this service but also the costs of such change. Members suggested that as soon as possible, after the position going forward had become official, the relevant experts were tasked with producing a detailed implementation plan and risk matrix that sufficiently took into account the complexity of such a transition of people, data and systems into the SFC. The experts should be given appropriate time to produce such a plan and present the detailed implementation plan, in line with the HM Treasury Green and Magenta book approach, with a depth of analysis of costs, defined benefits for customers and validated risks that would give confidence to the outcomes and successful implementation of this stage of the reform.</p> <p>The Board was committed to supporting an approach that achieved the Minister's ambitions while de-risking the cost of implementation and minimising any impacts on SDS staff, apprentices, employers and others who depend on the system.</p> <p>Members noted the update.</p>
5.	<p>Performance Report – Q2 2024/25</p> <p>NP, DG, CA, and DMcC joined the meeting and presented the overall RAG status by Goals, referencing the detailed information included in the paper circulated to Members. It was noted that the Finance & Operational Performance Committee (FOP) had reviewed the performance report in detail at its meeting on 12 November 2024.</p> <p>Key highlights included:</p> <ul style="list-style-type: none"> - Strong performance against targets in core delivery at the half-year point. - Key metrics and business as usual being delivered and on track. - Incremental improvements via T27 bridgeheads and transitional changes. - Continued response to SG requests for key data for Reform. - Continued vigilance and support of the workforce amidst wider pressures. <p>DH advised of discussions at FOP, highlighting the ability of SDS to respond to SG Reform requests while simultaneously focusing on customer delivery. The teams</p>

	<p>were commended for their excellent work. Committee members had thoroughly reviewed the Q2 performance report, with responses to all questions provided to members in writing following the meeting.</p> <p>FOP members at their meeting noted that senior leaders were under some considerable strain at present with their workloads. DY advised that the Senior Director, Transformation had been handling most of the recent additional workload, and with the T27 programme re-prioritised and SG data requests completed, this would ease pressure. The Senior Director, Delivery, focused on service and customer delivery, also assisted in compiling data for SG requests. Despite these challenges, performance remained strong and on track. The current period was demanding due to numerous data requests from SG, which had now been addressed.</p> <p>The Board recognised the excellent work of SDS colleagues in delivering services and requested that the Executive extend their thanks to staff via the Board Bulletin.</p> <p>Members noted the Q2 performance report.</p> <p>NP, CA, DG, and DMcC left the meeting.</p>
6.	Budget Update 2024/25
	<p>AL joined the meeting and referred to the paper circulated, which provided an update on the Budget 2024/25. The summary working deficit for the year had reduced to £0.485m from the opening deficit of £2.653m as approved by the Board. The Executive would continue to monitor and manage the outturn for the year to March 2025. It was noted that FOP had reviewed the finance report in detail at its meeting on 12 November 2024.</p> <p>DH advised of discussions at FOP, highlighting that Members had commended the team for their work to date and forecasted plans for a balanced budget at year-end.</p> <p>Members noted the update.</p>
7.	Budget Update 2025/26
	<p>AL referred to the paper circulated which provided an update on work to date on preparation of the draft Budget 2025/26. It was noted that SDS continued to develop a multi-year financial planning model, which was altered to reflect changes in information and guidance on planning assumptions. In September 2024, SG formally requested further indicative budget information for 2025/26.</p> <p>Based on current funding indications and expected pressures from delivery costs, SDS anticipated a material working deficit budget for 2025/26 of £10.507m before mitigations. The executive would continue financial modelling reviews and discussions with SG officials to seek to militate against as much of the working deficit as possible.</p> <p>It was noted that FOP discussed the draft budget update 2025/26 in detail at its meeting on 12 November 2024.</p> <p>AL presented key highlights which included:</p>

	<ul style="list-style-type: none"> - Summary – provisional draft budget 2025/26. - Reminder of T27 actions taken and ongoing. - T27 actions to mitigate opening budget pressure 2025/26. - T27 actions to mitigate opening budget deficit 2025/26. - Budget Management 2024/25 and Draft 2025/26. <p>Members noted the update and that further updates would be provided to the Finance & Operational Performance Committee and Board.</p> <p>AL left the meeting.</p>
8.	Transform 27 (T27) Update
	<p>JR joined the meeting and referred to the paper circulated. It was noted that the programme was making progress, but the scale and scope of the agreed priorities required careful prioritisation to ensure the effective deployment of SDS resources, the protection of key work packages, and the enhancement of medium to long-term priorities. This would help inform and influence the future SDS target operating model and ensure progress towards the ambitions of the Strategic Plan.</p> <p>A review and re-prioritisation exercise was undertaken, considering the outcomes from the new Integrated Planning approach, the progress of the SG reform programme, and the expected decisions on the SDS Budget and Apprenticeships reform package in December 2024 and January 2025, respectively. Additionally, there was a need to accelerate SDS's position on Artificial Intelligence and Emerging Technologies for both organisational efficiencies and customer services.</p> <p>CP advised that the Service Development Committee (SDC) had reviewed the proposed re-prioritisation of the T27 programme at its meeting on 4 November 2024 and Members had endorsed the approach.</p> <p>Members noted the update.</p> <p>JR left the meeting.</p>
9.	Board Member Updates
	<p><u>9.1 Equality and Diversity Update</u></p> <p>NH provided an update highlighting the Equality Mainstreaming Consultation. Key highlights included:</p> <ul style="list-style-type: none"> - Consultation Scope: 15 colleague consultations and 3 external events conducted. - Participants: 244 SDS colleagues and 23 external stakeholders participated. - Feedback: Over 1000 feedback points collected from SDS staff. - Emerging Themes: Key themes include lived experience, inclusive services, and digital accessibility. - Partnerships: Focus on improving local and national partnerships. <p>NH also provided an update on her input to the SAAB Race Commission and recent SAAB Employer Equality Group meeting.</p>

	<p>Members welcomed the update and noted that the efforts to date had successfully embedded equalities and diversity within Board and Committee meetings. Several deep dive/spotlight sessions had been conducted across various Committees. It was agreed that, due to current workload levels, these deep dive/spotlight sessions would be paused next year. However, it was emphasised that the commitment to equalities and diversity remains firmly embedded.</p> <p>Members noted the update.</p>
10.	Papers for Noting *
	<p>10.1 Income Generation – Update (BD-24-047)</p> <p>10.2 Cyber Security – Risk Mitigation Update – SDS (BD-24-048a)</p> <p>10.3 Cyber Security – Risk Mitigation Update - EIS (BD-24-048b)</p> <p>10.4 Economic and Labour Market Outlook (BD-24-049)</p> <p>10.5 Draft Minute of RHR - 1 August 2024 (BD-24-050)</p> <p>10.6 Draft Minute of FOP – 8 August 2024 (BD-24-051)</p> <p>10.7 Draft Minute of ARC – 19 September 2024 (BD-24-052)</p> <p>Members noted the papers circulated.</p>
11.	Papers previously circulated for approval/noting via correspondence
	<p>11.1 Board Annual Report 2023/24 (BD-24-013vc) for approval</p> <p>11.2 Approval of SDS Modern Slavery Statement 2023 – 2024 (BD-24-016vc) for approval</p> <p>11.3 Draft Annual Operating Plan 2024/25 (BD-24-017vc) for approval</p> <p>11.4 Board Continuing Professional Development (CPD) Programme 2024/25 Update (BD-24-018vc) for approval</p> <p>11.5 Board and Committee Continuous Improvement Action Plan (CIAP) 2024/25 (BD-24-019vc) for approval</p> <p>11.6 Board Annual Governance: - Standing Orders and Code of Conduct (BD-24-020vc) for approval</p> <p>11.7 Committee Annual Reports 2023/24 (BD-24-021vc) for noting</p> <p>11.8 Committee Terms of Reference 2023/24 refresh (BD-24-022vc) for approval</p> <p>11.9 Corporate Parenting report and Plan 2024-27 (BD-24-023vc) for noting</p>

	<p>11.10 Board and Committee Meeting Dates 2025-26 (BD-24-024vc) for noting</p> <p>Members homologated the decisions to approve the Board Annual Report 2023/24, Approval of SDS Modern Slavery Statement 2023/2024, Draft Annual Operating Plan 2024/25, Board Continuing Professional Development (CPD) Programme 2024/25 Update, Board and Committee Continuous Improvement Action Plan (CIAP) 2024/25, Board Annual Governance: - Standing Orders and Code of Conduct and Committee Terms of Reference 2023/24 refresh and noted the Committee Annual Reports 2023/24, Corporate Parenting report and Plan 2024-27 and Board and Committee Meeting Dates 2025/26.</p>
12.	Any other Business
	<ul style="list-style-type: none"> - NH advised members that she was going through the process of being appointed a Special Community Adviser with Police Scotland and would advise when this was confirmed. - Members congratulated the Executive on achieving Cyber Essential Plus.
13.	Close of Business Meeting
14.	Date of next scheduled meeting: 19 February 2025, 10:00-16:00 hours, Monteith House, Glasgow.

KN, November 2024