

Minutes of the meeting

Special Board Business Meeting (BD)

Date	16 March 2023
Time	12.30 – 13.15
Location	Online call
Present	Frank Mitchell (Chair) (FM) Beth Corcoran (BC) Sheila Cowan (SC) Dr Mark Dames (MD) Dr Carol Evans (CE) Nazim Hamid (NH) Poonam Malik (PM) Margaret McCaig (MMcC) Christine Pollock (CP) Eileen Russell (ER) Damien Yeates (Chief Executive) (DY)
Attendance	<u>Skills Development Scotland</u> Andrew Livingstone (AL) Neville Prentice (NP) <u>Secretariat</u> Ayah Hatim (AH) Elaine Macpherson (EMcP) Christine McCall (CMcC)
Apologies	Tracy Black (TB) Prof David Hillier (DH) Paul Taylor (PT)

1.	Apologies and Declaration of Interest
	<p>Apologies were received from TB, DH and PT.</p> <p>There were no declarations of interest.</p>
2.	Budget 2023/24
	<p>The Chair thanked the members for their flexibility and for giving up their time to join the meeting. The meeting would provide an update on the progress of closing out the budget for the next financial year, a reminder of the current deficit following budget cut options, options under review to close out the budget and recommendations to the members.</p> <p>Extensive work was carried out by the Executive team in Skills Development Scotland (SDS) to discuss the details of the budget with the Scottish Government (SG) officials. Despite the efforts of the Executive, there was a remaining budget gap to fill. The team explored other options to balance the budget which were presented to the Minister. A further discussion was held this week and following this the SDS Chair received correspondence from the Minister for more details on the budget lines presented.</p> <p>The members asked for clarification on the issue of governance as there was a level of concern on when SDS would be able to close out the budget to achieve a balanced budget. The members raised the concern that if the current proposal was accepted, they would be accepting SDS committing to a deficit position.</p> <p>The Chair advised it was important to clarify that an agreement on an operating budget must be reached, even for an interim position, and it would be bad practice to operate without a confirmed financial plan. However, at present there was uncertainty on the approach to do so. He noted that, while there had been financial challenges in previous years, they had not been on this scale.</p> <p>The Executive team was committed to working with SG officials to ensure progress towards closing the budget off.</p> <p>MMcC asked if SDS were keeping Audit Scotland informed. AL advised that there were scheduled meetings with Audit Scotland for business as usual catch-up and for the end of the current interim audit, which was due in two weeks. He would raise this matter.</p> <p>BC commented that she was pleased to hear the response of the Chair and the Executive team. BC noted that her experience was that it was unusual for Ministers to become involved in operational budget matters.</p> <p>PM noted that, at the last Finance and Operational Performance and Audit and Risk Committee, the budget had been discussed line by line.</p> <p>DY presented an update:</p> <ul style="list-style-type: none"> - as a reminder, at the previous Board meeting, the headline budget challenge was presented. The Grant in Aid (GIA) had fallen over successive years and

there was a cut in budget in-year in 2022/23. Also, there was an increase in Modern Apprenticeship (MA) liabilities in 2023/24. This was due to a combination of Covid impacts on timelines and the commitments or liabilities from policy requirements;

- DY presented the current deficit with options to address this, for which we would require SG support;
- as yet, the uptake of voluntary severance and early retirement was unknown;
- following the meeting with the Minister, SDS received a letter requesting further review and analysis of options;
- a letter was written to the Minister regarding other options that could be considered. Options under the review included the Flexible Workforce Development Fund (FWDF), Individual Training Accounts (ITAs), MA starts and Adopt An Apprentice;
- travel costs were being reviewed for the delivery of FAs and the Executive were aware of the considerable costs of moving young people between colleges and schools; currently free travel was being provided for young people so there was scope to review travel costs of FAs;
- in response to SDS's proposal, the Minister had requested a review of non-programme costs;
- DY reassured members that all options would be considered, and it was expected that a budget position could be agreed by the end of April.
- SDS were behind schedule on awarding contracts for FAs and MAs. The recommendation was to proceed with these allocations with the option to reduce or increase if necessary; if there were any unused starts in contracts, SDS would not reallocate but would take a saving;
- FWDF and ITAs would be paused until Ministerial decisions were made;
- the Chair was set to meet the Minister to discuss the decisions made at the Board and the budget lines that could be provided;
- members accepted that they would need to reconvene at the end of April once Ministerial decisions were made.

CP commented she supported the direction that DY outlined but was cautious around the transport saving costs for FAs where in more rural parts of Scotland, the public transport offer would be unlikely to meet the timetable.

CP asked in light of the Chancellor's announcement the previous day where there was a big emphasis on education, economy, skills, and enterprise in England, would there be a likelihood of an increase in budget once Scotland received their pro rata share?

DY commented the need to ensure a balance of travel costs and a justification for any approach taken. On the budget, there was no direct link to skills, and it would be unlikely SDS would receive more money.

SC thanked the Chair and agreed she supported the recommendations put forward. SC asked the feasibility of looking at a future income generation as one of the recommendations that could be put forward.

DY commented there were three levels of income generation. The first surrounded estates in which SDS were in advance discussions with potential enterprises. The second surrounded joint venture propositions for products such as My World of Work

	<p>and apprentice.scot. The third would cover the sale of our services. SDS were going to explore social entrepreneurship opportunities, but this was seen as a medium-term option rather than a reality for 2023/24. However, the joint venture and income from estates was realistic for 2023/24.</p> <p>The Chair agreed that the letter to be sent to the Minister should note the multiple meetings that occurred with the Sponsor team, the contribution of the Minister and the operational endeavours of the SDS executive.</p> <p>He noted that the previous Scottish Apprenticeships Advisory Board (SAAB) had concluded that demand for MAs was overpowering the available budget, and the Chair of SAAB would write to political leaders highlighting the importance of apprenticeships to businesses, economy, and society. Such a letter would not be a matter for SDS which must remain apolitical.</p> <p>NH suggested that any letter from SDS should emphasise the role of apprenticeships in engaging those most disengaged and who are often otherwise excluded. She felt that the lack of capacity was limiting those already disadvantaged, and that apprenticeships played a role in supporting businesses, economy, society, and the social agenda.</p> <p>The Chair agreed the letter would reflect this. The Chair asked the members if they were supportive of the recommendations.</p> <p>The members agreed and supported the recommendations.</p> <p>The Chair thanked and appreciated the members for their time.</p> <p>The Chair will write to the Minister and include the concerns of the members surrounding the roles of SG ministers and the operational matters of SDS and the recommendations from the members.</p> <p>The members supported the operational/contracting actions presented by Executives including contracting and granting for apprenticeships.</p>
3.	Any other business
4.	Close of Board Business Meeting