

BOARD OF MANAGEMENT – 24 JANUARY 2007

Minutes of the forty-first meeting of the Board of Management held at 10 am on Wednesday 24 January 2007 in Esk/Forth, The Optima Building, Glasgow.

Members

- * Mr J McCormick (Chairman)
- * Mr A Cassidy
- * Mrs J Gillespie
- Prof A MacLennan
- * Mrs L McKay
- * Mr J Mitchell
- * Mrs M Nicol
- * Mr G Rodgers
- * Prof J Simmons

Officers

- * Ms M Cahill
- * Mr T Drake
- * Ms K McCallum
- * Ms J Ross
- * Mr R Sylvester
- * Mr J Young
- * Mr J McDonald

In attendance

- Ms J Blair (Items 41/7 and 41/8)
- Mr N MacGowan (Items 41/10 and 41/11)
- Mr M Ware (Item 41/9)

Observer

- * Mr K McKenzie, Scottish Executive

- * indicates present

41/1 WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting. Apologies were received from Prof MacLennan and Ms C Carlin.

41/2 PREVIOUS MEETING**i Minutes of meeting held on 22 November 2006**

The minutes were approved as an accurate record of the meeting.

ii Action Grid**40/3 Trading Subsidiary Business Case**

It was noted that the revised business case had been submitted to the Scottish Executive. It had also been issued to the International and Commercial Committee for comment on 8 January 2007. Mr Sylvester hoped to finalise the matter timeously and for approval by the Board in March 2007.

There were no other issues to report.

41/3 MATTERS ARISING

Feedback from the Scottish Executive on the Outline Business Case for Dalkeith Accommodation had indicated the need for further development of the suitability matrix. This work was due for completion by the end of January. Mr Sylvester reported that the economists had commented positively on the business case, with the favoured option being to lease accommodation in the Midlothian area.

41/4 CHAIRMAN'S REMARKS

The Chairman advised the Board that:

- Confirmation of Janet Brown's appointment as Chief Executive had been received from the Scottish Executive. In advance of Dr Brown joining SQA on 5 March 2007, meetings had taken place with her to discuss the interesting challenges ahead, including the modernisation programme, commercial activity, the potential for shared services with LTS, and the drive for continuous improvement.

Mr Drake advised the Board that this work was part of SQA's drive for continuous improvement and was intended to build on the success of the Section 23 Audit. Work had started to examine SQA's processes, structures, roles and competencies, with a view to identifying potential opportunities for improvement in SQA's opportunities and capability. The work covered all SQA's product ranges and involved the input of a cross-section of SQA staff, including the partnership group.

On the matter of staffing structures, Mrs McKay sought assurance that due consideration had been given to backfilling the vacant Depute Director HN/SVQ post in Qualifications. Given the challenging period ahead for Qualifications, she was concerned that leaving the post vacant should not compromise the ability of the directorate to deliver its agreed objectives. In response, Mr Drake reassured Mrs McKay that the current position was temporary and would be kept under review. Permanent change in structure would only be considered if it were seen to enhance SQA's effectiveness and any proposal for change would be brought to the Board for consideration and approval.

The Chairman concluded that the EMT was acting prudently in undertaking this review of SQA's operational business, and that due process for approval would be followed in the event that any formal recommendations should develop from the work.

- The Board had before them a copy of a letter to the Chairman from Sir John Elvidge, Permanent Secretary, Scottish Executive. The letter provided an update on the outstanding issues around the pay policy and settlement of SQA's pay deal. It was noted that Ms Cahill would report on this substantive issue as part of the HR Update.
- Warm letters of thanks had been received from Mrs J Sischy and Mr J McVittie, who had recently been awarded the SQA Fellowship.

41/5 CHIEF EXECUTIVE'S REPORT

Mr Drake opened the discussion by formally recording the Board's appreciation of Mrs Vivienne Muir's work and contribution to SQA. Mrs Muir had since taken up a new post as Director of Compliance with ICAS.

He went on to present a brief overview of the main activities since the last meeting of the Board, and highlighted the following points:

Project Iris

Mr Sylvester and his team were applauded for the work completed towards successful delivery of the first phase of the SAP implementation. This had been a major piece of work and a step forward in terms of efficiency.

Modernisation Programme

The Scottish Executive had yet to approve either part or all of the 2006-07 funding in support of the Modernisation Programme. Projects had now been prioritised according to funding availability, with only the minimum essential tasks being undertaken. The Board was assured that the delivery of SQA's core business would not be compromised.

HN Modernisation Project

European Funding of £1.3m had been injected into the Modernising Scottish Higher National Provision and the English Speakers of Other Languages projects. Mr Young and his team were commended on their success in securing this significant level of funding that had allowed SQA to develop and raise the profile of the HN product. The next key area for attention in the qualifications portfolio was to modernise the non advanced Group Awards and preparations were underway to draw down more money in the 2007-2013 round of funding.

41/6 **REPORT FROM THE CERTIFICATION PLANNING GROUP**

Ms McCallum reported satisfactory progress on certification planning.

The Board noted the contents of the report.

Mrs McKay left the meeting at this point.

41/7 **EQUALITY AND DIVERSITY STRATEGY**

The Chairman welcomed Ms Blair to the meeting.

Mrs Blair made a presentation to the Board, explaining SQA's proposed approach to the obligations as set out in the Disability Discrimination Act (DDA) 2005. This Act had introduced a new Disability Equality Duty (DED) into the public sector, which required bodies to be proactive in ensuring that disabled people were treated fairly. It was noted that the Gender Equality Duty would also come into force in 2007, and members suggested that this should be incorporated into the remit of the work on the DED.

The new Duty would impact greatly on SQA, principally with the requirement that disabled people should not be discriminated against in access to qualifications and education, and as such, SQA should remove barriers at the design stage of its qualifications. SQA would also need to have regard for accessibility in terms of:

<u>Assessment</u>	Responsibility to demonstrate that the process of assessment leading to certification was rigorous and fair and allowed all candidates to demonstrate the skills and knowledge required for award.
<u>Employment</u>	Policies and procedures would be reviewed to promote equality of employment and training.
<u>Website & Publications</u>	Accessible to all users.

This legislation also placed SQA under a duty to publish a Disability Equality Scheme (DES) by December 2006. The Scheme had to demonstrate how SQA intended to fulfil the duties of the DED, and include plans for action over the next three years, incorporating measures for monitoring progress, and arrangements in place for analysing evidence and updating the action plan. Action plans would be held locally and developed from impact assessments undertaken in all business areas. An annual report would be presented to the Board.

During discussion, members accepted that this work was not without its challenges. A need had been identified for a dedicated resource to drive this strategy forward, and work was advancing to recruit an Equalities Officer. As a minimum, a comprehensive training programme had been arranged for all staff to raise awareness and assist in mainstreaming equalities throughout SQA. This training would be two fold, with general staff awareness sessions and then targeted sessions for those responsible in taking forward impact assessments.

It was recognised that the Board had a duty to ensure compliance with the terms of this legislation and to take a governance role in the implementation of the Disability Equality Scheme and its related action plans. It was agreed to circulate a copy of the DES to members of the Board, and to provide an update on progress at the next meeting.

41/8 **CURRENT PERFORMANCE AND FUTURE PLANS**

Ms Blair presented a brief commentary on SQA's current performance before opening the subject for discussion.

Current Performance

Referring to the Balanced Scorecard, and those areas where remedial action had had to be taken to address potential risks, the following points were raised:

- 8. Despite the clarification that the primary focus was on understanding standards of NQs, it was agreed to review the first data set used to demonstrate performance in increasing the effectiveness of Continuing Professional Development.
- 6. The indicator within the measure to achieve commercial targets was based on turnover and should be expanded to include profitability.
- 15/16. The development activity and planned roll-outs of the Modernisation programme would need to be reviewed and re-prioritised, including plans for online assessment, online results notification and web-based appointee services including marking. The Board was exasperated that these objectives were reported as slippage due to the absence of secured funding from the Scottish Executive. Ms Blair added that a number of initiatives currently underway in SQA were dependent on completion of the Modernisation Programme. With the ability to deliver ACfE also contingent on having the correct systems in place, completion of the programme was fundamental to the future of SQA and the lack of funding raised significant strategic risk for the organisation.

Future Performance

Ms Blair advised that the consultation with stakeholders had generated a high level of response, and that the draft Corporate and Business plans for 2007-10 before the Board reflected a number of revisions resulting from this feedback.

Comment was made on the text of Objective 2 and the suitability of carrying through references to the intelligence held and used by SQA - as per the introductory remarks within the *Strategic Drivers for SQA*. Given that this information was closely interrogated in shaping policy development and implementation, it was felt appropriate to note this specifically within the transcript.

Ms Blair agreed to consider this proposal, along with the request to incorporate reference to business and employers within the text of *Strategic Drivers for SQA*.

Following discussion around *SQA's Ambition*, and the vision statements therein, it was agreed to introduce the values with a statement that reflected the uniqueness of Scotland's education system along with the pivotal role that SQA played in sustaining and supporting the education and training sectors.

Budget 2007-08

Mr Sylvester was pleased to report that the rigorous financial planning processes introduced the previous year had now been embedded successfully across the organisation, resulting in achievement of three high level objectives set for the 2007-08 budget.

He explained that international activity (awarding and consultancy services) would form part of the commercial trading subsidiary, and as such, was reported separately. With the trading subsidiary embracing all commercial activity, there was finally the clear separation of commercial activities from the core business and SQA would be protected in terms of state aid issues.

For the future therefore, funding of the China operations would be through the trading subsidiary and not by grant funding from the Scottish Executive. The trading subsidiary would look to achieve an end of year surplus of £300k, which would be held for working capital or development of further commercial products and services.

The Board approved the Corporate and Business Plan for 2007-10, with its related budget and staffing plans, subject to consideration of the points raised during the course of discussion.

Ms Blair left the meeting.

41/9 **SQA ACADEMY – UPDATE**

The Chairman welcomed Mr Ware, Business Manager for Computer Assisted Assessment to the meeting. Mr Ware was pleased to report on the progress that had been achieved in the delivery of the first major training package to SQA markers, development of more materials, and establishment of the role of the Academy within SQA's plans for staff and appointee development.

Successful partnership arrangements had been developed with stakeholders in the school sector and further education, with a number of SQA Academy packages due to be delivered at forthcoming SFEU events. The SQA-Principals' Working Group had also undertaken to explore the potential for the Academy to link effectively with other CPD activity in Scotland's colleges. Universities had shown interest in working with Academy materials, with the potential to collaborate with these bodies in the development of materials suitable for use as part of their teaching training programmes.

Discussion was underway with the Organisational Development and Human Resources teams to establish a model that could accommodate SQA staff, with the view to embed the training into the competency framework and as a core part of training in the organisation. This work would be closely linked to the Appointee Development plan.

The Board commended the significant progress that had been made. Recognising the potential for the Academy, it was agreed that a formal plan for its development should be drawn up, incorporating partnership work, resource needs and commercial opportunities for the sale of Academy materials into other markets. It was agreed that this plan should be presented to the Qualifications Committee in the first instance.

Mr Ware left the meeting.

41/10 **REFRESH OF SQA LOGO**

The Chairman welcomed Mr MacGowan to the meeting.

Mr MacGowan updated the Board on the progress with the refresh of the SQA corporate logo and presented proposals for a revised design. He outlined the rationale behind the suggested design and circulated illustrations of the design in its final form.

The Board approved the new SQA logo for launch at the Customer Conference in June 2007 followed by a staged implementation programme to comprise website branding, office stationery and key publications.

41/11 **REVISED COMPLAINTS AND FEEDBACK PROCEDURES**

Mr MacGowan presented the complaints and feedback policy that had been revised in line with Scottish Executive guidance on complaints handling for public bodies. He assured the Board that any referral of a complaint to the Board would be in exceptional circumstances only and following discussion with the Chairman.

The policy would form part of the Customer Charter that was intended for launch at the Customer Conference on 14 June.

The Board approved the new procedures and endorsed the development of the Customer Charter.

Mr MacGowan left the meeting.

41/12 **HUMAN RESOURCES UPDATE**

i **Staff Survey Report**

Ms Cahill reported on activity and achievement to date against the action plan objectives.

The Board noted the progress that had been made to date.

ii **Pay Review Update**

Ms Cahill provided a brief overview of the status on the efforts that had been taken to develop a 3-year pay proposal for staff from 1 April 2007 to 31 March 2010.

SQA had made efforts to meet with the Scottish Executive Pay Policy Team since June 2006. These attempts had proven fruitless and prompted the Chairman to write to the Permanent Secretary requesting support on 14 November 2006. The response received on 12 January 2007 advised that Ministerial Policy on Public Sector Pay for 2007-08 had yet to be determined, and with a number of outstanding pay remits for 2006-07, the Pay Policy Team was not giving priority to discussions with bodies about pay remits for 2007-08.

In the absence of guidelines for 2007-08, a pay remit had been submitted based on existing pay policy guidelines, but it had to be recognised that there would be budgetary implications should the 2007-08 guidelines be more generous than the present set.

The Partnership Group had been updated on the current status, and on their request, Ms Cahill would attend their Trade Union meeting scheduled for the end of January. The full-time Trade Union officials would also be advised of the position.

Ms Cahill stressed that failure to implement the pay award on 1 April 2007 would have a detrimental impact on employee relations, and potentially could harm the progress made to date. Mr Rodgers concurred, adding that it would be disappointing to lose the constructive and positive working relationship that was in place with unions.

Members expressed frustration at the inefficiency that had led them to find the Board in such an embarrassing situation. Concerned about the potential risk to the delivery of the Diet, members were resolute in the need to resolve this matter with a degree of urgency.

The Chairman advised that he would meet with Sir John Elvidge on Monday 29 January, and would argue the priority of this matter and the need for it to be settled timeously.

41/13 COMMITTEE REPORTS

i Advisory Council held on 30 October 2006

This agenda item, along with B41/13 iv, was taken earlier in the agenda to accommodate the early departure of Mrs McKay.

Mrs McKay outlined the key discussions of the meeting including the commendable research that had been undertaken in candidate engagement.

The three new members of the Advisory Council had attended their first meeting on 19 January 2007 and Mrs McKay highlighted the wide diversity of members' backgrounds that would inform SQA's work in facing the issues and challenges ahead.

ii Audit and Performance Committee held on 24 October 2006

The Board noted the contents of the minutes.

iii International and Commercial Committee held on 7 November 2006

The Board noted the contents of the minutes.

iv Qualifications Committees held on 10 November 2006

Work continued to progress steadily in the area of ACfE. A key part of the work was to engage with stakeholders to establish the strengths and weaknesses of the current system, and their views on the design of any future system. It was intended to present an analysis of the responses in proposals to Ministers by June 2007, with the formal consultation taking place in the autumn of 2007. This would be undertaken by the Scottish Executive and would culminate in the introduction of revisions to National Courses, in particular at SCQF levels 4 and 5. Aware of the varying needs of stakeholders, the Committee had emphasised the need to take a co-ordinated approach across the different strands of ACfE, with a consistent decision making process involving all agencies.

The Board concurred that this was an important piece of strategic work for the organisation, and paid recognition to Mrs McKay in her role in steering this forward through the Qualifications Committee.

41/14 ANY OTHER BUSINESS

There were no matters raised.

PAPERS FOR NOTING

The Board noted the contents of the following paper:

PFN1 Financial Report to 30 November 2006

41/15 DATE OF NEXT MEETING

The next meeting of the Board of Management would be held in the Boardroom, Ironmills Road, Dalkeith on Wednesday 14 March 2007.