

BOARD OF MANAGEMENT – 17 MARCH 2017

For approval

Minutes of the one hundred and seventh meeting of the Board of Management held at 10am on Wednesday 25 January 2017 in Esk/Forth, Optima.

Members

- * Mr G Houston (Chairman)
- * Dr J Brown (Chief Executive)
- * Ms E Craig
- * Mr S Hagney
- * Mrs J Handley
- * Dr W Mayne
- * Mr H McKay
- * Mr R O'Hare
- * Mr R Stewart
- * Dr P Thomson
- Ms C Wilkinson

Officers

- * Ms J Blair
- * Ms M Cahill
- * Mr S Davidson
- * Ms L Ellison
- Mr J McMorris
- * Ms J Ross
- * Dr G Stewart

Observer

- * Mr M McVicar, Scottish Government

In attendance

Ms T Weir, Head of Opportunity Appraisal
& Bid Management – item 106/9 only

* indicates present

107/1 **WELCOME AND APOLOGIES**

The Chairman welcomed members to the meeting, including Mr McVicar from the Scottish Government. Apologies were received from Ms Wilkinson and Mr McMorris.

107/2 **DECLARATION OF ANY CONFLICTS OF INTEREST**

There were no other conflicts of interest raised.

107/3 **PREVIOUS MEETING**

i **Minutes of meeting held on 6 December 2016**

The minutes were approved as an accurate record.

ii **Action Grid**

The contents of the action grid were noted.

107/4 **MATTERS ARISING**

There were no matters arising.

107/5 **CHAIRMAN'S REMARKS**

The Board noted that the Chairman's appointment had been extended for eight months and that the recruitment process for a new Chair would commence soon.

107/6 CHIEF EXECUTIVE'S REPORT

The Chief Executive presented an update on her activities since the last meeting of the Board. She was pleased to report on the success of the recent visit to Lowden from Mr Swinney, Deputy First Minister and Cabinet Secretary for Education and Skills to thank SQA staff for their work and commitment in supporting the learners of Scotland. As well as a tour of the Lowden offices, there had been a Question and Answer session with staff, held by video conferencing between SQA's Optima and Lowden sites. Mr Swinney had also participated in SQA's Who Cares? Scotland Christmas campaign, an initiative very much embraced and supported by SQA staff.

The Chief Executive updated the Board on the latest business of the Resilience Scenario Planning group, where early discussions had taken place on the removal of units at N5, Higher and Advanced Higher. As part of this, it would be crucial for the group to explore the potential unintended consequences; what delivery would 'look like' in the classroom; the uncertainty around presentation patterns, etc. Recent SQA engagement activity had made clear that the implications associated with the removal of units and their assessments had not been fully recognised or understood by parts of the education system, and there was a pressing need for the Scottish Government, Education Scotland and SQA to identify mitigating actions to address these concerns.

107/7 QUALIFICATIONS

i CfE Programme Update

Dr Stewart advised that SQA was in the process of concluding the CfE Programme and compiling a closure report for what had been a very significant programme of work for SQA.

She went on to highlight the key activities underway to continue support to teachers, including a programme of Understanding Standards events/webinars and publication of materials. SQA was also working with the Scottish Government on completion of the SSLN project.

ii Revised National Qualifications (RNQ) Update

SQA had established a new programme of work to deliver the requirements of RNQ in 2017 and Dr Stewart provided an outline of the internal governance structure, which would dovetail into the Scottish Government's overall programme governance arrangements. It was noted that whilst there was no established reporting mechanism between SQA and the Scottish Government, regular and formal meetings were in place.

As the Board was aware, in the revised design of courses, units and unit assessments for N5 and Higher would be removed and would not contribute to the course assessment strategy. In light of this, SQA was currently in the process of detailed planning for revisions to strengthen course assessment, on a subject by subject basis. Whilst the amount of engagement was limited by the short time frame for delivery, this work had involved wide-ranging discussions and consultations with teachers, lecturers and HE representatives, and it was anticipated to release a high level summary of course changes very soon. A cross-directorate working group had also been established to work through internal matters around operationalisation and system readiness for successful delivery.

The Board was agreed on the pressing need for a programme level statement to the system to communicate clearly the implications of the decision to remove unit assessments and to ensure the changes in assessment approaches achieve the objective of reducing workload for teachers and pupils. It was noted that SQA's recent letter providing an update on key timelines and actions had been well received by Headteachers, but that the decisions taken in schools in deciding the curriculum and matters of learning and teaching were not for SQA.

Discussion moved onto the findings gathered from SQA's fieldwork visits during 2016-17. Issues around the transition from Broad General Education to the Senior Phase and progression through the Senior Phase continued to feature. It was intended that the Scottish Government's Resilience Scenario Planning forum would discuss the strengths and opportunities offered by the new assessment approach, identify how to maximise these and, address any weaknesses and challenges.

Next steps for SQA included scoping the RNQ programme in detail to produce a Project Initiation Document and finalising governance and formal reporting mechanisms.

The Board welcomed the update, noted the work in hand, and concluded again on the need for clear messaging to ensure a common understanding and commitment across the piece. The Chief Executive reassured the Board that SQA was reviewing its approach to engagement and communications with teachers and other stakeholders to identify improvements where possible.

iii **Report from the Certification Programme Group**

Ms Blair presented a full update on the Certification Programme Group and was pleased to report progress to plan and overall the programme was ahead on the same time last year. It was noted that close monitoring was in place for those critical success factors sitting at amber.

In light of the previous discussion, the Operations directorate was involved in the planning and business requirements for delivery of the RNQ in addition to delivering Business as Usual.

The Board noted the contents of the report.

107/8 **CORPORATE AND FINANCE**

i **Financial Performance Report**

Mrs Ellison, Director of Finance, tabled the financial performance for the period ending 31 December 2016 measured against the Q2 forecast. It was noted that approximately a third of the favourable variance was attributable to timing differences and that spend was anticipated to be in line with the year-end forecast.

The Board noted with interest that there had been clarification from HMRC on the VAT ruling for staff secondments. SQA would communicate this to Local Authorities through the Association of Directors of Education in Scotland

(ADES). Mrs Ellison also highlighted progress being made in discussions with a key supplier.

The Board discussed the ongoing challenges of the funding approach for the organisation and welcomed the continuing discussions with Scottish Government.

The Board noted the financial position as presented.

ii **Cash Position**

Mrs Ellison presented the current cashflow position based on the 2016-17 Q2 accruals forecast.

For the purposes of assurance, it was clarified that the Scottish Government had formally recognised SQA's requirement for further funding to meet operational and Programme costs that were beyond those covered within the current budget. SQA was in ongoing dialogue with the Scottish Government on the management of SQA's funding position, whilst continuing to challenge the business to reduce grant requirement where possible to do so. The latter was unquestionably ambitious in light of the new cost pressures to deliver the changes for RNQ.

The Board noted the cash position.

iii **Corporate Risk Register**

Ms Cahill presented the status of the Corporate Risk Register, which reflected any recent updates as a result of internal monitoring and deliberations. An updated copy of page one was tabled to reflect a change in risk appetite at 14CRR25.

As agreed at the last meeting of the Board, a new risk had been added, 16CRR35 referred, to capture the SQA-wide implications of the pressures facing SQA to deliver RNQ. Given the uncertainties around this work, the Board noted and agreed with the matching gross and net scores. This additional risk would be presented to the Audit Committee in March for approval. The Board also took note of changes to net scorings for two other risks, as well as an update from the Chief Executive on progress with trademark branding.

The Board noted the contents of the Register and supported the proposed new risk for Audit Committee approval.

iv **SQA Corporate Plan 2017-20 and Draft Budget 2017-18**

Corporate Plan

Ms Cahill presented the draft corporate plan, which addressed the suggestions and comments raised at the last meeting of the Board.

The Board approved the SQA Corporate Plan 2017-20.

Draft Budget

The Board was presented with, and discussed in detail, the third draft of the budget for 2017-18, which indicated an increase in total grant requirement when compared to 2016-17. The Board noted that because the planning for the RNQ Programme of Work was not yet finalised, the overall grant requirement reflected an *estimated* impact on resources and budget. The draft budget also included the ongoing costs associated with the essential changes to SQA's business systems, as well as costs relating to the ongoing activities being undertaken to support delivery of CfE. After a full explanation of the key assumptions, issues and risks, Mrs Ellison advised that the Executive would continue to challenge the business to reduce grant requirement.

Whilst the Board accepted the reasons for late presentation of the draft budget, it was agreed to co-ordinate approval of the budget by email to allow the Board to assimilate the information, and have clarity on the level of operational risk being accepted. It was at this point stressed to the Board that delivery of the corporate plan against the budget would be managed through SQA's existing performance monitoring and risk management arrangements.

Initial feedback included a number of amendments in presentation style, and it was agreed that the adapted draft budget would be circulated to Board members for approval by Monday 30 January. Board members would be asked to approve the draft budget for submission with the corporate plan to the Scottish Government.

v **SQA Framework Document**

The Framework Document had been considered by the Board in December 2016, when Board members had suggested a number of areas for further discussion with the Scottish Government. The version before the Board reflected the outputs of those discussions, including that the final two sentences of paragraph 42 would be removed in order to provide a clarity on risk management reporting arrangements to the Scottish Government

The Board noted the changes and content of the SQA Framework Document.

107/9 **BUSINESS DEVELOPMENT REPORT**

Mrs Weir, Head of Head of Opportunity Appraisal and Bid Management joined the meeting and provided the Board with a comprehensive update on business development activity in all key markets as at end December 2016 and against Q2 targets.

The Board noted the contents of the report and was encouraged with progress. Mrs Weir left the meeting.

107/10 **SQA CHANGE PROGRAMME REPORT**

Mr Davidson, Director of Business Systems, presented the update on progress against the various workstreams underway in the SQA Change Programme.

In the course of discussion:

- Board members asked for clearer read-across from the gant chart into the separate projects;
- It was confirmed that the Corporate Business System project had been re-planned to reflect issues encountered in the implementation of the system. Furthermore, other projects could be reprioritised to accommodate more urgent and pressing work once the business requirements and system implications for RNQ had been properly scoped.
- It was confirmed that those projects graded at red would not necessarily incur extra cost.

The Board noted the contents of the report.

107/11 **COMMITTEE REPORTS**

i **Audit Committee –21 November 2016**

Mr McKay had reported on the business of the Audit Committee at the last meeting of the Board and members now noted the minutes.

ii **International and Commercial Committee – 21 November 2016**

Mr O'Hare had reported on the business of the International and Commercial Committee at the last meeting of the Board and members now noted the minutes.

iii **Qualifications Committee –23 November 2016**

Dr Thomson had reported on the business of the Qualifications Committee at the last meeting of the Board and members now noted the minutes.

iv **Remuneration Committee –6 December 2016**

The Chairman updated the Board on the business of the meeting.

v **Accreditation Committee – 10 January 2017**

The Chief Executive provided a summary of the matters discussed at the recent meeting of the Accreditation Committee, which had seen the welcome addition of new members. Amongst other things, discussions had included the skills agenda and the increased implications for regulation, the approach to apprenticeships in England, the apprenticeship levy, and the importance of wider exemplification – both in work and in college.

The Board noted the update and that the minutes of the meeting would be presented to the next meeting of the Board.

107/12 **ANY OTHER BUSINESS**

There were no further matters raised.

The Board noted the draft budget 2017-18 as tabled at the Board meeting on 6 December 2016.

107/13 **DATE OF NEXT MEETING**

The next meeting of the Board would be rescheduled to accommodate the Chairman's and Chief Executive's diaries.

Later. Meeting date set for Friday 17 March 2017.