SCOTTISH QUALIFICATIONS AUTHORITY   B84/3 i

BOARD OF MANAGEMENT – 2 OCTOBER 2013   For approval

Minutes of the eighty-third meeting of the Board of Management held at 10 am on Wednesday 21 August 2013 in Arrol, Lowden.

	Members		**Officers**
*	Mr G Houston (Chairman)	*	Ms M Cahill
*	Dr J Brown (Chief Executive)	*	Ms L Ellison
*	Mr J Edgar	*	Mr E Martinez
	Mr K McKay	*	Ms K McCallum
*	Mr R O'Hare	*	Mr J McMorris
*	Mr R Stewart	*	Ms J Ross
*	Dr P Thomson	*	Dr G Stewart
*	Mrs S Walsh	*	Mr D Lee (item 83/7 only)
*	Ms C Wilkinson		
			Observers
*	indicates present	*	Mr M McVicar

83/1   WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting, including Mr McVicar from the Scottish Government.

Apologies were noted from Mr McKay.

83/2   DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

83/3   PREVIOUS MEETING

i   Minutes of meeting held on 1 May 2013

The minutes were approved as an accurate record.

It was noted that the Board had met on 29 July, when it discussed SQA's planning cycle, the corporate goals for 2013-16 and the opportunities and challenges around transformational change as SQA moves towards 2020.

The Board had also considered the Financial Performance Report to 30 June 2013, and received the regular update reports from the Certification Programme Group and on progress against the CfE milestone plan.

ii   Action Grid

It was noted that there were no current actions outstanding.

iii   Workplan 2013

The contents of the workplan were noted.

83/4 **MATTERS ARISING**

Any matters arising would be covered in the course of the agenda.

83/5 **CHAIRMAN'S REMARKS**

The Chairman advised that he had written to Sir Ian Wood encouraging the need for engagement with the SQA Executive regarding the commission for Developing Scotland's Young Workforce.

The Chairman also took the opportunity to acknowledge Board members for their time and involvement in the annual round of appraisal meetings.

83/6 **CHIEF EXECUTIVE'S REPORT**

The Chief Executive referred to the contents of her report and highlighted specific areas of interest and progress. She drew attention to the work taking place in the Business Systems directorate, exploring IS activity across the business to inform the shape of the directorate functions going forward. Taking cognisance of SQA's operational objectives, this work would review current capacity capabilities and identify future resource needs in order to ensure it supported SQA operations in a coordinated way. The execution of this work had been positively recognised by both SQA's internal and external auditors.

Dr Brown also presented consideration of the award of SQA's Honorary Fellowship, which recognised sustained outstanding work and commitment to education and training in Scotland. Two candidates were put forward for consideration, and after discussion, the Board endorsed the proposal to award a fellowship to Mrs Christine Pollock and Professor John Simmons.

83/7 **NQ CERTIFICATION**

Mr Lee was welcomed to the meeting.

i **NQ Certification 2013**

Ms McCallum opened the discussion with an overview of NQ Certification activity in 2013. Dr Stewart went on to provide an update on uptake and pass rates, and Mr Lee provided comment on the media activity. During the course of the presentation, it was discussed and noted that:

- Marketing of MySQA would form part of the communications strategy for the launch of the new qualifications. Other opportunities that could be offered through MySQA would also be explored.

- It had been pleasing to see that media coverage had focussed on people's achievements, and the role qualifications play in providing clear pathways.

- CfE communications activity was well underway and the strategy was subject to continual refresh. It was agreed that the Board had a role to play in helping to formulate the strategy as it evolved, taking consideration of partner activity across SQA, the Scottish Government and Education

Scotland, the major milestones, and how to manage these collectively. It was agreed that the Board would receive regular updates on activity, and that a workshop session would be arranged for Board members.

ii   **Report from Certification Programme Group**

Ms McCallum opened the report by extending her thanks to all staff for their support and high levels of commitment in the delivery of the Diet. This was fully endorsed by the Board, who commented on the time and effort invested by staff and appointees.

The Board noted the contents of the report.

83/8   **IS ORGANISATIONAL UPDATE**

This update had been provided under item 83/6 above. It was agreed that a status update would be presented to the next meeting of the Board.

83/9   **CORPORATE RISK REGISTER**

The Board considers the corporate risk register bi-annually, and was presented with the position for the first quarter of 2013-14, as considered by the Audit Committee on 5 August 2013.

Risk Reference 1 – SQA's completion of CfE Milestones

It was noted that in the period since the meeting of the Audit Committee, this risk had been revised to reflect slippage in two CfE milestone dependent internal IS projects. The impact was such that the status of the overall programme for CfE was now reported at amber; this had been duly communicated to the Scottish Government and Education Scotland. In response to the Board's collective concern, the Executive assured members that the matter was being closely monitored, with regular and detailed reporting around the potential impact and resource needed to deliver these system changes.

Risk References 20 and 21 – Tightening funding and achievement of a balanced budget

The Chief Executive reported that the full year deficit currently reported at £2.3m was anticipated to increase by year end. There was no opportunity to absorb this funding gap through further business efficiencies or through new business / increased income from existing sources; and, in the absence of a pricing agreement, the gap was likely to continue to grow. Moreover, this position did not reflect the significant capital investment SQA had to make in order to achieve its corporate deliverables.

It was noted that the increasing cost pressures and challenges associated with the planned reductions in government funding had been reflected in the Annual External Audit report, recently considered by the Audit Committee.

Formal approval of the 2013-14 budget and underlying assumptions remained under discussion with the Scottish Government. Members were very clear on their responsibilities and stressed the importance of the necessity for support from the

Scottish Government on progressing budget discussions, and on speedy resolution of the CfE pricing arrangements.

As part of the overall review of the corporate risk register, the Board also:

▪ Noted the significant positive movement in discussions with the LifeLong Learning officials in relation to the regulation across the four nations.

▪ Endorsed the proposal to close risk reference 16 to reflect SQA's compliance with the requirement for implementation of auto enrolment within the necessary timescale. Ongoing work would be monitored within the Finance directorate.

▪ Endorsed the proposal to close risk reference 18 in relation to completion of the outcomes of the UKCES Universal Services project. Discussions would continue to take place with UKCES and activity would be monitored within SQA Accreditation.

83/10 **FINANCE**

i **Annual Statement of Assurance to the Board**

Ms Wilkinson, as acting Convenor of the Audit Committee, presented the annual statement of assurance, which was offered to the Board in support of its consideration of the Annual Accounts.

The statement demonstrated to the Board the close scrutiny and rigour of the auditing function, and detailed the various reports and assurances that had been considered by the Audit Committee.

It was noted that KPMG had proposed to issue an unqualified audit report.

The Board noted the favourable content of the statement and the recommendation to approve the Annual Report and Accounts for the year ended 31 March 2013.

ii **Draft Annual Report and Accounts 2012-13**

The Chief Executive introduced the Annual Report, which presented a high level and factual account of SQA's progress and achievements against its strategic goals during 2012-13. The report also demonstrated SQA's commitment and contribution to Scottish Government priorities.

The Annual Accounts had been scrutinised and formally approved by the Audit Committee, and there had been no areas of concern to report to the Board.

The Board formally endorsed the Annual Report and Financial Accounts for remit to the Scottish Government and the Scottish Parliament.

iii **2013-14 Budget – Quarter 1 Forecast Update**

Further to the contents of the report, the Board was presented with a tabled copy of the Financial Results to 31 July 2013.

The draft budget for 2013-14 indicated an outturn cash deficit of £2.3m. SQA's financial position had been subject to ongoing discussion between the

SQA's Director of Finance and Scottish Government Finance officials, and this close dialogue would continue in an attempt to manage the deficit position.

The Board documented that since 2012, there had been continuing improvement in the accuracy of the forecasting and budgeting information, and it was fully understood that the financial position reported was unlikely to improve materially from the forecast position. The Board reiterated their position on the need for the Scottish Government to take a shared responsibility in achieving a balanced outcome and provide approval of the draft budget as a matter of urgency.

It was confirmed that in order to secure formal approval of SQA's budget for the 2013-14 financial year, SQA would provide the Scottish Government with an outline of the steps to be taken, and the associated implications, in the event that the Scottish Government was unable to support SQA in closing the forecast deficit of £2.3m.

83/11 **CfE UPDATE**

Dr Stewart presented the update on SQA's progress against milestones, and as reported earlier in the meeting (83/9 refers) the status of the CfE programme was reported at amber.

The Board engaged in a wider debate around the overall programme governance arrangements and noted its disappointment in the marked lack of response to a change in activity. It sought reassurance on the robustness and efficacy of the mechanisms in place to manage and monitor the achievement of deliverables both between partnerships and across dependencies.

The Board commended SQA on its continued focus and commitment to deliver the CfE Programme milestones.

83/12 **BUSINESS DEVELOPMENT REPORT**

The Board noted the business development activity in all key markets as at end July 2013.

The Board was pleased to note the encouraging work in progress, and looked forward to receiving updates as plans progressed.

83/13 **COMMITTEE REPORTS**

i   **International and Commercial Committee – 20 March 2013**
iv   **International and Commercial Committee – 29 May 2013**
ix   **International and Commercial Committee – 7 August 2013**

A verbal update on the meeting of 20 March had been provided to the previous meeting of the Board. The Board noted the minutes. Mr O'Hare provided an update on the business covered at the later meetings held on 29 May and 7 August, which had included an interesting discussion around business disruption and the usual consideration of the pipeline and associated challenging investment decisions.

ii   **Audit Committee – 20 May 2013**
viii   **Audit Committee – 5 August 2013**

The Board noted the minutes of the meeting held on 20 May. Ms Wilkinson provided an overview of the business covered on 5 August, which had included an in-depth review of the Annual Report and Accounts, consideration of a very helpful Internal Audit report on Performance Management, and acknowledgement the good work that had been achieved as a result of the IS/Portfolio Review Alignment – Joint Action Plan.

iii   **Qualifications Committee – 15 May 2013**
vii   **Qualifications Committee – 3 July 2013**

Mrs Walsh highlighted that the implication of specification 3 relating to National Literacy Units had prompted a robust discussion at a recent meeting of the Advisory Council. The Qualifications Committee would soon consider the feasibility of introducing an alternative qualification that would aim to address any access issues and ensure maintenance of standards.

v   **Advisory Council – 3 June 2013**

Dr Thomson updated the Board on the business covered, including discussion on the need for SQA to ensure effective communication around the new qualifications, which linked in with earlier discussions at the Board that day.

vi   **Accreditation Committee – 4 June 2013**

Ms Wilkinson presented the minutes of the meeting, highlighting the publication of the Annual Review, and the positive work underway as part of the Universal Services.

83/14   **ANY OTHER BUSINESS**

There were no other matters raised for consideration.

The Chairman concluded with a formal note of thanks to Ms McCallum for her dedication, enthusiasm and professionalism during her time with SQA, and wished her every success in his future.

83/15   **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 2 October 2013 in Esk/Forth, the Optima Building, Glasgow.

PAPERS FOR NOTING

The Board noted the following reports:

1   Meeting Dates 2014
2   Annual Summary of the Advisory Council's Work – April 2012 to March 2013