SCOTTISH QUALIFICATIONS AUTHORITY   **B81/3 i**

BOARD OF MANAGEMENT – 20 MARCH 2013   **For approval**

Minutes of the eightieth meeting of the Board of Management held at 10 am on
Wednesday 30 January 2013 in Esk/Forth, the Optima Building, Glasgow.

	Members		**Officers**
*	Mr G Houston (Chairman)	*	Ms M Cahill
*	Dr J Brown (Chief Executive)	*	Ms L Ellison
*	Mr J Edgar		Mr R Gibson
	Mr W Gallagher	*	Ms K McCallum
	Mr K McKay	*	Mr J McMorris
	Mr R O'Hare	*	Ms J Ross
*	Prof J Simmons	*	Dr G Stewart
*	Dr P Thomson		
*	Mrs S Walsh		**Observers**
*	Ms C Wilkinson	*	Mr A Johnston
		*	Mr M McVicar

*   indicates present

80/1   **WELCOME AND APOLOGIES**

The Chairman welcomed members to the meeting, including Mr Alan Johnston,
Deputy Director, Curriculum, Assessment and Gaelic and Mr McVicar from the
Scottish Government.

Apologies were noted from Mr McKay, Mr Gallagher, Mr O'Hare and Mr Gibson.

80/2   **DECLARATION OF ANY CONFLICTS OF INTEREST**

There were no conflicts of interest declared.

80/3   **PREVIOUS MEETING**

i   **Minutes of meeting held on 5 December 2012**

The minutes were approved as an accurate record.

ii   **Action Grid**

The contents of the action grid were noted.

iii   **Workplan 2013**

The contents of the workplan were noted.

80/4   **MATTERS ARISING**

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

80/5   **CHAIRMAN'S REMARKS**

The Chairman updated the Board on his recent involvement with the recruitment of two new Board members. He advised on the number of applications received, and that the shortlisting process had now been completed, with interviews scheduled to take place in February. Discussion took place around the Public Appointments process, and the Board welcomed any review by the new Commissioner.

80/6   **CHIEF EXECUTIVE'S REPORT**

The Chief Executive referred to the contents of her report and highlighted specific areas of interest and progress.

Further to the content of her report, she advised that the IT Business Strategy Group had met in January. The co-opted members brought with them a wide range of IS experience across a number of different industry sectors. Initial discussions had been aimed at providing a broad overview of the future direction of SQA and the members had begun to provide insight into potential approaches that would support SQA's IS strategic direction.

The Chief Executive had also met with Mr Russell, Cabinet Secretary, and they had discussed the SQA's business and operational approach at a time of significant change in the economic and educational environments. It had been a positive dialogue, and the Chief Executive had taken the opportunity to include discussion around SQA's continued focus on its role as a public body and how it could achieve the requirement from Scottish Government to become fully self-financing.

As part of her engagements with customers and stakeholders, the Chief Executive advised that she and other members of the Executive had attended a joint partnership event of ADES, Scottish Government and partners. She was pleased to report that there had been very useful engagement in terms of working in partnership on the delivery of CfE. Following discussion at the Board, it was suggested and agreed that SQA should pursue engagement with College Regional Leads.

80/7   **DEVELOPMENT OF SQA's HR STRATEGY**

Ms Cahill provided a presentation on SQA's HR strategy, which had been developed alongside SQA's operational plans. The main focus of the strategy was to ensure that SQA had the appropriate structures, ways of working and skillsmix in place to meet current and future challenges. In the course of the presentation, it was stressed that:

▪   SQA was currently challenged in supporting its future direction as a result of the restrictions of the Public Sector Pay Policy. Dialogue must continue with the Pay Policy Unit, Scottish Government, in order to facilitate the introduction of a meaningful and effective approach to workforce development and pay structures.
▪   Promoting flexibility in HR to support the business priorities would also cover consideration of outsourcing of non-core activities, and exploring shared service initiatives more widely.

The Board engaged in discussion and raised the following points:

▪   The role of the senior management team would be fundamental in taking forward the strategy, and officers should consider its approach and delivery of

management and leadership development. It was confirmed that appropriate development programmes were in place for senior management and any requirements for other staff were addressed through their personal development plans.

- In order to promote employee motivation and engagement, it would be critical to focus on communication methods and the delivery of messages across the organisation. It was noted that positive work was underway to develop and improve on communication means and that they would involve face to face, electronic and written interactions.
- SQA was faced with a particular challenge around delivering both public and commercial activity, and it would require a very careful and sensitive approach to the management of the associated changes in people mindset, and skillsmix.
- As part of the communications agenda, it was important to be mindful of ensuring a balance in the message to address the expectation of SQA's external agenda and internal perceptions of staff. Of overriding importance, SQA must protect the reputation of Scotland and continually reflect on its approach to operating commercially in light of its public sector ethos. It was agreed that officers would ensure careful translation of the "big picture" locally as well as setting the scene externally.

The Board had welcomed the opportunity to contribute to the features of the strategy and management approaches to its implementation.

80/8   **FINANCE AND PLANNING**

i   **Financial Performance to 31 December 2012**

Ms Ellison presented the current financial position for the period ending 31 December 2012. The Board was also presented with a tabled copy of the financial position following completion of the Quarter 3 (Q3) re-forecasting exercise, which reported a year end favourable surplus of £0.1m.

The Board discussed the financial position in detail, during which it was reported that:

- There had been significant progress and a marked improvement in the accuracy of financial forecasting.
- Additional income and savings meant that SQA had absorbed the additional cost pressures of the development and implementation of Post Results Services and payment of staff progression.
- An amount of the surplus would be drawn on for IT hardware purchases, thus reducing some pressures on the 2013/ 14 budget. Officers clarified that this spend related to the four year IT investment plan, which had previously been suspended to relieve cost pressures.
- The reduced income in the contracts areas was as a result of unsecured contract bids, and as such, the predicted associated expenditure was also reduced.

The Board was pleased to note the favourable position.

ii   **Draft Budget 2013-14 and Corporate plan 2013-16**

Ms Ellison presented the draft budget for 2013-14, which included a more detailed summary of the assumptions underlying the proposal and indicated an overall deficit of £2.3m. She also provided a presentation on the

considerations that had been taken into account in setting the budget, the commercial income projections, and the challenges in meeting financial projections.

The Board welcomed the level of detail and projections provided. Members engaged in a full and robust discussion, during which it was noted that:

- Discussions continued with the Scottish Government on closing the financial gap.
- SQA did not, and at this stage could not, have an informed understanding of the implications of the different curricular models in the senior phase.
- The draft budget did not include assumptions on successfully winning any potential new contracts.
- Projected new commercial income from the Rest of the UK built in a 35% margin.
- It was stressed that continuing and arbitrary cuts in expenditure could prejudice the achievement of the self-financing target over the medium to long term. It was also emphasised that current workloads for staff in many areas were unsustainable and that any reduction in staff numbers was not an option.
- There should be continued focus on ensuring that full cognisance was taken of state aid.
- The long term projections did not provide comfort that the developmental and operational investment necessary to secure and deliver commercial activities would be available.
- The financial projections to 2016-17 indicated a continuing deficit position.

Having considered the draft budget, the Board shared concern in terms of the immediate future and ability for SQA to operate. Cognisant of its governance and financial responsibility, the Board agreed that it could not approve the draft budget as presented. Instead, the Board gave its support for the Executive to continue to engage in detailed discussions with the Scottish Government to explore how to:

- address the £2.3m financial gap,
- understand and estimate the investment required to achieve the self-financing target by 2015-16; and
- ensure that the budget to be considered for final approval by the Board, provided for a sustainable financial position over the medium to long term.

The Board approved the draft corporate plan, on the understanding that Section 5, budget 2013-16, had yet to be determined.

iii   **Cost Allocation and Capacity Planning Project**

Ms Ellison presented the Board with a progress update report on the SQA's approach to improving costing methodologies. The aim of the project was to improve SQA's understanding of its activity costs in order to inform pricing decisions and contract submissions, and ultimately ensure that the approach used to plan and deploy resources was effective and efficient. The project was being supported by the consultancy arm of Scott-Moncrieff, who would help facilitate discussions at a forthcoming workshop engaging staff from across SQA.

The Board welcomed the direction of travel, noting that this significant change project would establish new working practices that needed to be managed carefully.

80/9   **CfE UPDATE**

Dr Stewart presented the update on SQA's progress against milestones and reported that the overall programme status remained on track. Work continued on setting and maintaining standards for the transition from current to new qualifications, with a one day Colloquium arranged for stakeholders at the end of February.

The Board was pleased to note that the CfE programme management team had worked closely with teams across the business to review the resources plan going forward and help prepare for the next phase of work. A further review would be undertaken following completion the next key milestone at the end of April.

Ms McCallum advised that SQA was approaching the point where it would require detailed entry projections from centres in order to support detailed planning for 2013-14. This was a critical external dependency for SQA and had been highlighted in letters to all Directors of Education, SCIS and Head Teachers, requesting detailed entry submissions by end March 2013. SQA's CfE Liaison Team had also been promoting this requirement with schools and offering support to meet this.

The Board noted the update.

80/10   **BUSINESS DEVELOPMENT REPORT**

The Board noted the business development activity in all key markets as at end December 2012, supported with an update on billed income following the Q3 reforecast.

The Board noted the full and comprehensive update on activity.

80/11   **REPORT FROM THE CERTIFICATION PROGRAMME GROUP**

The Board noted the contents of the report.

Ms McCallum also updated the Board on the recent communications with UCAS. It was reported that measures would be put in place to strengthen the result embargo arrangements within HEIs. This would include "self certification" by senior level staff within HEIs confirming that actions had been taken to ensure the integrity of the results.

80/12   **COMMITTEE REPORTS**

   i   **Audit Committee – 23 November 2012**

        A verbal update had been provided to the last Board meeting. The draft minutes were noted and that these would be formally approved at the next meeting of the Audit Committee in February.

ii   **Advisory Council – 22 October 2012**

A verbal update had been provided to the last Board meeting. The draft minutes were noted and that these had been formally approved at the Advisory Council meeting earlier that week.

iii   **Qualifications Committee – 21 November 2012**

A verbal update had been provided to the last Board meeting. The draft minutes were noted and that these would be formally approved at the next meeting of the Qualifications Committee in February.

iv   **Accreditation Committee – 4 December 2012**

A verbal update had been provided to the last Board meeting. The draft minutes were noted and that these would be formally approved at the next meeting of the Accreditation Committee in March.

v   **Advisory Council – 28 January 2013**

Prof Simmons advised that the Advisory Council had met earlier that week, and had been pleased to welcome two new members. Considerations at the meeting had included a very worthwhile presentation on the development and work of Quality Systems at SQA. The Advisory Council had also received a presentation on the standards setting for the new National Qualifications (as mentioned previously at the Board meeting) and members had found comfort that SQA had already initiated work on how these new qualifications could be compared to predecessors and other qualifications at the same level.

80/13 **ANY OTHER BUSINESS**

It was formally recorded that this would be final meeting of the Board for Prof Simmons. On behalf of the Board, the Chairman recognised Prof Simmons for his unfailing commitment to the work of the Board and its associated Committees.

There were no other matters raised for consideration.

80/14 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 20 March 2013 in Arrol, Lowden.