

BOARD OF MANAGEMENT – 21 MARCH 2014

For approval

Minutes of the eighty-sixth meeting of the Board of Management held at 9.30 am on Wednesday 29 January 2014 in Arrol, Lowden.

Members

- * Mr G Houston (Chairman)
- * Dr J Brown (Chief Executive)
- * Mr J Edgar
- * Mr K McKay
- Mr R O'Hare
- * Mr R Stewart
- * Dr P Thomson
- * Mrs S Walsh
- * Ms C Wilkinson

Officers

- * Ms M Cahill
- * Ms L Ellison
- * Mr E Martinez
- * Mr J McMorris
- * Ms J Ross
- * Dr G Stewart

Observers

- * Mr M McVicar
- * Mr M Russell (part meeting only)

* indicates present

It was recorded that Board members had convened for a private session in advance of the formal meeting of the Board.

86/1 WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting, including Mr McVicar, Scottish Government. Apologies were noted from Mr O'Hare.

86/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

86/3 FINANCE**i Current Financial Performance**

Ms Ellison tabled the year to date financial performance for the period ending 31 December 2013. The surplus reported at Period 10 was largely due to timing differences and formal commitments were in place for the majority of the planned capital expenditure.

Members also had before them a tabled paper on the results of the recent Quarter 3 re-forecast exercise. This paper reported that the overall deficit had reduced from the Quarter 2 position returning to the original forecast deficit at Quarter 0 of £3m, which converted to a cash deficit of £2.3m.

Members also noted that the Quarter 3 forecast for Curriculum for Excellence Programme Grant requirement was considerably less than the Quarter 2 position, which had reflected an increase in quality assurance activity and demands from stakeholders for additional support to secure the safe delivery of the new qualifications. The variance in forecast reflected the uncertainty on expenditure requirements in this first year of the new qualifications, and

the likely level of take up of additional support by Centres. It was noted that this uncertainty was likely to continue to some degree for the next three to five years until CfE was fully implemented.

Ms Ellison also highlighted that the timing of the Quality Assurance activity, which takes place in the last quarter of the financial year, could result in a risk around cash management as claims for payment from Appointees and Centres may not be submitted before 31 March, the end of the financial year. This cashflow issue was being discussed with Scottish Government.

ii **Draft budget**

Ms Ellison tabled an amended version of the draft budget, which reflected a change in a comparative figure at table 2, appendix 1 relating to Programme Grant. The Scottish Government had indicated that the comparative used in the table should be the Spend Review figure for 2011, rather than the more recent Spend Review submission in 2013.

Ms Ellison went on to present the draft budget range for 2014-15. This approach had been agreed by the Board in December 2013 in response to the uncertainty around implementation costs for the new qualifications. If approved, the budget range would be submitted to the Scottish Government.

The Board discussed the proposed budget, during which it was noted that:

- Both the optimistic and pessimistic options required deficit funding.
- There was significant ambiguity around the eventual costs of the first year of CfE implementation. There would be some clarity on numbers of candidate entries by Quarter 0 at the end of March; however the financial position would need to be monitored closely and reviewed regularly.

It was agreed that further commentary should accompany the draft budget to articulate the risks and uncertainties associated with the budget submission. In particular it should stress that the optimum financial case, which required less deficit funding, could result in adverse operational consequences impacting on the safe delivery of CfE. The Board agreed submission of the budget range to Scottish Government as part of the SQA Corporate Plan for 2014-17, subject to inclusion of this caveat.

Board Members were also asked to note that the Scottish Government had approved SQA's Budget and Corporate Plan for 2013-16. A copy of the letter was circulated to Board Members.

86/5 **CfE UPDATE**

Dr Stewart presented a detailed update on SQA's progress against milestones, based on SQA's highlight reports for November and December 2013.

The status of the CfE programme remained at amber, due to a number of dependencies in related SQA IT projects. The Board was reassured that contingency arrangements had, and continued to be, put in place. The Chief Executive reiterated that it was paramount to strengthen the IT function and recruit additional resource; however this was not without its challenges. Contingency

arrangements were also being considered to address how to sustain the increasing workload pressures on staff.

In light of recent feedback regarding the introduction of National 4 and 5, a package of additional support had been put in place to help teachers to deliver the new qualifications. SQA subject experts would provide extra Continuous Professional Development events at Local Authority level for teachers in a range of subjects. Quality Assurance feedback from the first round of verification had also been brought forward and provided earlier to schools than scheduled. This feedback highlighted areas of good practice and should build teacher understanding and confidence in the application of assessment practices. At this point it was suggested that SQA should consider liaison with Directors of Education around the importance of encouraging teachers to share and publish prior verification materials.

Mr Martinez provided an update on the decision by E1/Pearsons' to remove itself from the Scottish market, and the implications this had for SQA in respect of exchanging data with the local authorities (and their centres) and independent schools which currently used that system. The Board was assured that discussions were underway with relevant partners and another MIS supplier to ensure a smooth transition for the centres in 2014-15.

The Board noted the contents of the report and the determined focus to ensure successful delivery of CfE.

Mr Russell, Cabinet Secretary, joined the meeting, during which time the discussion covered:

- Acknowledgement from the Scottish Government of SQA's commitment to continue to deliver CfE, in close working with partners; and of SQA's critical role in that delivery.
- The current budget deficit position and reassurance that Scottish Government would safeguard SQA's position.
- SQA's need to move to a viable financial position, to be agreed with Scottish Government early in the next financial year and that this should include a level of flexibility due to uncertainties in operating costs and income.
- Agreement to work together on reaching Scottish Government's goal for SQA to become self-funding.
- The value of the regular dialogue in place between SQA and Scottish Government officials, and the absolute necessity to sustain this close working relationship and communication links.
- Scottish Government support for SQA's wider role and strategic direction in Scotland, RoUK and internationally.
- The significance of building senior phase pathways that were valued by end users. And the requirement to discuss and address articulation into further education (with the college and university sectors), ensuring dialogue with HEIs to gain consistency in the value of qualifications at exit points.
- Scottish Government's intention and backing for SQA to be engaged in the next steps of the Wood Commission.

Mr Russell left the meeting.

86/4 **BUSINESS DEVELOPMENT REPORT**

Mr McMorris presented a detailed overview of business development activity in all key markets as at end December 2013. It was noted that in March, the Board would receive a full update on SQA's approach to its key markets over the next three years.

The Board noted that the challenge of the financial position and focus on CfE activity had required a refocussing of other activities and had impacted on SQA's ability to pursue income generation opportunities.

In the course of discussion, it was confirmed that mechanisms were in place to understand how resource constraints impacted on lost opportunities, and that SQA took consideration of potential HR and operational implications as part of the decision making process. It was noted that the HR Strategy, being presented to the Board later in the year, would show how this work was incorporated into 'business as usual'.

The Board noted the contents of the report.

86/6 **REPORT FROM CERTIFICATION PROGRAMME GROUP**

Mr Martinez presented the report from the Certification Programme Group, and provided full updates on the additional actions being taken to address those factors reported at amber. The Board was reassured that robust contingencies were in place and being planned for, in order to manage those areas relating to IT weaknesses.

The Board reiterated the recurring theme around increased pressure on staff workloads and noted that SQA actively monitored this to identify where additional resource was required, along with reprioritisation of work.

The Board noted the contents of the report.

86/7 **PREVIOUS MEETING**

i **Minutes of meeting held on 4 December 2014**

The minutes were approved as accurate.

ii **Action Grid**

The contents of the action grid were noted, and that any current actions would be presented to the Board that day.

iii **Workplan**

The Board noted and approved the workplan for 2014.

86/8 **MATTERS ARISING**

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

86/9 CHAIRMAN'S REMARKS

The Chairman had had various communications with Fiona Robertson, and these meetings would continue regularly throughout the year. Two monthly CfE update meetings had also been scheduled with the Chief Executive, Director of Operations, and Director of Qualifications.

Along with the Chief Executive, the Chairman had met with the representatives of the Welsh Government, to discuss potential areas of collaborative working.

The Chairman advised that he had also met with Dr Ken Thomson, Principal of Forth Valley College for a tour of the college, and he was pleased to advise the Dr Thomson would join membership of the Accreditation Committee.

Other engagements had included attendance at a Public Appointments communications event hosted by the Scottish Government.

86/10 CHIEF EXECUTIVE'S REPORT

The Chief Executive referred to the contents of her report and highlighted specific areas of positive working and progress. In the interests of time, a brief update was provided on current topics of discussion at the UKVQ Forum.

It was agreed to issue Board members with a link to the 'Beyond the Exam', with DVDs available to those who would prefer that format.

86/11 CORPORATE

i SQA Corporate Plan 2014-17

The Board had discussed the draft corporate plan at its December meeting. Following that review, feedback from the Scottish Government had taken a slightly different perspective than that of the SQA Committees. Whilst supportive of SQA's work in the RoUK and internationally, the Scottish Government had been keen for SQA to retain references to Scotland, Scotland's people and Scotland's economy. This feedback had been incorporated into the revised plan now presented for the Board's consideration, noting that:

- Strategic Goal 4 had also been removed, and its associated actions subsumed across the remaining eight goals.
- Strategic Goal 8 now referred to the separate Accreditation function.

The Board approved the draft corporate plan for 2014-17 for submission to the Scottish Government, along with the addition of the Budget section (as approved earlier in today's meeting).

ii Corporate Risk Register

Ms Cahill presented the Corporate Risk Register, and advised of the recommendations that would be made to the next meeting of the Audit Committee.

In discussion, the Board:

- noted the overall content of the report and the close monitoring of risks;
- proposed that given the recurring discussion around staff capacity and resourcing issues, it would be prudent to consider further the recommendation to reduce the probability of Risk 12; and
- supported the addition of Risk 25 to ensure efficiencies outwith the transformational programme were adequately captured.

The Board noted the contents of the Corporate Risk Register and the updated mitigating actions as provided at January 2014.

86/12 CfE COMMUNICATIONS

The Board welcomed Steve Borley, Head of Marketing, Helen Campbell, Marketing and Communications Manager, and Kerry McMillan, CfE Communications Manager to the meeting. Mr McMorris led on a presentation around CfE Communications and Engagement, and facilitated the ensuing discussion around the planned approach and areas of major interest likely to arise in the months ahead.

- The outcomes of verification were clearly critical, especially for centres, and this was an area SQA should concentrate on. It was suggested that SQA could develop a briefing paper on good practice for issue to Local Authorities.
- Proactive communications. It was important to emphasise and ensure that the priorities and actions for all partners (around the implications of the new qualifications) were articulated and acted upon. There were complex interdependencies, and Education Scotland, Scottish Government and SQA must work in partnership.
- The importance of good communications around results to ensure a clear understanding of the nature of the data.
- It was important for SQA to undertake some of its own evaluation activity with stakeholders.
- There would be a strong role for Scottish Government and Education Scotland to explain the impact of the new approach to the senior phase on qualification uptake.
- The move to Post Results Services (PRS) was discussed at length and it was agreed that further discussion should take place at the Qualifications Committee.

The Board requested early notification on upcoming topics, particularly of media interest. It was agreed that this would be succinct and high level messaging.

86/13 COMMITTEE REPORTS

- i **Audit Committee – 18 November 2013**
- ii **International and Commercial Committee – 6 November 2013**
- iii **Accreditation Committee – 3 December 2013**

The Board had received updates on these three meetings at the meeting of December 2013. The minutes were noted for information.

86/14 ANY OTHER BUSINESS

Ms Cahill updated the Board on a recently concluded Personal Injury Claim.

86/15 DATE OF NEXT MEETING

The next meeting of the Board would be held on Friday 21 March 2014 in Arrol, Lowden. The Board was reminded that this meeting was *instead of* the originally scheduled date of Wednesday 12 March.