

**BOARD OF MANAGEMENT – 12 AUGUST 2009**

Minutes of the fifty-sixth meeting of the Board of Management held at 10 am on Wednesday 10 June 2009 in Esk/Forth, Optima.

**Members**

- \* Mr G Houston (Chairman)
- \* Dr J Brown (Chief Executive)
- \* Mr A Cassidy
- \* Mr J Edgar
- Mrs J Gillespie
- \* Prof A MacLennan
- \* Mr J Mitchell
- \* Mrs M Nicol
- \* Mr G Rodgers
- \* Prof J Simmons
- \* Mrs S Walsh

\* indicates present

**Officers**

- \* Ms M Cahill
- \* Mr R Gibson
- \* Ms K McCallum
- \* Mr J McDonald
- \* Mr G Moodie
- \* Ms J Ross
- \* Dr G Stewart

**Observers**

- \* Mr J MacDougall, Scottish Government
- \* Miss L Hewitt, SQA

**56/1 WELCOME AND APOLOGIES**

The Chairman welcomed members to the meeting, including Miss Hewitt, who had recently joined the committee services team.

Apologies were received from Mrs Gillespie. At this point, the Chairman noted that Mrs Gillespie and Mr Mitchell's tenures of appointment would conclude at the end of June 2009, and that this was Mr Mitchell's final meeting of the Board.

The Chairman formally recorded Mr Ron Sylvester's retirement and took the opportunity to acknowledge his outstanding contribution to SQA. His successor, Mr Gordon Moodie was welcomed to his first meeting of the Board.

**56/2 DECLARATION OF ANY CONFLICTS OF INTEREST**

There were no conflicts of interest declared.

**56/3 PREVIOUS MEETING****i Minutes of meeting held on 1 April 2009**

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

**Minutes of Extraordinary meeting held on 6 May 2009**

The minutes were approved as an accurate record of the meeting

**ii Action Grid**

The contents of the action grid were noted.

## 56/4 **MATTERS ARISING**

### **Dalkeith Accommodation**

A letter from the Scottish Government was circulated to the Board. Dr Brown provided an update on progress with the Dalkeith Accommodation, advising that in the context of the current market conditions, the Scottish Government had instructed SQA to cease negotiations with Buccleuch Estates on relocation at Shawfair. SQA had been asked to re-visit an option discarded at an earlier stage of the business case process, namely to conduct a refurbishment survey on the current Dalkeith accommodation. This survey would include a full inspection of the building, identifying work to restore the offices to a good condition, and on conclusion, to submit various refurbishment options to Ministers for approval.

All staff at Dalkeith had been briefed by the Chief Executive that week, when there had been an opportunity to raise any questions or concerns.

During discussion, the Board:

- shared strong concern about the delayed decision and the potential impact on SQA's operations and its capability to deliver;
- recognised the need to move forward with the building inspections, and insisted that an independent Health and Safety valuation of the Ironmills road site be conducted without delay;
- agreed that any progress should be taken forward in a staged approach and in line with the Estates Strategy; and
- remarked that the impact on staff based at Ironmills Road should remain at the forefront throughout this process.

It had been stressed to SQA staff that any refurbishment programme would be assessed on affordability, and did not exclude other options on relocation.

## 56/5 **CHAIRMAN'S REMARKS**

### **Board Appointments**

The recommendation for two appointments was with the Minister for approval and it was expected that a decision would be made presently.

### **Cabinet Secretary letter to Board**

The Board received a letter from the Cabinet Secretary that acknowledged the work and advice of the Board on the development of the new qualifications. The Parliamentary Statement on the future of national qualifications would be made the following day. The Chief Executive had met with the Cabinet Secretary, and the Board was assured that the Scottish Government was aware of SQA's position around the deliverability of the new qualifications.

### **Board Meeting – September**

The Chairman proposed a dinner on the evening before the September Board meeting. This would provide an informal setting to welcome new members and give the opportunity for discussion on the corporate direction of the Board. This was supported by the Board and members were invited to advise Janice Ross of any suggested speakers for the dinner.

## 56/6 CHIEF EXECUTIVE'S UPDATE

### i Chief Executive's Report

Dr Brown presented an overview of the headline business since the previous meeting of the Board. Further to the contents of the report, she assured the Board that SQA had contingency plans in place in the event of further incidences of Swine Flu during the course of the examination period.

## 56/7 OPERATIONS

### i Report from Certification Planning Group

Ms McCallum presented an update on factors relating to delivery of the Diet in session 2008-09 and was pleased to report good progress. She provided further detail around:

#### ***Pandemic Planning – Swine Flu***

SQA's standard guidance and procedures had managed any flu related issues that had arisen. All Business Continuity Plans were up-to-date and were being closely monitored in close liaison with the Scottish Government and other key stakeholders. Of note was the volume of absentee cases that was on a par with previous years.

#### ***Baccalaureates***

Ms McCallum was pleased to report that the implementation project had been established and work was in progress. The project status was now reported at green, and business requirements were on track to deliver certification in August 2010.

The Board noted the contents of the update, agreeing that at sometime, it would be helpful to provide new members with an overview of the main Diet processes through to certification.

## 56/8 SQA STAFF OPINION SURVEY

Ms Cahill presented the findings of the 2009 survey along with areas for potential focus going forward. The overall response to the survey had reflected a strong return rate in survey terms. Subsequent action had begun following a detailed analysis of the results, with departmental improvement plans being developed. Discussions were ongoing with the Partnership Group to review the content and timing of the survey for 2010.

The Board welcomed the opportunity for constructive debate around the findings of the survey, and in the course of discussion it was noted that:

- The call for clearer guidance on SQA's evaluation process was noted, and that officers were exploring an approach to deliver on this, whilst maintaining the validity and integrity of the system.
- An organisational priority was to develop improved capacity planning techniques.
- A number of the lowlights could be attributed to timing of the survey, which had been conducted immediately on conclusion of SQA's restructuring exercise.

- Guidance and training advice was being developed for internal staff transfers.
- For the future, survey questions would be revised to ensure clarity and increased value of outputs.

The Board commented on the overall positive response and was fully committed to the ongoing development of this work. Further updates would be provided to the Board in due course.

## 56/9 BUSINESS DEVELOPMENT UPDATE

### i Business Development Report

Board members were reminded of the commercial sensitivity of the report. Mr McDonald presented the business development report for international and UK-based commercial and development activities and was pleased to report that overall performance was on track. Members had before them, a more concise version of the report and the comprehensive detail could be made available on request. Mr McDonald presented the period 1 figures for April 2009 and explained the factors behind the favourable surplus in income to forecast.

#### ***Business Plan Reporting***

Progress against plan was on track with the exception of the objective to develop a commercial infrastructure.

#### ***Activity and Intelligence.***

Mr McDonald provided a comprehensive update on the events and conferences attended by the Business Development Team during April. He also reported on the business that had been secured in Scotland, the UK and internationally, tenders and contracts pending award, and expressions of interest that had been submitted.

### ii SQA's Business Development Strategy

Mr McDonald presented SQA's strategy for Business Development, clarifying that the content referred to SQA's function as an awarding body; the accreditation function was subject to another funding regime and as such, had not been included as part of the strategy.

The strategy set out SQA's overarching strategy for business development across key markets of Scotland, rest of UK and Ireland and internationally. The presentation encouraged healthy debate and the Board welcomed the opportunity for comment.

- ***Reduction in Grant Funding.*** For the purpose of the model, the annual decrease assumption was not factual but based on Scottish Government indications. The rationale for reduced dependency on grant funding was to support the move towards a single funding arrangement, in line with the 2020 Vision.
- Demographic change and increasing competition would impact on entries. Much concern was expressed around funding methodologies and the need to ensure that SQA's funding framework should defend the Scottish

market and support SQA's commitment to maintain high quality product and service delivery in Scotland.

- In addition, there would likely be further impact from curriculum changes, but this had yet to be determined.

The Board welcomed the comprehensive overview of SQA's strategy for growth and endorsed the strategy for onward communication to SQA staff. It was agreed that the International and Commercial Committee would be presented with delivery plans for implementation.

## 56/10 BUSINESS SYSTEMS UPDATE

### i IS Strategy

Mr Gibson presented the IS strategy, which aimed to provide a high quality service across the organisation, supporting current and future business activities. Business alignment and cross departmental work had been critical to the development of the strategy that built on existing investment and outlined a three to five year programme to be delivered as part of a wide programme. Six initial strands of work for phased delivery had been identified to facilitate the development of the new IS environment.

The Board very much welcomed sight of the strategy. After full discussion, a further position paper was requested for presentation to the Board in September. This should articulate the backdrop to the work, its setting alongside SQA's other strategic priorities and the methodologies that would be employed for delivery.

## 56/11 QUALIFICATIONS DEVELOPMENT

### i Operational Implications of new Qualifications

Members had before them a tabled paper that outlined the proposed governance arrangements for CfE developments along with the associated key strategic risks. Dr Stewart provided an update on the shape of Literacy and Numeracy qualifications and qualifications at SCQF 4 and 5, followed by Ms McCallum who outlined the operational challenges around deliverability of the new qualifications.

Much debate followed and recognising the challenges ahead, the Board stressed its concern around the impact on SQA's operations, the additional pressure of external marking, and the potential knock on effects to the ability to deliver. It was noted that Dr Brown had shared the Board's angst with the Scottish Government, having emphasised the risks associated with systems developments, new methods of assessment and the implementation of new qualifications whilst continuing to deliver a 'normal' service. Nonetheless SQA would be required to deliver implementation and the Board should find reassurance in the involvement of the Qualifications Committee, which would enter into consideration of the detail of the principles for the development of the new qualifications.

A governance structure was in place to oversee the sequencing of work required to deliver CfE, and it was agreed to present this to the next meeting of the Board.

## 56/12 FINANCE AND COPORATE GOVERNENCE

### i **Committee Governance**

PwC's recent audit had identified that overall governance arrangements were well designed and operated effectively. The committee remits for the Accreditation Committee, International and Commercial Committee and Qualifications Committee been slightly revised to address any potential overlaps in delegated authority, and would be presented to the next meeting of the relevant committees.

It was confirmed that the Board standing orders had scope for the appointment of a vice-Chair. Prof Simmons advised that the role of the Accreditation Committee would be discussed at the September meeting of the Board.

### ii **Current Performance Report**

#### ***Corporate Balanced Scorecard***

Mr Moodie provided an overview of latest position on Scorecard measures.

#### ***Corporate Risk Register***

Mr Moodie provided an explanation for the key changes to the risk register. In light of earlier Board discussions, a number of revisions were agreed, including to:

- increase the risk rating from 12 to 20 for risk reference 3 – policy developments including the CfE programme of work; and
- restate the actions taken and comments within risk reference 2 – associated with the approval of the Dalkeith business case.

The Board noted the update on current performance and that a new performance reporting format was being developed for future reporting to the committees and the Board. For the next meeting of the Board, it was agreed to present SQA's financial report as a main agenda item.

## 56/13 COMMITTEE REPORTS

### i **Audit and Performance Committee held on 25 March 2009**

A verbal report had been provided at the last meeting of the Board. The approved minutes were enclosed and noted.

### ii **International and Commercial Committee held on 30 March 2009**

A verbal report had been provided at the last meeting of the Board. The approved minutes were enclosed and noted.

### iii **Qualifications Committee held on 24 April 2009**

The minutes of the last meeting of the Qualifications Committee were enclosed and noted.

iv **Remuneration Committee held on 11 May 2009**

The Chairman provided a verbal summary of the main business covered, which had included the approval of the Directors' bonus recommendations for 2008-09 for submission to the Scottish Government.

The Board noted that on 20 May, the Scottish Government had confirmed the 2007-08 bonus payments and 2008-09 salary details

v **Advisory Council held on 15 May 2009**

The minutes of the last meeting of the Advisory Council were enclosed and noted.

vi **International and Commercial Committee held on 20 May 2009**

The minutes had not been available for inclusion in the Board papers. Mr Cassidy advised that the main business of the meeting had focussed on the Business Development strategy, as presented to the Board that day. It was noted that the minutes would be presented to the next meeting of the Board.

vii **Audit and Performance Committee held on 27 May 2009**

The minutes had not been available for inclusion in the Board papers. Mr Cassidy provided an update on the main business covered:

- Consideration of the internal audit annual report to end 31 March 2009, which had recognised overall progress with no significant control weaknesses for disclosure.
- Audit Scotland's view to take the planned assurance on SQA's internal controls for the audit of the financial statements in 2008-09.

It was noted that Mr Edgar would assume convenorship of the committee from September 2009.

The minutes would be presented to the next meeting of the Board.

viii **Accreditation Committee held on 9 June 2009**

The Accreditation Committee had met on the day before the Board and Prof Simmons provided a brief overview of the business covered. It was noted that the minutes would be presented to the next meeting of the Board.

**56/14 ANY OTHER BUSINESS**

There were no matters raised.

On behalf of the Board, he acknowledged the loyalty and contributions of Mrs Gillespie and Mr Mitchell to the Board and its committees, and wished them good fortune in the future.

## **PAPERS FOR NOTING**

The Board noted the contents of the following reports:

PFN 1 Financial Report to 30 April 2009

## **56/15 DATE OF NEXT MEETING**

The next meeting of the Board of Management would be held on Wednesday 12 August 2009 in Dalkeith.