

**BOARD OF MANAGEMENT – 28 SEPTEMBER 2006**

Minutes of the thirty-eighth meeting of the Board of Management held at 10 am on Wednesday 9 August 2006 in the Boardroom, Ironmills Road, Dalkeith.

<b>Members</b>		<b>Officers</b>	
*	Mr J McCormick (Chairman)	*	Ms M Cahill
*	Mr A Cassidy	*	Mr T Drake
*	Mr A Colella	*	Mr M Haggerty
*	Mrs J Gillespie	*	Ms K McCallum
*	Prof A MacLennan	*	Ms J Ross
*	Mrs L McKay	*	Mr R Sylvester
*	Mr I McMillan	*	Mr J Young
*	Mr J Mitchell		
*	Mrs M Nicol		<b>In attendance</b>
*	Mr G Rodgers		Mr D Falconer (item B38/6 ii only)
*	Prof J Simmons		
*	indicates present	*	<b>Observer</b>
			Ms C Carlin, Scottish Executive

**38/1 WELCOME AND APOLOGIES**

The Chairman welcomed Karen McCallum, Director of Operations to her first meeting of the Board of Management.

Apologies were received from Mr I McMillan.

**38/2 PREVIOUS MEETING****i Minutes of meeting held on 14 June 2006**

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

**ii Action Grid**

The contents of the action grid were noted.

**iii Workplan 2006**

The contents of the workplan were noted.

**38/3 MATTERS ARISING****37/3 i SQA's Strategy for the Highlands and Islands**

Developed in conjunction with local partners and stakeholders as a follow-up to last year's visit, Mr Colella advised that the strategy would be launched in Inverness on 15 August. At that time, Mr Colella would also sign a Memorandum of Understanding between SQA and the University of Highlands and Islands Millennium Institute.

### 37/3 ii **Trading Subsidiary**

Mr Sylvester advised that a detailed response had been submitted to the Scottish Executive. Given the delay in the approval of the business case, it was unlikely that the trading subsidiary would be operational before the end of the financial year. He confirmed that any necessary financial adjustments had been made to accommodate that eventuality. It was agreed that should the matter be protracted further, Mr Colella would issue formal correspondence to the Scottish Executive.

### 38/4 **CHAIRMAN'S REMARKS**

The Chairman advised that the Chairs' Committee would meet that afternoon to discuss the workplan for 2007. As supported by the Board, this would focus on long-term strategic issues for the Board agenda. It was expected that this work would impact on the standing orders of the Board, and the possible approach to be taken would go for discussion at a future meeting of the Chairs' Committee.

A proposal for meeting dates in 2007 had been circulated to members of the Board for comment. The Board was asked to provide Janice Ross with availability so that the finalisation of these, and other committee meeting dates, could be progressed.

The Chairman took this opportunity to congratulate Mr Colella on his recent appointment to the Institute for Chartered Accountants of Scotland. He paid tribute to Mr Colella for his contribution and leadership of SQA and wished him every success in his new post. It was noted that Mr Colella's final meeting of the Board would be in September.

### 38/5 **CHIEF EXECUTIVE'S REPORT**

Mr Colella presented a brief overview of the main activities he had been involved in since the last meeting of the Board, highlighting the following points.

#### *Dalkeith Accommodation Update*

Mr Colella reported that the Scottish Executive had relayed a clear message that there would be no capital support provided for the purchase of a new building in Dalkeith. Consequently, new options were being explored and Mr Sylvester would provide an update at the next meeting of the Board.

#### *Section 23 Update*

As a precursor to the main report, Audit Scotland had provided its first draft on the performance audit of SQA, the findings of which were favourable and reflected well on the work of SQA and the Board. The final report was due for publication in October, and would be made available on Audit Scotland's website.

Mr Sylvester reported that following a meeting with Audit Scotland that week, it had been indicated that only the key messages and headlines of the report would be reported to the Audit Committee of the Scottish Parliament, and that a client report would be submitted for SQA to help inform its work in this area.

The Chairman welcomed the endorsement of the Board adopting the Balanced Scorecard approach as a tool for the Board to develop a strategic focus based on key risks.

**i Report from Certification Planning Group**

*August Certification 2006*

Mr Drake reported on the success of the innovations that had been introduced during this year's Diet:

- The introduction of online objective tests for Biotechnology at Higher and Intermediate 2 level had been launched and completed successfully in a small number of centres. An evaluation of the project would take place and the lessons learned would inform the programme as it moved forward.
- Results Online had gone 'live' and it was intended to promote the service to all candidates in the next Diet.
- The appointees online project had been completed successfully in seven subjects and its use had highlighted the extent to which this facility could improve quality assurance of the marking process and feedback to centres.

Mr Drake advised the Board of an incident the weekend before certification, where it had become apparent that a small subset of data had been omitted from the data gathering process. Remedial action was taken immediately and the results re-evaluated for those candidates affected by the oversight. New certificates were printed for just over 500 candidates. The Board noted that considerable support had been received from UCAS in terms of managing the situation and ensuring that results were delivered to candidates and universities in time. Mr Drake assured the Board that procedures would be reviewed to minimise risk next year and that a number of new cross checks would be put in place and closely audited by the Corporate Performance and Strategy Team.

A letter of gratitude had also been dispatched to the Chief Executive of UCAS.

Mr Colella commended officers on the pace and high standard of work from identification to resolution of the issue.

**ii NQ Certification Media Review**

Mr Haggerty was pleased to report that media activity during NQ Certification had been appropriately praiseworthy of the candidates and their work. Press coverage had also been UK based, and had been largely positive and supportive of SQA's successful delivery of certification.

The Chairman conveyed the Board's appreciation for Mr Haggerty's dedication to manage SQA's media relations in a proactive and positive manner. Although Mr Haggerty would cease to be a full-time employee of SQA, the Board had been reassured that Mr Haggerty would continue to act as a consultant to SQA, in public affairs matters.

Mr Falconer, Business Manager for Data Management and Certifications, was welcomed to the meeting.

The Board received a demonstration of Results Online and commended the substantial work that had gone into the development of the new service and in ensuring the success of the pilot.

There was collective support for rollout of the service to all candidates by August 2007. Initial marketing of the service would be focused on school-based candidates in 2007, moving to college and ETP-based candidates the following year. Mr Falconer confirmed that the system would be load tested to ensure that it could accommodate the high level of demand anticipated.

Much discussion took place around the long term pattern of the issue of results to candidates. It was accepted that a judicious balance must be struck between electronic and paper-based presentation of results. It was likely that candidates would continue to want paper certificates to commemorate major attainments such as Highers and HNDs but unit results could, in future, be issued electronically. Web-based access would also enable candidates to manage their entries and personal details.

It was agreed that security was an important issue as many employers relied on paper certificates as proof of attainment. It was agreed that the future need for paper certificates would be shaped both by the expectation of the candidate and the opinion of the employer. A survey conducted with leading employers had shown an interest and willingness to become involved in an online service; however officers were cautious of withdrawing the issue of paper certificates, and commented that further exploratory work would be required.

The Board was enthused by the potential of this innovative work.

## 38/7 HUMAN RESOURCES

### i Temporary Staff Contract Extension

Ms Cahill presented the proposal to extend the current contract with Reed Solutions Ltd for the supply of temporary staff. The contract was due to expire in March 2007. Given the effective working relationship in place with Reed Solutions, and mindful of the organisational and management changes underway at SQA, the preference was to exercise the option of extension. The Board approved to extend the contract with Reed Solutions Ltd for a two year period until 31 March 2009, on the condition that negotiations would secure costs that remain static or were reduced.

## 38/7 FINANCE AND CORPORATE PERFORMANCE

### i Quarter 1 Monitoring Report for 2006/07 Business Plan

Mr Sylvester presented the progress being made towards completion of the objectives within the Business Plan for 2006/07, and added further explanation to substantiate those objectives graded as Red.

#### *Establish a separate trading company*

An update had been provided under Matters Arising.

#### *Implement an integrated HR and Financial system*

Relating to a business case from 2005/06, completion of the work had extended into this financial year and funding for the second year had yet to be confirmed by the Scottish Executive. Given that the work was in progress, SQA was now tied to contractual obligations and liabilities would have to be funded should the money not

be secured. This funding encompassed a range of business cases, and the matter would be escalated for attention if resolution was not found in the coming weeks. The Board was assured that the matter would be monitored closely.

ii **Quarter 1 Forecast 2006/07**

The Board had before them a revised quarter one forecast that reported an increase in income and grant in aid funding with a resultant deficit position of £43.8k, an adverse movement from the amended budget of £1.3k.

**Cash**

Mr Sylvester explained that the grant in aid figure originally requested from the Scottish Executive had been £9m. As a result of the following, SQA would now be in the position to return £1.1m:

- A movement in National Qualifications income (predicted to balance out at £1.3m less than indicated in the three year plan) had shown a favourable variance to the amended budget, and as such a reduction of £364k in the additional funding required from the Scottish Executive.
- Based on the likelihood that the trading subsidiary would not be in place before the year end, commercial surpluses had been used to offset the core deficit; as a result of this, the increase of £440k to the grant in aid funding would be returned to the Scottish Executive.
- Cash requirements had provided for rate charges in the second half of the financial year; to reflect that charitable status would not be lost until the year end, there had been a rate adjustment of -£250k.

Additional funding requirements totalled £820k and comprised staff cost recovery on 5-14, IT costs relating to the Optima move, change in tax certificate arrangements for China fees income and the royalty income deducted from the China grant.

Mr Sylvester reported that SQA was in a healthier and more financially robust position than at the same period in 2005/06. He assured the Board that emphasis had been placed on budget forecasting procedures, and that all business areas had been instructed to focus on activity to date when considering the forecasting exercise to the end of year.

The Board noted the contents of the update.

38/9 **COMMITTEE REPORTS**

i **Accreditation Committee held on 15 June 2006**

Professor Simmons referred to the minutes of the meeting and highlighted areas of particular interest to the Board, namely the important work underway to allocate SCQF levels to SVQs, and the strategic review of SQA's Accreditation function that was due for final discussion at the Accreditation Committee in March 2007.

It was proposed and agreed that this review should involve joint consultation with the Qualifications Committee and that it would be presented to the Board for consideration at a future meeting.

ii **Advisory Council held on 2 June 2006**

Regarding the recruitment of new members onto the Advisory Council, Mrs McKay advised that five applicants had been shortlisted for interview. The shortlisting process had sought to deliver particular representation from the business, college, rural and trade union sectors, and it was intended to conclude recruitment by the end of September 2006.

On that matter, Mrs McKay commented that it would be helpful if the Scottish Executive could produce a clear and documented outline of the process for the appointment of members to the Advisory Council

iii **International & Commercial Committee held on 23 May 2006**

iv **International & Commercial Committee held on 14 June 2006**

Mrs Gillespie referred to the new model that had been developed to manage international awarding in association with partners including Scotland's Colleges International and Interactive University. This model had been endorsed at the extraordinary meeting of the International and Commercial committee held on 14 June 2006, with the decision homologated to the Board that afternoon. On receipt of the paper detailing the model, which had been distributed to Board members for information on 16 June 2006, Mrs Gillespie had been concerned to read that the appeals system would not be operated in the delivery of Highers overseas. Believing that this could have implications on the delivery of Highers in Scotland, Mrs Gillespie felt strongly that that the matter should have received wider committee deliberation, specifically at the Qualifications Committee.

Mrs McKay acknowledged the points made, and supported the need for these decision processes to be synchronised and communicated effectively across relevant Committees. On this occasion however, the timing and sequence of the extraordinary meeting had influenced the decision making process and she had recognised that decisions often had to be taken so as not to impede business needs. As a member of the International and Commercial Committee, Mr Cassidy clarified that the fundamental duty of the Committee here, had been to endorse the approach to partnership working.

Officers of the Board accepted the comments made and assured the Board that this would be addressed as part of the review of all Committee Standing orders. The review would ensure that homologation procedures were clearly stated, and would also include a condition that all committee workplans were scrutinised to ensure that matters were dealt with by the appropriate committees.

v **Qualifications Committee held on 23 June 2006**

The Board was alerted to the recent request for copies of Qualifications Committee minutes under freedom of information and reminded that should any member of the Board be approached by the media, the matter should be directed back to SQA for action.

Mrs McKay went on to highlight the significant areas of work that had been considered at the last meeting of the Committee, including where it had discussed and commented on the work in progress in relation to the review of estimates, derived grades and appeals. A final report was due for consideration by the Committee at its September meeting.

38/10 **ANY OTHER BUSINESS**

There were no matters raised.

**PAPERS FOR NOTING**

**PFN1 Staffing Profile**

The Board noted the contents of the report.

**PFN2 Review of SQA's Accreditation Function**

The Board noted the contents of the report.

38/11 **DATE OF NEXT MEETING**

The next meeting of the Board of Management would be held on Thursday 28 September 2006.