

BOARD OF MANAGEMENT – 13 FEBRUARY 2008

Minutes of the forty-sixth meeting of the Board of Management held at 10 am on Tuesday 11 December 2007 in the Boardroom, Dalkeith.

Members

- * Mr J McCormick (Chairman)
- * Dr J Brown
- * Mr A Cassidy
- * Mrs J Gillespie
- * Prof A MacLennan
- Mrs L McKay
- Mr J Mitchell
- * Mrs M Nicol
- * Mr G Rodgers
- * Prof J Simmons

* indicates present

Officers

- * Ms M Cahill
- * Ms K McCallum
- * Mr J McDonald
- * Ms J Ross
- * Dr G Stewart
- * Mr R Sylvester
- Mr J Young

Observers

Ms C Carlin, Scottish Government

46/1 WELCOME AND APOLOGIES

Apologies were received from Mrs McKay, Mr Mitchell and Mr Young.

46/2 PREVIOUS MEETING**i Minutes of meeting held on 26 September 2007**

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

ii Note of meeting held on 15 November 2007

A note of the meeting held on 15 November 2007 had been taken for the record as a formal meeting of the Board. This note was approved as accurate.

iii Action Grid

The Board noted and agreed the action grid.

46/3 MATTERS ARISING**45/3 43/9 Trading Subsidiary**

Work was progressing with a view to gaining approval for the principle of establishing a Trading Subsidiary.

45/3 44/9 iv Executive Team remuneration

Following the meeting of the NDPB Chief Executive Forum, there was no progress to report around finalisation of a pay deal for members of the Executive Team. This position was not unique to SQA and there was

ongoing dialogue with the Pay Unit at the Scottish Government. It was noted that the matter had yet to be submitted to the Remuneration Committee of the Scottish Government, therefore it was unlikely that a response would be received before the year end. Stressing the urgency in reaching settlement, the Board pressed for early resolution. It was agreed to provide an update at the next meeting of the Board.

45/6 **Results Online**

The Board was encouraged to learn that a plan was in place for managing the delivery of electronic access to results in the 2008 Diet, and it was agreed to circulate a copy for information.

46/4 **CHAIRMAN'S REMARKS**

46/5 **CHIEF EXECUTIVE'S REPORT**

It was agreed to take items B46/4 and B46/5 as one.

Dr Brown presented an overview of the headline issues since the last meeting of the Board. In particular she highlighted:

Review of Higher English

Following discussions with the Headteacher's Association of Scotland and the Scottish Council of Independent Schools, it had been agreed to undertake a review of the qualification arrangements for National Courses in English, particularly at Higher level. A scoping paper had been developed and the outcomes would form the stimulus for wider debate on how to progress this qualification. It was agreed to circulate this to the Board for information.

As part of the work, views of the users of these qualifications (including students, Higher Education Institutions and employers) would be sought in an attempt to identify current thinking on the future direction of English Courses. Any enhancements identified as a part of the project would focus on the short to medium term. The forthcoming work around English and Literacy for 3-15 emerging from Curriculum for Excellence would inform and address significant issues, if any. The Board was assured that a well researched and measured approach to any changes would be in place, supported by a phased programme commencing in spring / summer 2008.

Dalkeith Business Case

Finalisation of the full business case was progressing well with a formal timeplan in place to complete by July 2008. Space requirements would be prepared by the end of January 2008 and would inform completion of the business case for relocation.

Since no assurance could be given for ring fencing funds beyond 2008-09, the Chairman expressed his concern over the mismatch of funding allocation and timescales for the physical move to new accommodation.

Science Strategy

It was confirmed that the investigative report had been extended to include modules where science contact was priority.

Commenting on the amber graded performance measures, Ms McCallum reported that:

Assessment Materials and Publications

The lower number in question papers ready for print could be attributed to the increased volume of appeals impacting on Principal Assessor resources. The matter was being closely managed by CPG and in the period since publication of the report, there had been a marked increase in the number of papers received.

Electronic Marks Capture (EMC)

A number of process changes had been identified following the EMC pilot during the last couple of years. A considerable amount of work and effort had been directed towards identifying robust quality assurance models and procedures, and this in turn would impact on how appointees conducted their work. The slippage associated with the procedural programme was as a result of these changes to processes, and the Board was assured that the matter was under control.

Performance Measures for 2007

With the appeals total sitting in excess of 60,000, quite a significant increase could be seen in Stage 2 Appeals. It was noted that this was less than projected figures, in part attributable to the information and guidance issued to Centres and the reinforced message not to submit for appeals at Standard Grade.

In comparison to last year's figure of £560k, the overall cost of appeals was currently reported at over £830k, with indirect and staffing costs yet to be included. This increase had been partly owing to the increased volume of appeals and Centres failing to adhere to published deadlines and guidance. The Board noted with thanks that the increased cost had been accommodated within budget.

An analysis of the 2007 appeals had been conducted, and it was agreed to circulate the statistics and key messages to the Board for information. Dr Stewart provided an overview of the main findings:

- Less than half of all submitted appeals had been successful, with less than 40% at Higher.
- A drop in success rates at Higher and Standard Grade validated the decision to remove derived grades as, had the appeal been successful, success rates would have been expected to rise.
- In 15% of appeals for Higher and Advanced Higher, the evidence provided by Centres had not supported the estimate.

With an indirect impact on appointee resources, it was strongly felt that the level of support provided to Centres could not be sustained going forward, and that this would need to be reviewed. It was intended to develop a five year plan with short term objectives to address the issues in hand and this would include:

- publication of appeal statistics and key messages;
- a review of the support provided to Centres;
- information events held for Centre staff;
- refining of procedures for late submission;
- emphasis on meeting deadline dates;
- an introduction of financial disincentives to encourage Centres to adhere better to the procedures in place.

Medium to long-term objectives were likely to encompass a review of the appeals system, benchmarking against practice elsewhere, and a cost benefit analysis of the appeals process. The final specification of the review had not been agreed, and the Board would receive further updates as the detail unfolded.

During discussion, the Board suggested that it would be useful to support any changes to the appeals system with statistics around the accuracy of estimates.

In due course, any proposed changes to procedure would be presented to the Qualifications Committee, and thereafter to the Board.

46/7 **FOLLOW UP TO SKILLS STRATEGY**

A copy of the letter sent to the Cabinet Secretary for Education, Fiona Hyslop MSP, was circulated for information.

Prof Simmons reported that the Skills Strategy had been considered at a recent meeting of the Accreditation Committee, where members had been very comfortable with the formal response submitted to the Scottish Government. The importance of working with employers had been broadly accepted, and discussion had stimulated thoughts around:

- the management of SQA's relationship with Sector Skills Councils (SSCs);
- the role of the UK Skills Commission and whether Scotland would be appropriately represented;
- informal learning and how that could be properly acknowledged within the system.

The challenges and opportunities arising from the policy document would be discussed at an Accreditation team away day in February, where there would be SSC representation.

Ms Carlin reported that the SQA's response had been much welcomed by Ms Hyslop, and commenting on the relationship with employers, she added that the Scottish Government was eager to achieve parity of esteem between academic and vocational learning.

Dr Brown had recently met with Chris Humphries, Chief Executive of the new Commission for Employment and Skills. The Commission would replace many functions of the Sector Skills Development Agency, and in his new role, he was eager to take forward steps to increase workforce skills and review the role of SSCs.

The Board was agreed on the variety of challenges ahead, and looked forward to keeping the strategy under continuous review.

46/8 **UPDATE ON CONTINUOUS IMPROVEMENT PROGRAMME**

Dr Brown reported that a strategy to strengthen a common focus on SQA's customers and markets had now been developed. Outcomes of the work had recommended that SQA should:

- Target expertise within the Qualifications Directorate in order to ensure consistency of approach and response to support the needs of SQA's customers. This would address key markets (schools, colleges, employers and ETPs) in Scotland, the UK, and internationally.
- Integrate Approvals and Verification into the Operations Directorate.
- Commit to embed quality assurance processes in all SQA operations.

Dr Brown advised that the final recommendations of the work had been developed by the HOSCA Consultants and in full consultation with Strand Leaders and the Executive Team. With no increase in headcount, this strategy proposed a new management structure that created a cross functional approach to SQA's business, and presented:

1. A marketing and business component to deliver a coherent and co-ordinated approach to meet the needs of the business.
2. A new component encompassing a bid team and international consultancy piece to take forward the mechanics of this work.
3. Expansion of the Research and Information Services team, with a Management Information Systems strand.
4. A new Business Systems function to ensure seamless interaction between all new development work.
5. The transfer of facilities management to the Finance Directorate.
6. The HR Directorate to assume responsibility for internal communications and Appointee management.
7. To retain the accreditation function as an independent function.
8. To place responsibility for, and oversight of, strategy and development within the remit of the Executive Team.
9. A quality systems element as a small business function with a direct reporting line to the Chief Executive, and facilitated at Business Manager level.
10. An operational structure supported by six Director level posts.

A residential meeting of the Business Managers and Executive Team had been arranged for the end of January, when the final detail of the plan would be agreed.

During discussion, it was clarified that product management was currently governed by product blocks and that the revised model would ensure effective progression across the development of a qualification.

The Board clearly supported the rationale behind the proposals. Officers were urged to have a robust change timetable in place, and to be mindful of handling any communication in a controlled and sensitive manner.

Ms Blair joined the meeting.

46/9 **FINANCE AND CORPORATE PERFORMANCE**

i Current Performance

Ms Blair drew attention to a number of minor amendments within the commentary and provided an update:

- Ongoing discussion to secure funding for the NQGA Development Programme was reflected in Corporate Risk **6** of Appendix **3**.
- Progress with monitoring and evaluation on the funding commitment for the first year of the modernisation programme was reflected in Corporate Risks **2,7**, and **8** of Appendix **3**. The outcomes of a visit by the Schools Minister to the existing Dalkeith site would inform the Q3 position.
- Implementation of Employee Self Service and Manager Self Service, as part of Project IRIS, had been delayed due to an Oracle upgrade that was required.

Commenting on the amber graded performance measures within the Balanced Scorecard, Ms Blair reported that:

3 *deliver the accreditation service and development activities*

Slippage had occurred due to requests for more information from the Awarding Bodies. Future reporting would catalogue 'late' submission issues by Awarding Body and SQA.

16 *achieve environmental targets*

Low performance to date was an aggregate of a number of factors, and partly attributed to the electricity consumption associated with the installation of a new air conditioning unit.

19 *achieve agreed efficiency savings*

The year to date position reported a £60k gap. Discussions were underway to identify opportunities for additional savings.

The Board noted the report on current performance.

ii **Future, draft budget and staffing plans**

Draft Corporate and Business Plan for 2008-11

Ms Blair advised that the number of objectives had been reduced to present a more outcome focussed and strategic view and, in line with feedback from committee and stakeholder consultation, the introductory transcript had been refreshed. On review of the draft plan, members proposed some presentational amendments for consideration:

Partnerships	Include reference to the Partnership Group
Objective 3	Review phrasing; consider amend of 're-design' to 'enhance'.
Objective 4	Incorporate SQA's commitment to mainstream equalities.
Objective 5	Incorporate references to international scoping/benchmarking.
Objective 6	Include express reference to vocational qualifications.
In general	Broaden reference across all objectives, to the skills agenda, to SQA's commitment to achieve the vision set out in the Skills Strategy, and to support economic growth.

Draft Budget for 2008-09

Mr Sylvester summarised the main challenges in reaching the draft budget as presented. These had included a grant in aid funding cut of 5% on the previous year, no funding to be made available for the Modernisation Programme, and increased Appointee and operating costs.

Alongside the established objectives to achieve a balanced budget and ensure that core operational costs were flatlined, further considerations had been incorporated into the budget setting process, namely to:

- achieve a reduction of 5% in operational costs;
- generate modernisation activity in part;
- create development money for commercial opportunities;
- address rising Appointee costs.

It was noted that total income from qualification entry charges would increase by £2m, based on the assumption of a 3% fee increase, and taking into consideration the projected rise in uptake at NQ and VQ, and fall in HN entries.

Staffing Review FTE baseline for 2008-09

The recent staffing review to reduce FTE had been approached and managed with extreme care. At the time of setting the baseline figures the outcomes of the CIP work and its impact on staffing had not been known. It was now confirmed that the FTE headcount would remain as presented at 668.1.

The staffing review had identified a small number of surplus posts. The Board was assured that robust procedures would be followed to assist staff in redeployment. It had been agreed that external recruitment for backfill posts would be used for specific skill set needs only. The review had also resulted in a drive to minimise the use of fixed term contracts, and explore the opportunities around better use of Consultants. Assurance was given that officers would be mindful of the complexities around terms of engagement.

The Board formally accepted the Corporate and Business Plan for 2008-11, with its related budget and staffing plans for 2008-09.

iii Annual Report on Equalities

Ms Blair presented the Annual Report on Equalities that provided a summary of SQA's progress during 2007 in developing its strategies to promote and mainstream equalities.

The Board approved the report for publication.

Ms Blair left the meeting.

46/10 COMMITTEE REPORTS

i Accreditation Committee held on 6 December 2007

Professor Simmons outlined the main business covered at the last meeting of the Committee. Members had:

- received an informative and useful presentation by the Chief Executive of SCQF on the SCQF Corporate plan;
- reviewed the operational plan for 2008-09, when concern had been expressed around a four month timeplan for IT to develop an out of hours strategy; this was brought to the attention of the Board;
- considered the continuous improvement strand on the accreditation function.

The Board noted the update.

ii Advisory Council held on 5 November 2007

The Board noted the contents of the minutes.

iii **Audit and Performance Committee held on 31 October 2007**

The Board noted the contents of the minutes.

iv **International and Commercial Committee held on 28 September 2007**

The Board noted the contents of the minutes.

Attention was drawn to the discussion around the proposal to extend endorsement of learning/training programmes and qualifications in the UK to an international endorsement service for overseas centres. It had been agreed that further exploratory work would need to be undertaken, and that a report on endorsement should be presented to a future meeting of the Board.

v **International and Commercial Committee held on 28 November 2007**

Mr Cassidy advised that the Committee had approved:

- the addition of IVAs to the international section of the Catalogue of Awards for use outwith Scotland; and
- the business proposal for the development of Licensing Qualifications.

The Board noted the update and that a copy of the minutes would be presented to the next meeting.

vi **Qualifications Committee held on 22 November 2007**

The Board noted the contents of the minutes.

46/11 **ANY OTHER BUSINESS**

There were no matters raised for discussion.

PAPERS FOR NOTING

The Board noted the contents of the Financial Report to 31 October 2007.

46/12 **DATE OF NEXT MEETING**

The next meeting of the Board of Management would be held in the Esk/Forth, the Optima Building, Glasgow on Wednesday 13 February 2008.