

BOARD OF MANAGEMENT – 25 JANUARY 2012

For approval

Minutes of the seventy-second meeting of the Board of Management held at 10.00 am on Wednesday 7 December 2011 in Esk/Forth, the Optima Building, Glasgow.

Members

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

* indicates present

Officers

- * Ms M Cahill
- * Ms L Ellison
- * Mr R Gibson
- * Ms K McCallum
- * Mr J McMorris
- * Ms J Ross
- * Dr G Stewart

Observers

- * Mr M McVicar

72/1 WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting, including Mr McVicar from the Scottish Government. Apologies were received from Mr Edgar.

72/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

72/3 PREVIOUS MEETING**i Minutes of meeting held on 19 October 2011**

The minutes were approved as an accurate record.

ii Action Grid

The contents of the action grid were noted.

72/4 MATTERS ARISING

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

72/5 CHAIRMAN'S REMARKS

The Chairman provided an update on his engagements since the previous meeting and advised that he and the Chief Executive had accepted an invitation to attend a Public Bodies Conference the following week. The conference would focus on how to strengthen relationships between public bodies and the Scottish Government, to deliver the Government's priorities.

72/6 CHIEF EXECUTIVE'S REPORT

Dr Brown referred to the contents of her report and highlighted specific areas of interest and progress, including:

- SQA's participation in an Audit Scotland Project Advisory Group to consider lessons learned from public body mergers. It was agreed to determine when the final report for this work would be available.
- A recent visit to India, which had coincided with a visit of the Cabinet Secretary for Education and Life Long Learning, had provided an opportunity for SQA to strengthen its relationships with existing customers and to develop new contacts. The Cabinet Secretary had become more aware of SQA's level of engagement in India and more broadly internationally.

In the course of discussion, it was noted that the remit of the CfE Implementation Group was under review. A further update would be given at the next meeting.

72/7 CONTRACT AWARD - ASSESSMENT CREATION AND DELIVERY SYSTEM

Mr Gibson presented the proposal to award a new contract for an Assessment Creation and Delivery system. It was proposed to commence the contract in January 2012 for a period of five years, with the option to extend for a further two years. A full and detailed procurement exercise had been undertaken in accordance with procurement legislation, and it was recommended to award the contract to BTL Ltd.

Following a robust discussion of the issue in hand, the Board agreed that it would be useful to have:

- reassurance that mechanisms were in place to monitor progress and manage payment against milestones;
- sight of the phased payment profile over the five year period;
- details of the contingency arrangements within the project budget, taking consideration of quality, delivery and cost; and
- clarity on the processes in place to manage any change to the requirements definition.

On the understanding that the above control mechanisms were in place and that the Board would be provided with an update on these arrangements, the Board approved the award of the contract to BTL Ltd. In line with the scheme of delegation, the contract award would be submitted to the Scottish Government for approval.

72/8 SPEND APPROVALS

i SAP Environment Upgrade

The Chief Executive introduced the discussion to advise that the Executive Management Team was undertaking an assessment to review the organisational needs and risks associated with this upgrade. The Board fully agreed that it was critically important to undertake this evaluation exercise.

Mr Gibson presented the context and background to the proposal.

The Board debated the matter at length, and agreed that the Executive should develop a comprehensive and conclusive set of proposals for

discussion at the next meeting of the Board. This options appraisal should contain the following key elements:

- A full risk assessment of the associated business and technical issues.
- Exploration into the possibility of extended support for a further year.
- The cost of ownership associated with the capital expenditure.
- Maintenance costs.
- Contingency options.
- The possibility for shared services.
- Long term solutions.
- Consideration of migration to another platform.

On the understanding that it was acceptable to defer the approval of the upgrade and that this would not present an unacceptable risk to SQA, the Board did not approve the capital expenditure for the SAP Environment Upgrade. Further interrogation of the matter would take place at the next meeting of the Board.

During discussion it was also agreed that it would be helpful for the Board to have sight of the overall SQA IS Strategy, outlining the programme of work in place to address and support current and future business activity. It was agreed that this would be presented to a future meeting of the Board.

ii **Enterprise Systems SAN Capacity Increase**

Mr Gibson presented the rationale and context behind the requirement to increase the capacity of the current Enterprise Systems Storage Area Network (SAN) available within SQA. Amongst other things, the increased storage capacity would facilitate the delivery of a number of forthcoming IT projects and services reliant on the SAN for data storage.

On the confirmation that the capacity increase was not entirely related to the SAP Project upgrade, the Board was satisfied with the proposal and endorsed the recommendation to allocate £107,000 capital expenditure within the existing 2011-12 budget. In line with the scheme of delegation, the contract award would be submitted to the Scottish Government for approval.

72/9 **FINANCIAL POSITION – PERIOD 7 UPDATE**

Ms Ellison presented the current 2011-12 financial position. The Period 7 forecast exercise had highlighted a number of expenditure savings for early release. The Board was presented with two proposals to utilise the available funds as a result of releasing this uncommitted expenditure, and was presented with a proposal for SQA to offer a Voluntary Early Release Scheme to all staff. The funding of the scheme was currently in discussion with the Scottish Government, and it had been proposed to apply £0.2m of the available funding towards the cost.

In discussion, the Board debated the financial position, and it was confirmed that the funds released for additional investment would not impact on future income generators, and had been earmarked for potential capital projects.

The Board approved the immediate introduction of the Voluntary Early Release Scheme, subject to Scottish Government approval, and the application of £0.247m of available funding to reduce the additional income target to £0.526m.

72/10 FINANCE AND PLANNING

i **Draft Corporate Plan 2012-15**

Ms Cahill presented the draft Corporate Plan for 2012-15. The final draft now presented to the Board had been amended to take account of and reflect comments made following the input from SQA committees, the Advisory Council, the SQA Partnership Group, and early comment from the Scottish Government.

It was noted that the Accreditation Committee had suggested the addition of a goal to reflect the Accreditation Unit's commitment to carbon footprint reduction. On consideration of this, the Board was content that this aspiration was subsumed within Corporate Goal A6.1, relating to SQA's commitment to develop and promote the corporate social responsibility strategy.

ii **Draft Budget 2012-13**

Ms Ellison presented the draft budget to support the implementation and delivery of the corporate plan. A balanced budget had been achieved against a backdrop of actions that had been taken to reduce expenditure levels in 2012-13.

The Board noted the challenging income generation targets outwith Scotland, set to address the reduction in grant in aid funding and expected decline in income in SQA's home market.

It was noted that further to recent discussions with the Scottish Government, it had been agreed that SQA was not required to achieve zero cash balance at year end 2012. Dialogue was also underway around SQA's capital programme, including a forward plan and forecasting.

The Board formally approved the Corporate Plan for 2012-15 and its related budget for 2012-13 for submission to the Scottish Government.

At this point, the Chairman took the opportunity to recognise formally the regular and positive dialogue in place with Scottish Government officials, and noted the benefits of this collaborative working. The Board expressed its enthusiasm for timeous approval of the Corporate Plan to assist SQA in taking forward its planning arrangements. It was confirmed that the corporate plan and budget would be submitted to the Scottish Government for Ministerial approval in December 2011 and following that, approval would be required by Parliament.

72/11 BUSINESS DEVELOPMENT REPORT

The Board noted the summary of progress for the period to 31 October 2011. Mr McMorris advised that a revised pipeline model would be considered by the International and Commercial Committee that afternoon.

72/12 CFE UPDATE

The Chief Executive introduced the update on CfE activities, and made specific reference to the key achievements for the period October to November. Future dated activities of the programme plan were on schedule.

She highlighted a number of potential issues and reassured the Board that SQA was taking steps to ensure that actions were in place to address those aspects. Of particular concern was:

- SQA's dependency on the readiness of stakeholders and partners to implement CfE; SQA had submitted their external dependencies to Scottish Government during November 2011.
- The approved model for the Quality Assurance of Internal assessment would be dependent on support and sufficient release of resource from Local Authorities and Centres. SQA would continue focused engagement with the relevant internal and external stakeholder groups, and monitor this critical dependency as part of the detailed planning for implementation.

Dr Brown also provided an update on the CfE Implementation Group, advising that SQA's Director of Qualifications and Director of Operations had representation on this group.

In discussion it was noted that general public reaction to the introduction of CfE had been diverse and varied; this was not unexpected in a major change management programme such as this. It was confirmed that the CfE Liaison Team would undertake another round of Curriculum Area Events at the end of January 2012 to assess Local Authority readiness.

There was further discussion about credit transfer from the old Units in National Qualifications in the new Courses and the complexities this would pose for dual running and possible confusion for Centres. It was noted that the extent of credit transfer would be dependent on the extent of the change in the nature of the learning that had taken place. It was highlighted however, that SQA would always ensure that the needs of the candidate were prioritised in any decision of this nature, whilst ensuring that standards were maintained.

The Board noted the update.

72/13 PUTTING LEARNERS AT THE CENTRE: DELIVERING OUR AMBITIONS FOR POST-16 EDUCATION

The Chief Executive provided an overview of the focus of the consultation and the potential implications for SQA. The Post 16 Review was wide ranging, covering nine broad areas relating to non-school provision of education, training and skills. Many aspects could have serious implications for SQA's Awarding Body functions in relation to products, services, partnerships and strategies and also SQA's regulatory function; the impact however, was dependent on the final decisions around what and how to implement. The Board expressed its concern around the departure from the lifelong learning journey to concentration on the 16+ learning choice, the focus on short term results against the long term position and links back to the Leitch review of skills.

Following a robust discussion by the Board, members indicated a need for SQA to consider:

- The flexible learning journey.
- The changing provision.
- The realignment of colleges and how regionalisation proposals affect SQA's relationship with the college sector.
- Its position on the use of SCQF as a basis for national recognition and funding.

- The regulation and accreditation of Modern Apprenticeships.
- Issues and risks around the Senior Phase.
- Alignment of approach across the education sector.

It was agreed that SQA should provide input to the Scottish Government on the Post 16 proposals and enter into direct discussion on possible implications for the organisation.

72/14 **REPORT FROM CERTIFICATION PLANNING GROUP**

The Board noted the contents of the report, and that the milestone reported at Amber in relation to the replacement courier contractor of script management, would be concluded within a matter of weeks.

72/15 **COMMITTEE REPORTS**

i **Accreditation Committee – 5 December 2011**

Ms Wilkinson provided an update on the business covered at the meeting that week. It was suggested and agreed, that it would be beneficial for the Board to receive an update and overview of accreditation and regulation.

ii **Advisory Council – 10 October 2011**

A verbal update had been provided to the last Board meeting. The draft minutes, which would be approved by the Advisory Council at their next meeting at the end of January, were noted by the Board.

iii **Audit Committee – 14 November 2011**

In the absence of Mr Edgar, the Chief Executive provided a verbal update on the business covered at that meeting. This had included a useful discussion on the future reporting format for Quarterly Performance Reviews.

The Board noted the verbal update.

iv **International and Commercial Committee – 7 October 2011**

The Board noted the draft minutes of the meeting held on 7 October, which would be approved at the next meeting of the Committee later that day.

v **Qualifications Committee – 28 September 2011**

The Board noted the minutes of the meeting held on 28 September.

ix **Qualifications Committee – 16 November 2011**

Mrs Walsh provided an update on the meeting of 16 November.

72/16 **ANY OTHER BUSINESS**

There were no other matters raised for consideration.

72/17 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 25 January 2012, in Arrol, Lowden.

PAPER FOR NOTING

Shawfair Relocation Project Update

The Board noted the Shawfair Relocation Project Update, and acknowledged the hard work of staff in the successful delivery of the project and the smooth transition into the new premises. It was noted that the Scottish Government Property Advice department intended to implement the migration plan as a benchmark for other public bodies.