

**BOARD OF MANAGEMENT – 8 AUGUST 2007**

Minutes of the forty-third meeting of the Board of Management held at 10 am on Wednesday 30 May 2007 in Esk/Forth, The Optima Building, Glasgow.

**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

**Officers**

- \* Ms M Cahill
- \* Mr T Drake
- \* Ms K McCallum
- \* Mr J McDonald
- \* Ms J Ross
- \* Mr R Sylvester
- \* Mr J Young

**In attendance**

- Ms J Blair
- Ms M Neilson (Item 43/8 only)
- Mr G Brown (Item 43/10 only)

**Observers**

- Ms C Carlin, Scottish Executive
- Ms R Woolf, SQA Lawyer

- \* indicates present

43/1 **WELCOME**

The Chairman welcomed Jean Blair and Rachel Woolf to the meeting. Rachel had joined SQA at the beginning of April as SQA Lawyer, and would attend the meeting as part of her induction process.

**APOLOGIES**

Apologies were received from Mr Gordon Rodgers.

43/2 **PREVIOUS MEETING**

i **Minutes of meeting held on 14 March 2007**

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

ii **Action Grid**

The Board noted and agreed the action grid.

43/3 **MATTERS ARISING**

It was noted that any matters arising would be covered in the course of the meeting.

## 43/4 CHAIRMAN'S REMARKS

### *Role and function of the Board*

The Board had before them a further iteration of the paper on the proposals to promote 'greater Board effectiveness'. The Chairman advised the Board that SQA would be part of a quinquennial Policy & Financial Management Review (PFMR) beginning in autumn 2007. An element of this review would be to assess the effectiveness of SQA's administration and governance arrangements.

In light of this, he proposed that the next stage of the Board review, looking at the role of the committees, could be subsumed naturally into the work of the PFMR. This was supported by the Board, who concurred that clarification on the roles and delegated authorities of the committees would complement the strategic work of the Board as it moved forward.

The Board went on to provide useful input on the content of the paper and it was agreed to strengthen the reference to 'Written resolutions of the Board' clarifying that:

- this procedure would be exercised only in exceptional circumstances;
- it was envisaged any resolution would involve a majority agreement of the Board; and
- any resolution passed would be valid for the interim period until full ratification was received from the Board.

It was agreed to incorporate the points raised and issue the revised paper to members at the earliest opportunity.

### *Meeting Dates*

Following on from the considerations of the review of the role of the Board, the proposed calendar of meeting dates for 2008 introduced an increase of one meeting to the current frequency of Board meetings.

In line with the need to accommodate the annual corporate planning cycle, the Chairman advised that it would be helpful if the November 2007 meeting of the Board could be delayed until the middle of December. He proposed that the date of the November meeting could be drawn on to hold a formal working dinner focussing on the strategic direction of SQA. Given the time lapse between the September and December meetings of the Board, it would also give the Executive Team an opportunity to raise any urgent issues if required. It was agreed that Ms Ross would contact members for availability.

### *Scottish Government*

On behalf of the Board and staff of SQA, the Chairman had written to Fiona Hyslop to congratulate her on her recent appointment as Cabinet Secretary for Education and Lifelong Learning. Dr Brown reported that she had had a very positive discussion with Fiona Hyslop, when she had shown enthusiasm and commitment to formal links and working partnerships across the education sectors that exist in Scotland. SQA had been invited to contribute to further strategic discussion around assessment and skills across Scotland.

Ms Carlin commented that the Scottish Executive departments were undergoing reorganisation and that new management arrangements would be communicated on conclusion of the exercise.

## 43/5 **CHIEF EXECUTIVE'S REPORT**

Dr Brown presented an overview of the headline issues since the last meeting of the Board.

### *Coincident Exams*

Following the recent issue in Ayrshire, officers were proactively exploring procedures to minimise the number of incidents in future diets.

### *Modernisation Programme*

A constructive meeting had taken place between the Executive Team and Scottish Executive, when it had been agreed to establish a monitoring and review framework to track progress twice yearly.

Updated business cases had been submitted in the previous week, and a grant offer letter had been received for year one funding of £857k. Mr Sylvester stressed the importance of securing long term funding approval for the full programme, and in response, Ms Carlin cautioned the Board to be mindful of the forthcoming spending review, and emphasised the need to submit robust business cases in support of any requests for funding.

Whilst encouraged by the excellent progress that had been made to date, the Board was resolute in its view that the modernisation agenda was not only critical for SQA's current operation, but essential in preparing for the delivery of Curriculum for Excellence.

### *Continuous Improvement Project*

Dr Brown outlined the recommended actions of the findings from the consultation exercises that had taken place earlier in the year. She clarified that the objective of the work was to embed continuous improvement in SQA through the development of skills and techniques to deliver Best Value. Initial focus would lie in the areas of commercial activity, resource planning, and appointee management.

### *Future Chief Executive Reports*

Dr Brown proposed that as a means to support the corporate mechanism of the Board, future reporting could be curtailed to include only the significant highlights of SQA activity. This was fully supported by the Board.

## 43/6 **REPORT FROM THE CERTIFICATION PLANNING GROUP**

Ms McCallum presented the revised reporting arrangements that had been put in place to monitor and track progress towards certification, and went on to provide updates on the main points of interest.

### *CSF: Central Verification*

The availability of External Verifiers to conduct the outstanding Skills for Work visits was being closely monitored by CPG, and resource levels were being reviewed to ensure demands could be met. It was noted that the issue was in part due to the success of the pilot in attracting participants.

A short life working group would be established to monitor and inform future models for verification which would be fed into the continuous improvement work being undertaken.

### *CSF: On Line Assessments – Biotechnology and Physics*

The issue around submission of results to SQA had been resolved and a full evaluation would take place.

#### *Coincident exams*

As advised by the Chief Executive, work was underway to reduce future episodes. A shift in the profile of subject and level selection had become apparent, and there was a need to consult more widely on timetabling. It was noted that the outcomes of the investigation would inform next year's timetable and that progress would be reported to the Board in due course.

#### *Distribution of exam publications*

A delay had been experienced by colleges in receiving documentation for the upcoming examination cycle. Whilst the correct number of publications had been produced, there had been a discrepancy between the actual and expected distribution to colleges; however, the matter had been resolved quickly and the Board was assured that no candidates had been disadvantaged.

The Board noted the contents of the report, and welcomed the balanced scorecard approach to reporting.

## 43/7 **GENDER AND RACE EQUALITY SCHEMES**

Ms Blair presented a comprehensive overview of the process that had been followed in producing the schemes and their related action plans.

Immediate actions to comply with the general duties of the schemes included completion of equality impact assessments (EqIAs) and mainstreaming of equality into SQA, in respect of our service delivery and as an employer. It was intended to commence scheduling of the EqIAs from September 2007, and the outcomes of these would inform the action plans. Ms Blair highlighted that the area of data collection required particular focus in the coming months, and that work was underway to address the gaps in information gathering and monitoring.

The Board received the gender and race equality schemes with positive comment and commended the work that had been completed. During discussion, useful comments for consideration included:

- To analyse gender data on exit points, as well as entries, for candidates going into Further and Higher Education.
- To be cognisant of the gender of SQA co-ordinators when analysing Centre survey responses.
- Receipt of other public body data collections in these equality streams.

In response to discussion around the interpretation and definitive impact of this statutory duty to promote equality across all functions, Ms Woolf advised that it was principally an obligation to integrate and mainstream equality into SQA's daily working practices.

- There was legislation that made discrimination on the grounds of a range of characteristics unlawful. In addition there was legislation that applied to public bodies, such as SQA imposing a general duty to take action to promote equalities. The public duties legislation applied at present only to gender, race and disability. SQA was subject

to specific duties that required consideration of the potential equality impact in relation to all policies, practices and functions, and publication of reports, schemes, and action plans that set out the steps SQA would take to meet its duties.

- To clarify certain areas of uncertainty for the Board, Ms Woolf advised that the Acts generally did not allow positive discrimination in favour of some groups and this would be negative discrimination against others. There were limited exceptions to this. One was the duty to make reasonable adjustments under the Disability Discrimination Act 1995.
- The obligation to gather data fell under the specific duties of the legislation and was seen as a valuable tool in assisting SQA to identify specifically where equality barriers existed so that equality practices could be brought into all areas of work.

The Board approved the schemes for publication, and acknowledged the challenge and level of commitment ahead in achieving the demands of this work.

Formal reporting would include presentation of annual reports to the Board for approval. It was suggested that in the first year of reporting, the Board should receive a combined report on all three strands of equality, encompassing disability, gender and race. This was endorsed by the Board.

#### 43/8 **STAFF SATISFACTION SURVEY**

The Chairman welcomed Ms Neilson, Organisational Development Manager to the meeting. Ms Neilson presented the highlights of the staff survey results, commenting that overall the results had suggested high levels of satisfaction and commitment to the organisation. Ms Cahill added that the findings had been well supported by the Partnership Group, who had commented that the results were a true and accurate reflection of staff views. Expanded data that highlighted neutral scores was available to members of the Board on request.

A corporate wide action plan would be developed and informed by focus groups made up of staff from across the organisation. Facilitated by Mr Drake, these groups would focus on four key issues and develop action plans that targeted improvements in low scoring questions. The Board noted that quarterly progress updates against the SQA corporate Action Plan would be received.

Local action plans would be owned by Business Managers and their teams, and it was envisaged that the continuous improvement agenda would contribute to targeting improvements in those areas requiring attention.

The Board commended the quality and delivery of the presentation and noted the contents of the report.

Ms Neilson left the meeting at this point.

#### 43/9 **TRADING SUBSIDIARY**

Dr Brown set out the rationale for the SQA to undertake commercial activity and for the creation of a trading subsidiary and highlighted a number of issues that required further consideration. She was resolute that the entity should bring value and benefit to the core activities of the SQA, the Scottish learners and the Scottish education and training community.

It was explained that with the considerable improvement of the financial landscape in China and the UK, the opportunity had been taken to incorporate international activity under the operational arrangements of the trading subsidiary. It was noted that SQA would be paid a management charge for the services provided to the trading entity; this would be calculated at 15% of gross revenue on all projects, excluding international consultancy and awarding projects.

Mr McDonald advised the Board that a virtual trading subsidiary had been in operation since April 2007. Initial finance reports had suggested a significant favourable variance of approximately £1m, due to a number of factors including a reduction in expenditure through efficiency savings and sharing of resources, and a growth in income from the Dangerous Goods Driver Training contract.

The impact of this had indicated an expected return to SQA of around £420k in the first six months of this financial year. If successful in achieving this target, the surplus could be directed to benefit SQA's development of core products in Scotland, the UK and internationally. Mr Sylvester advised that he had a meeting scheduled with the Scottish Executive to determine the financial management of any surplus funding.

The Board undertook a detailed discussion around the operational and financial arrangements of the company, raising in particular the following points for consideration:

- Ensure that the launch of the trading subsidiary would be effectively communicated to staff and stakeholders and that it was based on the already strong reputation of SQA in delivering high quality products and service across UK and internationally.
- Apply cost charges back to SQA for the delivery of the products.
- Introduce a mechanism to track hidden costs. It was noted that the trading subsidiary would be SAP configured, whereby costs could be attributed direct to the subsidiary. Updates on the operations and financial status would be reported regularly to the International and Commercial Committee.
- Be alert to the impact of demographic trends and the shifting approaches to public funding.
- Ensure that any adjustment to products for delivery internationally would not compromise SQA's core products.
- The Chairman highlighted to members that the trading company would be wholly owned by SQA and that SQA's Board would have overall accountability for the trading subsidiary. For the purpose of enabling the business to operate, the Chairman of the trading subsidiary could invite other people with relevant experience and expertise to contribute to the work of the subsidiary.
- Include explicit reference to the governance relationship between SQA and the company. It was noted that this was subsumed within the Articles of Association.

The Board approved the business case for presentation to the Scottish Executive.

#### 43/10 **REVIEW OF ACCREDITATION UNIT AND REGULATIONS**

The Chairman welcomed Mr Brown, Business Manager for Accreditation, to the meeting, who went on to provide a comprehensive presentation on the work that had been completed to reach the current position. The findings of the review had identified that the Accreditation Unit could add value to Scotland by assuming a broader accreditation function to develop and maintain public confidence in those qualifications awarded and delivered in Scotland by awarding bodies other than the SQA. Extending the principles of the Scottish Standard

would provide a means by which the consumer could make sound judgement on any awarding body and its qualifications' provisions.

A wide-ranging and useful discussion took place. The Board recognised the separation of the role of SQA as a regulatory and accrediting body from that of the SQA as an awarding body. The accreditation function required that SQA ensured that the quality of awards it accredited met the needs of individuals and businesses in Scotland. The Board recognised the value of the review and agreed that exploratory work with the Scottish Executive should continue.

Professor Simmons paid tribute to the exceptional efforts that had been directed towards completion of this major piece of strategic work.

Mr Brown left the meeting at this point.

## 43/11 **CURRENT PERFORMANCE AND FUTURE PLANS**

### **i Current Performance – Year End Report**

Ms Blair presented the quarter four performance report that for the first time, included commentary on performance measures graded red and amber.

It was agreed that the detailed support sheets of the scorecard could be withdrawn for future meetings. To provide comfort and assurance to the Board, it was noted that the Executive Team regularly tracked and monitored progress against corporate and business plan objectives, and that any matter of significance would be reported to the Board within the expanded commentary supporting the Balanced Scorecard.

The Board endorsed this approach for future reporting as an enabling tool to develop a strategic focus based on key risks. It was agreed to present the current version alongside the proposed format for consideration at the next meeting of the Board.

### **ii Annual Report**

Ms Blair advised that the draft Annual Report would be presented to the next meeting of the Audit and Performance Committee before remit to the Board for final approval in August. For the first time, the Report would include Corporate Scorecard results at year end and a Remuneration Report.

The draft Statement of Internal Control had been discussed at an earlier meeting of the Audit and Performance Committee, where helpful suggestions for improvement had been taken on board. The Annual Report and Financial Accounts were currently with Audit Scotland for comment, and to date, there had been no issues or key findings reported.

Based on progress with the five key objectives as captured in the Annual Report, work was also progressing well with the Annual Review. A draft was in preparation, with the view to circulate the publication at the Customer Conference in June.

### **iii Outputs from Strategic Risk Workshop**

Members had before them the proposed revised risk register for 2007. This incorporated the probability and impact analyses received from Board members, with each risk assigned an owner from the Executive Team.

Ms Blair outlined the main risks identified, along with a comparison on the previous year's risks and ratings. Those that attracted the highest risk rating were in relation to improving customer/ market intelligence to inform decisions around product developments, and ensuring that SQA had the correct skill set for delivering its objectives.

It was agreed that the risk register should be considered a 'live' document and that the Board would scrutinise the top ten risks. This would be supported by the effective risk management framework already in place within SQA and, as part of these arrangements, the Executive Team would take responsibility for monitoring the operational risk register.

#### 43/12 **CONTRACTS APPROVALS**

Mr Sylvester invited the Board to approve the award of framework agreements for the provision of Qualifications & Curricular Development Support Services, and eAssessment Products & Services.

Procurement procedures had been duly followed and after a competitive tender process and evaluation, groups of suppliers who could deliver an appropriate quality of service had been selected.

The Board formally approved the award of the contracts.

#### 43/13 **COMMITTEE REPORTS**

**i Accreditation Committee held on 15 March 2007**

The Board noted the contents of the minutes.

**ii Audit and Performance Committee held on 21 February 2007**

The Board noted the contents of the minutes.

**iii Audit and Performance Committee held on 9 May 2007**

The Board noted the contents of the minutes.

**iv International and Commercial Committee held on 2 April 2007**

The Board noted the contents of the minutes.

**v Qualifications Committees held on 30 March 2007**

Work continued to progress steadily in the area of Curriculum for Excellence (CfE) and members had received an update on the work being undertaken by Learning Teaching Scotland on the recognition of wider achievement.

Whilst recognising that the work was in its exploratory stage, a major concern for SQA was the extent to which the proposal would embrace qualification matters without regard to the implications for SQA and the wider education system. Mrs McKay asked the Board to be cognisant of SQA's need to be involved in any dialogue on the future direction of this work.



Mr Young went on to report that the Scottish Executive had established an Assessment and Qualifications Task Group (AQTG), to ensure that suitable arrangements for assessment and qualifications were developed and implemented to meet the needs of the CfE review programme.

The AQTG had established two working groups to conduct initial investigations into the review of qualifications at SCQF levels 4 and 5, and future arrangements to capture wider achievements more effectively. He would shortly attend a meeting of the AQTG, when the findings of this work would be considered. It was expected that the next step would involve submission of a final report to Ministers with the prospect of formal consultation on options towards the end of the year.

vi **Remuneration Committee held on 4 April 2007**

The Chairman reported that the Committee had considered and endorsed the performance ratings and bonus recommendations for the members of the Executive Team in 2006-07. The Committee had also agreed that as far as possible, bonus-related objectives should sit directly within the control of the individual rather than be dependent on external factors.

The issues around Executive Team remuneration and the all-staff pay review remained outstanding and a further meeting of the Committee was scheduled for the end of June.

43/14 **ANY OTHER BUSINESS**

There were no matters raised.

**PAPERS FOR NOTING**

The Board noted the contents of the following papers:

**PFN 1** Qualifications Development Update

**PFN 2** Commercial Activity Update

**PFN 3** Report on the joint meeting of the Advisory Council and Qualifications Committee

43/15 **DATE OF NEXT MEETING**

The next meeting of the Board of Management would be held in the Boardroom, Dalkeith on Wednesday 8 August 2007.