

## BOARD OF MANAGEMENT – 21 AUGUST 2013

For approval

Minutes of the eighty-second meeting of the Board of Management held at 10 am on Wednesday 1 May 2013 in Arrol, Lowden.

**Members**

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

\* indicates present

**Officers**

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

**Observers**

- \* Mr M McVicar

**82/1 WELCOME AND APOLOGIES**

The Chairman welcomed members to the meeting, including Mr McVicar from the Scottish Government. Apologies were noted from Mr Edgar, Mr Gallagher and Mrs Walsh.

**82/2 DECLARATION OF ANY CONFLICTS OF INTEREST**

There were no conflicts of interest declared.

**82/3 PREVIOUS MEETING****i Minutes of meeting held on 30 January 2013**

The minutes were approved as an accurate record subject to one minor typographical error.

**ii Action Grid**

It was noted that there were no current actions outstanding. It was agreed that J Ross would circulate a note to the Board on the legal advice received regarding the position of the SQA Accreditation Committee and the recently approved co-option policy.

**iii Workplan 2013**

The contents of the workplan were noted.

**82/4 MATTERS ARISING**

It was noted that the SQA's Equality Strategy 2013-17 had been published on SQA's website. Any matters arising would be covered in the course of the agenda.

## 82/5 CHAIRMAN'S REMARKS

The Chairman advised that the appointment of a new Board member, Mr Roger Stewart, had been confirmed that week. His position would take effect from 1 May for a period of four years.

The date of the strategic session for the Board had been earmarked for today's Board meeting, but this had had to be cancelled due to low attendance numbers. It was agreed to find availability for end July.

*Later: Strategy session confirmed for 29 July, Glasgow.*

## 82/6 CHIEF EXECUTIVE'S REPORT

The Chief Executive referred to the contents of her report and highlighted specific areas of interest and progress. She commented specifically on the work around SQA's stakeholder relationship management, UCAS's commitment to honour its contractual obligation with Awarding Bodies and enforce the embargo requirements, and SQA's position with the recent media coverage around Higher Maths. Mr McVicar was to confirm whether the Cabinet Secretary required any further information.

As part of her engagement schedule, she updated the Board on the continuing discussions with the Welsh Government, who continued to engage with both the Awarding Body and regulatory functions of SQA. She was also delighted to report on the recent launch of the Scottish Studies Award and the potential level of uptake by Centres. It was agreed to issue the Board with an electronic copy (with hyperlinks) of the awards currently available from SQA.

## 82/7 SQA CORPORATE RISK REGISTER – Q4 2012-2013

The Board considers the corporate risk register bi-annually, and was presented with the position for the final quarter of 2012-13. Before discussion, the Chief Executive clarified the escalation route of risks through operational risk registers. The register was reviewed in detail, with particular discussion around:

- The management of CfE, its strain on internal resource, and the reliance on external dependencies (references 1 and 2). The Board commented on the positive steps being taken by SQA to address the conflicting priorities within the Qualifications Development directorate, and acknowledged the considerable staff commitment to ensure delivery of milestones against a backdrop of converging deadlines.
- The differences in policies and practices with regard to qualifications and regulation across the UK presented significant challenges to both SQA's regulation and awarding activities (reference 5). It was noted that a formal meeting to discuss SQA's approach had been arranged to take place with the Scottish Government Lifelong Learning directorate later that month.
- The inability to understand product development and operational costs (reference 7). The Cost Allocation and Capacity Planning Project would serve to address this matter, and work was underway to ensure the correct specification of this critical work and to progress the prioritisation of projects. It was agreed to explore the possibility of a shared service.
- The inability to secure and retain staff to implement the increase in improved processes and technological developments (reference 13). The growing demand for IT skillset in the marketplace, loss in competitive advantage and the

associated potential loss of market share were of particular concern to SQA. The Board was assured that the matter was receiving increased and concentrated focus by the Executive.

- The new legislation on auto enrolment (reference 16). Despite the technical difficulties and increased supplier / staff costs associated with the implementation, work was on schedule to go live for employees by June 2013. It was noted that SQA would report its concerns around the introduction to the Pension Regulator.
- The significant workload placed on SQA Accreditation to meet Universal Services deadlines. The Board was pleased to note that all outcomes of the UKCES Universal Services project had been managed successfully, and that discussions would be progressed with UKCES to pursue the possibility of an incentivised scheme for Sector Skills Councils in next year's contract.
- Two new risks (references 21 and 22) would be covered during the discussion under item 82/8, Finance Report.

The Board welcomed the opportunity to review and discuss the corporate risk register.

## 82/8 FINANCE REPORT

### *Financial Report to 31 March 2013*

The Board was presented with a tabled copy of the Financial Results to 31 March 2013. It was noted that the reported Q3 year to date forecast was a surplus of £0.1m, and **not** a deficit, as stated in the paper.

Ms Ellison provided a detailed review of the draft results at the year end, highlighting the achievements made in absorbing cost pressures and bringing the £600k deficit position to a positive surplus position. She also provided an update on the bad debt position in China, and assured that Board that there was provision in the budget to cover any costs. Going forward, it was agreed that it was not feasible for SQA to continue to rely on efficiency savings and increased income for its ability to operate longer term. SQA must invest in order to meet future commitments, as well as further efficiencies, and of particular concern was that any investment costs were over and beyond the current deficit position.

### *2013-14 Budget*

Ms Ellison reported that the initial Q0 forecast position for 2013-14 had indicated a £2.3m deficit. The Board was advised that the business returns would be revisited and challenged for accuracy and robustness. SQA faced a number of budget challenges in 2013-14 and continued to engage closely with the Scottish Government both on pricing discussions and how to address the financial gap.

At this point, Ms Ellison also provided an update on progress in agreeing an approach to pricing arrangements for National Qualifications (NQ) under Curriculum for Excellence (CfE), and for Higher National (HN) and Scottish Vocational Qualifications (SVQ). Several pricing options had been modelled and a variety of scenarios considered based on different operational assumptions. Those assumptions reflected feedback on the impact of CfE on SQA income, ambitious income growth targets for SQA's activities in the Rest of UK and International markets; and savings from operational efficiencies within SQA. The risks and issues associated with the various models had also been presented to the Scottish

Government in the form of a risk register. It was hoped to have more clarity by end May 2013 and an update would be provided to the Board in due course.

The Board noted the update.

## 82/9 **CfE UPDATE**

Dr Stewart presented the update on SQA's progress against milestones and was pleased to report that the overall programme status remained on track.

Further to the risk reported in the papers, Dr Stewart advised that the Scottish Government had been unable to provide the database required for the despatch of Materials for the Scottish Survey of Literacy and Numeracy 2013 (Numeracy). She was pleased to report that SQA had put a workaround in place, allowing the materials to be despatched according to the milestone. Work now involved planning the next round of Higher Implementation Events starting in November; this was a prime example of the earlier Board discussions around converging deadlines - managing the development and implementation of the new qualifications alongside the dual running of existing qualifications.

Ms McCallum advised that over 1700 Nominees were in place for QA deployment, and that work would now concentrate on their allocation to verification groups and addressing those subject areas with significant shortages.

The Board was pleased to note that SQA continued to deliver to its commitments of the CfE Programme milestones.

## 82/10 **BUSINESS DEVELOPMENT REPORT**

The Board noted the business development activity in all key markets as at end March 2013. Mr McMorris also provided a full and comprehensive update on planned activity and potential market growth going forward. In discussion it was noted that:

- These aspirations were against a very uncertain landscape in the UK.
- The Review of Apprenticeships in England could be potentially disruptive to SQA Awarding Body.
- Work would also focus on identifying new regions and territories where there was a need and desire for the services that SQA offered.
- SQA would forward plan for large pipeline opportunities.
- Work would continue on a successful HN rebrand solution for the RoUK market.
- All work would continue to protect and maintain SQA's reputation, quality assurance and qualifications standards.

The Board was pleased to note the encouraging work in progress, and looked forward to receiving updates as plans progressed.

## 82/11 **REPORT FROM THE CERTIFICATION PROGRAMME GROUP**

Ms McCallum advised that it had not been necessary to invoke contingency arrangements for the critical success factor reported at amber (regarding Question Papers).

With regard to the Batch Database Project, it was reported that work was ongoing to minimise and control any potential impact. The Board noted the contents of the report, and that monitoring of dual running activity had also commenced.

#### 82/12 **SQA1476 – MOBILE VOICE AND DATA SERVICES**

The Board noted the award of the contract to the supplier EE for a five year period.

#### 82/13 **COMMITTEE REPORTS**

##### i **Advisory Council – 25 March 2013**

Dr Thomson updated the Board on the business covered. The draft minutes were noted and that these would be formally approved at the next Advisory Council meeting in June.

##### ii **Audit Committee – 25 February 2013**

A verbal update had been provided at the previous Board meeting. The Board noted the draft minutes, which would be approved at the next meeting of the Audit Committee in July.

##### iii **International and Commercial Committee – 20 March 2013**

The International and Commercial Committee had met on the afternoon of the last meeting of the Board meeting, and Mr O'Hare outlined the main business covered. The Board noted the update and that the draft minutes would be presented to the next meeting of the Board.

##### iv **Qualifications Committee – 27 February 2013**

A verbal update had been provided at the previous Board meeting. The Board noted the draft minutes, which would be approved at the next meeting of the Qualifications Committee later that month.

##### v **Accreditation Committee – 19 March 2013**

A verbal update had been provided at the previous Board meeting. The Board noted the draft minutes, which would be approved at the next meeting of the Accreditation Committee in June.

#### 82/14 **ANY OTHER BUSINESS**

There were no other matters raised for consideration.

#### 82/15 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 26 June 2013 in Arrol, Lowden. The Chairman thanked members for accommodating his request to reschedule the meeting from 19 June.

*For the record, to note that this meeting was cancelled, and the Board convened again on 21 August 2013.*