

BOARD OF MANAGEMENT – 1 MAY 2013

For approval

Minutes of the eighty-first meeting of the Board of Management held at 10 am on Wednesday 20 March 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

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- * 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

81/1 WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting, including Mr McVicar, and Mr Eric Martinez, the recently appointed Director of Operations.

Apologies were noted from Mr Edgar, Mr McKay and Dr Thomson. The Board was updated on Mr Edgar's well-being, and recorded their best wishes to Mr Edgar and his family.

It was formally recorded that due to the number of apologies, along with the two existing vacant posts, the meeting was inquorate. Any matters for approval would be sought offline following the Board meeting.

Later: Offline approval was received for the minutes of the previous meeting, the SQA Equality Strategy 2013-17, the SQA Equality Mainstreaming Report and the SQA Co-Option Policy.

81/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

81/3 PREVIOUS MEETING**i Minutes of meeting held on 30 January 2013**

It was noted that minute reference 80/11 had been amended to read: This would include "self certification" by senior level staff within HEIs confirming that actions had been taken to ensure the integrity of the results."

The formal minute of the Board meeting would be amended to reflect this change.

The minutes were approved as an accurate record subject to the amend and a number of typographical errors.

ii **Action Grid**

It was noted that there were no current actions outstanding.

iii **Workplan 2013**

The contents of the workplan were noted.

81/4 **MATTERS ARISING**

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

81/5 **CHAIRMAN'S REMARKS**

The Chairman updated the Board on the progress with the recruitment of two new Board members. He advised that two recommendations for the Organisational Development post had been put forward to the Minister for consideration. The second post seeking Higher Education experience had received a disappointingly low number of applications and that it was intended to re-advertise that post. An update would be provided at the next Board meeting.

On the matter of Board membership, the Chairman advised of Mr Gallagher's and Mr McKay's reappointment for a period of two and four years respectively.

81/6 **CHIEF EXECUTIVE'S REPORT**

The Chief Executive referred to the contents of her report and highlighted specific areas of interest and progress.

As part of her international engagements, she was delighted to advise that SQA had received the "Best International Partner Organisation" Award in celebration of Chinese Service Centre for Scholarly Exchange (CSCSE) and SQA's ten year partnership relationship and contribution to the CSCSE-SQA HND programme. The Chief Executive had also returned that day from a conference in Hong Kong, jointly arranged by the SCQF Partnership, where there had been very positive comments made regarding Scotland's education system and SQA's approach in supporting its delivery.

Further to the content of her report, she updated the Board on SQA's work in Bahrain and advised that she had had discussions with the Cabinet Secretary on SQA's approach to contract decision and delivery.

81/7 **RISK MANAGEMENT**

On an annual basis, the Board discusses risks and opportunities that might impact on SQA's ability to deliver its corporate plan. As a sub-Committee of the Board, the Audit Committee provides the Board with a means of independent and objective review of internal control and risk, and had met to discuss strategic risks at the end of February. The Board was presented with the outputs of that discussion.

The Board discussed in particular the policy changes taking place in both Scotland and the rest of the UK. Discussion took place around the UKCES review of National Occupational Standards (NOS) and the risks associated with the:

- suggested change in approach to National Occupational Standards being discussed in England;
- Potential of reduction in funding of NOS as a result;
- potential impact of reduced availability of NOS on Modern Apprenticeships;
- regulatory implications for SQA in relation to the accreditation of SVQs (which were based on NOS); and
- potential development and delivery implications from an awarding perspective;
- potential negative impact on small and medium sized employers of NOS being driven by large employers in England

The Board acknowledged the criticality and urgency of addressing this matter, and was assured that SQA was monitoring events in England and working closely with Wales and Northern Ireland to determine the implications.

81/8 IT APPROACH TO SUPPORTING SQA's BUSINESS STRATEGY - UPDATE

Mr Gibson provided an update on developments of the IT strategy in the period since last presented to the Board. He highlighted the business components that had been developed and delivered in 2012-13, including e-Marking, growth of the Business Intelligence function, roll out of the staff portal, and completion of the first phase of the SAP upgrade.

Discussion took place around the recent customer survey feedback on the SQA website. It was noted that investment and improvements had been made, but that further work was required to refine and enhance the customer interface.

It was noted that a fuller presentation would be provided to the Board in June, for which the Board requested an update on work to develop the website, along with a breakdown of timelines and priorities for the projects that sat within the Business Systems Development function.

81/9 FINANCIAL PERFORMANCE TO 31 JANUARY 2013

Ms Ellison presented the current financial position for the period ending 31 January 2013. The Board was also presented with a tabled copy of the financial position for the period ending 28 February 2013, which had been measured against the Quarter 3 (Q3) re-forecasting exercise, and predicted a fully year surplus of £0.1m. The Board commented positively on the timeous presentation of the of Period 11 report.

The Board discussed the financial position in detail, during which it was reported that:

- It was expected to have a full year favourable impact of £0.3m, and in order to reduce pressure on 2013-14 it was intended to investigate any legitimate opportunities to accelerate spend from 2013-14 d be funded legitimately in 2012-13.
- Discussions on 2013-14 pricing were underway with the Scottish Government, and risk registers were being developed in support of the two options under consideration.

- SQA did not yet have an understanding of how Articulation Hubs would handle the additional funding from the Scottish Funding Council to enhance HN Articulation in 2013-14.

Ms Ellison also took the opportunity to update the Board on the recent amendment to the terms of agreement for fees collection in China. It was highlighted that there could be potential bad debt in China and the Board was reassured that this matter was monitored and discussed routinely by the Audit Committee.

The Board noted the position as presented and gave its support for the Executive to continue to engage in detailed discussions with the Scottish Government both on pricing discussions and how to address the £2.3m financial gap.

81/10 DRAFT SQA EQUALITY STRATEGY 2013-17

The Equality Act Specific Duties Scotland Regulations had come into force in May 2012 and required SQA's Equality Strategy and Mainstreaming Report to be published on the website by end April 2013. Both documents had been considered and discussed by the Audit Committee and were presented to the Board for approval.

The version before the Board reflected the comments and feedback from the Audit Committee.

Ms Cahill presented the draft Equality Strategy, which set out the equality outcomes that SQA intended to work towards over the four years ahead. These outcomes had been developed through discussion based on the review of available evidence to identify the most significant equality related issues affecting SQA and to which SQA could and should make a meaningful contribution. It was noted that the strategy also took cognisance of a wide range of stakeholder views as to the appropriateness of SQA's proposed equality outcomes. Other work was underway to finalise and validate the measures relating to the SQA Accreditation function.

The Board commended the quality of the work produced and approved the strategy for publication on the website.

81/11 DRAFT SQA EQUALITY MAINSTREAMING REPORT 2102-13

The version before the Board reflected the comments and feedback from the Audit Committee.

Ms Cahill presented the draft Equality Mainstreaming report. Including a wider scope than SQA's previous Annual Equality review, the report outlined highlights of SQA activity in relation to equality during 2012-13. It was noted that subsequent to the Audit Committee, and in order to balance transparency with protection of personal information, legal advice had been sought and the employment monitoring section had been redacted.

Dr Stewart highlighted the significant resourcing implications in relation to the Equality Review of Qualifications. Along with the need to ensure robust training for Qualifications Development staff, it would be challenging to ensure equality of opportunity for candidates whilst avoiding indirect discrimination.

The Board approved the Equality Mainstreaming Report for publication on the website.

81/12 **CfE UPDATE**

Dr Stewart presented the update on SQA's progress against milestones and reported that the overall programme status remained on track. The Board took the opportunity to thank Dr Stewart and the Qualifications Development teams for their notable achievements at the end of February and completion of the Unit Assessment Support packs for schools and colleges.

During discussion it was noted that:

- Work was underway with the Scottish Government to work with parent groups and offer reassurances on the new qualifications.
- In the region of 8000 teachers had attended Subject Implementation Events, with in excess of 90% positive feedback received.
- The use of the new assessment tool, ACD, to develop the new qualifications had proven successful.
- It was critical for SQA to receive entry estimations from centres, as traditionally these had been based on historical data - this was no longer suitable with the introduction of the new qualifications and dual running, and as such, this was a critical external dependency for SQA. The information was required by end March 2013, and would inform the number of nominees required for deployment for verification. Whilst the matter was being closely monitored, it would continue to feature in the risk register.
- Related to the point above, SLS and some Local Authorities (LAs) had expressed concerns in centres' ability to secure supply cover to support the release of centre staff for Nominee and Appointee activity. This was not peculiar to SQA, and the matter would be discussed at the CfE Implementation Group. To help mitigate the risk assist with forward planning and contracting of supply cover, SQA would advise centres and LAs by June 2013, of the schedule for deployment of nominees in the 2013-14 session.
- Universities had not yet clarified their position on the N4 and N5 admissions, and the Scottish Government was working closely with them on the Fair Admissions Policy.

The Board was pleased to note that SQA continued to deliver to its commitments of the CfE Programme milestones, and commended officers on this achievement.

81/13 **BUSINESS DEVELOPMENT REPORT**

The Board noted the business development activity in all key markets as at end January 2013. The International and Commercial Committee would consider a focus report on contract services that afternoon, to explore and discuss the underlying trends.

The Board noted the full and comprehensive update on activity.

81/14 **REPORT FROM THE CERTIFICATION PROGRAMME GROUP**

Ms McCallum was pleased to advise the Board that the critical success factor reported at amber had since been controlled and updated to green status.

The Board noted the contents of the report, and that monitoring of dual running activity had also commenced.

81/15 SQA CO-OPTION POLICY

Dr Brown presented the revised co-option policy, which proposed a number of changes to clarify the appointments process and rules of engagement.

It was noted that the SQA Accreditation Committee had a statutory requirement for a significant membership of non-SQA members, and that legal advice was being sought on the point of Committee chairing.

The Board approved the co-option policy.

81/16 COMMITTEE REPORTS

i **Remuneration Committees – November and December 2012, and January 2013**

Please note that this item was taken at the end of the meeting and in the absence of all officers and observers except Ms Cahill and Ms Ross.

The Chairman updated Board members on the recent deliberations and decisions of the Remuneration Committee. After discussion and clarification on a number of points, these actions were endorsed by the Board members present.

ii **Advisory Council – 28 January 2013**

A verbal update had been provided to the last Board meeting. The draft minutes were noted and that these would be formally approved at the Advisory Council meeting later that month.

iii **Audit Committee – 25 February 2013**

In the absence of Mr Edgar, Ms Wilkinson updated the Board on the business covered. Apart from the matters previously mentioned at the Board meeting, the Committee had considered an internal audit report on Internal Communications, the joint action plan (which aligned the IS and Portfolio Review actions), and KPMG's Audit Strategy and Plan Overview for the year ending 2013. The Committee had also received a very useful and informative report on the legal advice and support given to SQA from Brodies LLP during the first twelve months of their contract.

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**

Mrs Walsh outlined the main business covered, including further discussion around core skills, a reassurance on the robust Quality Assurance arrangements for Internal Assessment, and the need for robust Prior Verification arrangements for the new qualifications. The committee had also supported the proposal to rename HN products in the Rest of the UK.

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

v **Accreditation Committee – 19 March 2013**

Mrs Wilkinson was pleased to report that SQA Accreditation had successfully delivered against the outcomes of Universal Services Project. Discussions would be taken forward with the UK Commission to pursue a lessons learned exercise.

81/17 **ANY OTHER BUSINESS**

There were no other matters raised for consideration.

81/18 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 1 May 2013 in Arrol, Lowden.