

BOARD OF MANAGEMENT – 30 JANUARY 2013

For approval

Minutes of the seventy-ninth meeting of the Board of Management held at 10 am on Wednesday 5 December 2012 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
- * 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

79/1 WELCOME AND APOLOGIES

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

79/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

79/3 PREVIOUS MEETING**i Minutes of meeting held on 31 October 2012**

The minutes were approved as an accurate record.

ii Action Grid

The contents of the action grid were noted.

iii Workplan 2013

The contents of the workplan were noted.

The Board was advised that it had been agreed to hold a focussed session on risk at the February meeting of the Audit Committee. It was proposed and approved to bring the outputs of this discussion to either the March or May meeting of the Board, and this would be added to the workplan accordingly.

79/4 MATTERS ARISING

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

79/5 CHAIRMAN'S REMARKS

The Chairman updated the Board on his recent SQA engagements, including attendance at the Star Awards when the SQA Fellowship Award had been presented to Mr Brian Lister OBE. The Chairman had also been pleased to welcome Mr Tom Drake and Mr Anton Colella to SQA Lowden for a tour of the new premises.

The process for the recruitment of two new Board members continued to progress, and the advert had been placed on various websites. It was confirmed that the skillsmix being sought included applicants with practical expertise in supporting articulation and employability from a senior role in a Higher Education Institution, and those with a background in Organisational Development and its application in business effectiveness. The interviews were scheduled to take place on 20 and 21 February 2013.

79/6 CHIEF EXECUTIVE'S REPORT

The Chief Executive referred to the contents of her report and highlighted specific areas of interest and progress. She also advised on two major strands of work ongoing with Scottish Government in relation to the Post 16 Reform and the CfE learner journey.

As part of her recent engagements with customers and stakeholders, the Chief Executive was pleased to report on the strong support from ADES and SLS for SQA and its successful delivery and achievement of CfE milestones.

The Chief Executive then took the opportunity to provide the Board with a comprehensive update on SQA's position with regard to a proposal to bid for a high value contract. A very robust approach had been taken to the bid, but after careful consideration of all the information, it had been concluded that it would be inappropriate for SQA to proceed.

The Board noted that whilst SQA would not continue with the bid, a lessons-learned exercise would be undertaken to help inform and strengthen bid models for any future bid submissions. There would also be a full discussion at the International and Commercial Committee, with the outputs of the review considered in the context of other product discussions going forward. The decision not to proceed was fully endorsed by the Board.

79/7 ASSESSMENT, DEVELOPMENT AND DELIVERY

Ms McCallum and Dr Stewart provided a presentation on the high level strategy of the change programme in place for assessment development, delivery and quality assurance, and articulated the core requirements to drive this programme forward. The main highlights of the programme included an aspiration to move towards a technology solution to develop assessment materials by items.

The Board engaged in discussion around use of technology going forward during which, the following points were raised:

- Officers were encouraged to consider SQA's Unique Selling Points and stress SQA's ethos in maintaining standards and quality.
- It was recognised that the move into a technological environment was essential in order to attain a high level of capability and competitiveness. In order to stay

successful and competitive, SQA must grow along with technological trends but also be mindful that the business strategy should lead technology advancements rather than be led by them.

- Technological innovation would bring with it significant changes to ways of working and SQA should consider carefully the training needs for users in centres.
- It would be critical to highlight to stakeholders the resource investment that would be required to accommodate improvements and changes in approach to assessments.

The Board welcomed the update.

79/8 FINANCE AND PLANNING

i Financial Performance to 31 October 2012

Ms Ellison presented the current financial position for the period ending 31 October 2012 and as measured against the Quarter 2 forecast. An update on the full year income position was also provided. The Board noted the financial position.

ii Draft Budget 2013-14

Ms Ellison presented the assumptions behind the draft budget for 2013-14, which reported an overall deficit of £2.3m. The SQA Executive continued to work closely with the Scottish Government on how to bridge the £2.3m financial gap and achieve the self-financing target by 2015-16 whilst continuing to deliver business as usual. The Chief Executive was pleased to report that there was a mutual recognition and understanding of the challenges being faced by SQA.

The Board engaged in a full and robust discussion and it was noted that:

- Auto enrolment to a pension scheme for staff and appointees had been estimated at £200k, but could increase to as much as £500k.
- There could be additional funding accrued into the 2013-14 budget to address the accounting adjustment (as recommended by KPMG) required to reflect the differences in the operational delivery of CfE from August 2014. The Board expressed its concern over the presentation of this financial adjustment and how it could be viewed externally. Officers were urged to ensure that any entry was clearly referenced.
- In order to ensure that the budget to be considered was sustainable in the long term, the Board requested more detailed assumptions behind the draft budget, the longer term implications and some financial modelling on a variety of scenarios (to incorporate, inter alia, pricing structures).

It was intended to present a finalised budget to the January meeting of the Board.

iii Draft Corporate Plan 2013-16

Ms Cahill presented the draft corporate plan that had been revised to reflect feedback from the Board, SQA's Committees, the Advisory Council and the Scottish Government. Subject to two minor editorial amendments, the Board approved the draft Corporate Plan for the period 2013-16.

79/9 **CORPORATE RISK REGISTER**

The Board reviewed the corporate risk register twice a year and on this opportunity, considered its content in detail.

79/10 **SECTION 96(7) EQUALITY ACT 2010 CONSULTATION OUTCOMES**

Ms Lena Gray, Head of Policy and New Products, was welcomed to the meeting and presented the proposals and recommendations in relation to the specifications SQA could make in response to the outcomes of the consultation.

It was noted that the recommendations presented had taken on board the feedback and comments of stakeholder views, the SQA Executive and the Qualifications Committee (QC). Ms Gray presented the proposals in detail, and those that should become specifications.

In her capacity as Convenor of the QC, Mrs Walsh confirmed that the decisions taken had been based on sound reason, and achieved a balance between maintaining standards and ensuring accessibility.

The Board approved recommendations as presented in the cover paper.

79/11 **STAFF SURVEY OUTCOMES AND ACTION PLAN**

Ms Cahill presented the high level results and follow on actions that were being taken as a result of the 2012 Staff Survey. In particular she highlighted the highest scoring areas as well as the key priority areas that had been identified for improvement across SQA.

The Board welcomed the update, noting with interest an evidence of inconsistencies across the highlights and lowlights. It was also recognised that a number of the negative statements could be attributed to SQA being in the throes of considerable change in its operating activity and environment.

The Board noted the contents of the report.

79/12 **CfE UPDATE**

Dr Stewart presented the update on SQA's progress against milestones and reported that the overall programme status remained on track. An update was provided on those aspects of the Assessment Delivery programme reported at amber, and the Board endorsed the corrective actions that were being put in place.

The Board was also pleased to note the work that was underway with HR to address staff workload and sustained periods of working.

79/13 **BUSINESS DEVELOPMENT REPORT**

The Board noted the business development activity in all key markets at end October 2012 and received a full and comprehensive update on activity. It was noted that:

- Discussion continued with Skills Development Scotland to widen employability skills provision.
- There was early indication of changes in entry patterns from colleges.
- Significant income risks were apparent in some markets.

The Board noted the contents of the report and complimented the Business Development team in remaining on track to forecast, despite the significant challenges being faced.

79/14 **REPORT FROM THE CERTIFICATION PROGRAMME GROUP**

The Board noted the contents of the report. It was acknowledged that delivery remained on track, and that work was now progressing into the critical activity for session 2013-14.

79/15 **COMMITTEE REPORTS**

i **Audit Committee – 23 November 2012**

Mr Edgar provided an update on the business covered, which had included consideration and approval of the Committee Standing Orders and had resolved the issues raised at the previous meeting.

There had also been consideration of the routine internal audit reports, including an update on the IT Review, where it had been agreed to develop one comprehensive management action plan to address the findings of that review, the Portfolio Review, and the changes in approach to corporate planning.

ii **Advisory Council – 22 October 2012**

A verbal update had been provided to the last meeting of the Board and the minutes would be presented to the next meeting of the Board.

iii **International and Commercial Committee – 24 October 2012**

A verbal update had been provided to the last meeting of the Board.

iv **Qualifications Committee – 26 September 2012**

A verbal update had been provided to the last meeting of the Board, and the formal minutes were noted.

v **Qualifications Committee – 21 November 2012**

Mrs Walsh provided a verbal update on the business covered.

vi **Accreditation Committee – 4 December 2012**

Ms Wilkinson updated the Board on business covered, advising that a significant amount of discussion had taken place around the staff resource impact of Sector Skills Councils not submitting final products for approval sufficiently in advance. This had been noted previously by the Board under agenda item B79/9, Corporate Risk Register.

79/16 ANY OTHER BUSINESS

There were no matters raised for consideration.

79/17 DATE OF NEXT MEETING

The next meeting of the Board would be held on Wednesday 30 January in Esk/Forth, the Optima Building, Glasgow.