

BOARD OF MANAGEMENT – 20 AUGUST 2014

For approval

Minutes of the eighty-ninth meeting of the Board of Management held at 10 am on Wednesday 18 June 2014 in Spey/Tay, the Optima Building, Glasgow.

Members

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

Officers

- * Ms M Cahill
- * Mr S Davidson
- * Ms L Ellison
- Mr E Martinez
- * Mr J McMorris
- * Ms J Ross
- * Dr G Stewart

Observers

- * Mr K McKenzie

* indicates present

89/1 WELCOME AND APOLOGIES

The Chairman welcomed members to the meeting and took the opportunity to congratulate Mrs Walsh on her recent OBE award for services to Further Education. Apologies were noted from Mr McKay, Mr O'Hare, Ms Wilkinson and Mr Martinez.

It was formally recorded that the Board meeting was not be quorate. The minutes of the previous meeting was the only matter before the Board for approval, and offline approval would be sought from absent members.

89/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

89/3 PREVIOUS MEETING**i Minutes of meeting held on 7 May 2014**

The minutes were approved as an accurate record, subject to one amendment under the record of the discussion at the Advisory Council meeting on 31 March 2014, which would be amended to read that "Dr Thomson had met with the Chief Executive to review the [insert] *future* role of the Council ~~post 2014~~."

ii Action Grid

It was noted that there were no actions outstanding.

iii Workplan

The Board noted the contents of workplan

89/4 **MATTERS ARISING**

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

89/5 **CHAIRMAN'S REMARKS**

The Chairman advised that he had met and had a positive discussion with Alan Johnston, Dawn Kofie and Kenny McKenzie on the recruitment of two new Board members.

The Chairman had also met with Fiona Robertson, Director of Learning for his annual appraisal, when there had been and a good and broad ranging discussion about SQA and its financial challenges going forward. Both the Chairman and Ms Robertson had been encouraged by the improved working relationship now in place between SQA and the Scottish Government (SG), with evidence of a much more open and dynamic dialogue in place.

89/6 **CHIEF EXECUTIVE'S REPORT**

The Chief Executive referred to the contents of her report and made particular reference to the remarkable level of commitment from staff in continuing to deliver during high levels of activity and change. In terms of specific activities around CfE, communications had recently been issued to all centres on the modifications to quality assurance arrangements for the next session.

She also drew attention to the completion of the restructuring exercise within the Business Systems directorate, which was already having a significant impact on processes. The Executive Management Team had also held a productive meeting with SG around SQA's direction of travel with the digitalisation agenda. There were potential synergies with the work of the digital directorate within SG which would reap benefits in terms of alignment and providing access to expertise in this field.

The Board noted the update.

89/7 **CfE UPDATE**

Dr Stewart presented a detailed update on SQA's progress against CfE milestones, based on SQA's highlight reports for April and May 2014.

The status of the overall CfE programme remained at amber, however the programme was being managed to ensure that no external milestones would be affected. This continued to relate to resource challenges and dependencies on several non CfE SQA programmes that supported delivery of the national qualifications and summer certification. The Board was assured that prioritisation of any critical aspects was under tight scrutiny and being monitored closely.

Dr Stewart also updated the Board on the work of the CfE Reflections Group, and referred to SQA's report as submitted to the group on 17 June. This short life working group would seek to review the experiences of the first session of the new CfE qualifications, and identify improvement actions that would be helpful to the system and delivery partners moving into the 2014-15 session. (The publication date for this strategy had yet to be determined.) The fundamental issues thus far pointed to low confidence levels across the system, and moving forward, all stakeholders

would work together to support and strengthen confidence in understanding and delivering the new qualifications.

Discussion took place around the management of public expectation on results day, and the Chief Executive clarified that an SQA communications plan was being developed, covering communications and media activity to support the key milestones in the publication of the 2014 NQ attainment results. This would include all audiences – candidates, customers, the general public, parents and stakeholders. Of particular importance was messaging around the fact that it was impossible to make direct comparisons between this year's data and last year's. The Board noted that SQA, as a national Awarding Body, issued statistics on attainment of results at a national level and that any interpretation was the remit of Education Scotland and the Scottish Government.

SQA recognised that Results Day as a day for the candidates and their achievements.

The Board noted the contents of the report.

89/8 REPORT FROM CERTIFICATION PROGRAMME GROUP

Dr Stewart presented the Certification Programme Report and advised that activities continued to progress well and reported overall at green status.

Work was on-going to complete the end to end testing on the required developments for Post Results Services. She provided an explanation of the factors relating to the issue, and updated the Board on the precautionary actions being taken to ensure the matter was well managed and properly introduced across the business. The Board was assured that sufficient time and resource was in place to hit timelines, and that the matter related only to SQA internal processes and would not impact on centres' systems.

The Board noted the content of the report and supported the approaches being taken.

89/9 CORPORATE RISK REGISTER

Ms Cahill presented the current status of the Corporate Risk Register and advised that following review at the last meeting of the Audit Committee, members had endorsed the de-escalation of four risks to departmental level, along with the addition of one new risk in relation to SQA's approach to managing fixed term contracts. In response to the Board, it was confirmed that May 2015 was the critical financial date for the new risk, and that officers were mindful of that and taking action in anticipation of the situation.

The Board noted the update and the contents of the Corporate Risk Register.

89/10 BUSINESS DEVELOPMENT REPORT

Mr McMorris provided the Board with a detailed update of the performance of business development in all key markets to the end of April 2014, as well as an update on recent international press activity and planned international marketing activities during the period May to June.

It was noted that going forward, one key dimension of work in Scotland would be close working with Local Authority Education Departments to support the implementation of the recommendations raised in the Wood Report, and exploring potential opportunities in terms of the proposals around vocational pathways.

The Board noted the positive contents of the report.

89/11 **FINANCE**

Income Recognition Policy Update

Ms Ellison tabled a paper on the outcome of discussions with SQA's external auditors, KPMG, on the application of the income recognition policy to the new National Qualifications for the annual accounts in 2013-14. The paper also indicated the expected impact on income levels reported in 2014-15 and 2015-16. She provided an account of the discussions and advised on the impact of the accounting adjustment on the annual accounts.

The Board discussed the position and noted that this had no impact on the overall cash position or on the funding requirement from the Scottish Government. The Board also noted that the Scottish Government had been kept abreast of the discussions to inform their own budgeting arrangements.

Board members endorsed the proposed format for future reporting to the Board which would reflect the additional income accrual subject to the inclusion of an adjustment to facilitate monitoring of the cash position.

i Current Financial Performance

Ms Ellison tabled the draft year to date financial performance for the period ending 31 May, as measured against the Q0 forecast, best case position, which reported a fully year deficit of £3.1m and a cash deficit of £2.6m. The Board noted that the SG was aware of the forecast position. It was highlighted that this report did not reflect additional NQ income to be recognised following revision of SQA's income recognition policy, but that this accrual would be included in future reporting.

The Board noted the financial update.

ii Financial Outlook and Draft Budget 2015-16

Ms Ellison tabled a paper providing an indication of the financial position for 2015-16. Given the uncertainties around the early years of implementation of the new qualifications, the forecast financial outlook for 2015-16 reflected a range of outcomes. Ms Ellison detailed the underlying factors and assumptions used in deriving the financial forecast and in the course of discussion it was noted that:

- the impact of new college funding models was not yet known;
- QA arrangements would require further investment, and officers continued to work through the detail of this;
- there needed to be close reporting links between risk management and financial forecasting; and
- income figures for 2014/15 and 2015/16 included the estimated additional income accrual for the new qualifications.

The Board agreed that it would be very helpful to receive a budget allocation and monitoring letter from the Scottish Government that reflected the approach to funding adopted in 2013-14.

The Board noted the financial position and update.

ii **Corporate Systems – Business Proposal for Replacement**

Ms Ellison presented the update on recent EMT discussions on the proposed replacement of SQA Corporate Systems – currently provided by the SAP ERP (Enterprise Resource Planning) system. A business case was being developed to propose a new Corporate Business System, which would primarily affect corporate functions such as Finance, HR, Payroll, and procurement. The Board was assured that any introduction would only be through a staged implementation plan, and wouldn't require further investment.

This work formed part of the overall BS strategy, and Mr Davidson gave a short presentation on the initial thoughts on how SQA would support the 2020 business vision through investment in technology. The Business Strategy itself would be presented to the Board in August.

The Board noted the proposal to pursue the establishment of a new corporate business system.

89/12 **CORPORATE PLANNING –STRATEGIC GOALS 2015-18**

The Board was presented with the proposed SQA Strategic Goals for 2015-18, which remained broadly consistent with previous years and supported SQA's Corporate Plan and were aligned to the Scottish Government's National Outcomes.

The Board agreed with the proposed goals in principle and it was agreed that ample time would be set aside in October for further discussion.

89/13 **COMMITTEE REPORTS**

i **International and Commercial Committee – 30 April 2014**

The business of the Committee had been reported to the last meeting of the Board, and the minutes were formally noted.

ii **Qualifications Committee – 14 May 2014**

Mrs Walsh provided an update of the business covered.

iii **Audit Committee – 26 May 2014**

Mr Edgar provided an update of the business covered.

iv **Advisory Council – 2 June 2014**

Dr Thomson provided an update of the business covered.

v **Accreditation Committee – 3 June 2014**

Dr Brown provided an update of the business covered, including an extraordinary meeting that had been convened to consider an appeal.

89/14 **ANY OTHER BUSINESS**

There were no matters raised.

89/15 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 20 August 2014 in Arrol, Lowden.