

BOARD OF MANAGEMENT – 4 DECEMBER 2013

For approval

Minutes of the eighty-fourth meeting of the Board of Management held at 10 am on Wednesday 2 October 2013 in Esk/Forth, 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
- * Ms L Ellison
- * Mr E Martinez
- * Mr J McMorris
- * Ms J Ross
- * Dr G Stewart
- * Mr S Doherty (items 84/1 to 84/7 only)
- * Mr G Brown (item 84/9 only)

Observers

- * Mr M McVicar
- * Mrs F Robertson (part item 84/4 to 84/9i only)

* indicates present

84/1 **WELCOME AND APOLOGIES**

The Chairman welcomed members to the meeting, including Mr McVicar, Scottish Government, and Mr Shaun Doherty, interim Director of Business Systems. Apologies were noted from Mr O'Hare.

84/2 **DECLARATION OF ANY CONFLICTS OF INTEREST**

There were no conflicts of interest declared.

84/3 **PREVIOUS MEETING**i **Minutes of meeting held on 21 August 2013**

The minutes were approved as an accurate record.

ii **Action Grid**

It was noted that there were no current actions outstanding.

iii **Workplan 2013**

The contents of the workplan were noted.

84/4 **MATTERS ARISING**83/9 **Corporate Risk Register** (*references 20 and 21 – Tightening funding and achievement of a balanced budget*)

In response to the concerns raised by the Board that SQA was operating in a deficit position, the Chief Executive reported that the SQA Executive continued to monitor expenditure and income very closely. Discussions with the Scottish Government (SG) to manage the draft budget were on-going,

and both parties were fully aware of the financial challenges and constraints being faced by SQA and SG. SG officials were acutely aware of the pressures on SQA's budget and the financial uncertainties associated with the initial years of implementation of the new qualifications.

The Chief Executive proposed to add a risk to the corporate risk register that formally recorded the potential implications for both operational activities and to projected income streams associated with SQA's current and projected financial deficit position. Status updates would be reported to the Audit Committee and Board of Management. At this point, it was also noted that the Chief Executive had approved the renewal of essential CfE staffing contracts beyond March 2014.

The addition to the risk register was agreed to be wholly appropriate and was endorsed by the Board.

Mrs Robertson, Director of Learning, Scottish Government, joined the meeting during the course of this discussion.

The Board engaged in discussion around the current and future activities of SQA. Whilst recognising the broader management of cost pressures across the SG, the wider Portfolio and all bodies in the public sector, the Board sought reassurance that there would be tangible support for SQA in closing the funding gap.

The Board and SG acknowledged the continuing improvement in the accuracy of SQA's forecasting and budgeting, and that the financial position had improved considerably in the period since 2011 without additional support from the SG. These efficiency savings however, had impacted significantly on SQA's operations, and with no further scope or opportunities to absorb the funding gap, any budget cuts would result in substantial damage to SQA's ability to deliver its operations in the future.

To conclude the discussion, the Chairman recorded his confidence in SQA's financial management and stressed the importance of continued engagement with Scottish Government on the 2013-14 budget position.

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

84/5 **CHAIRMAN'S REMARKS**

In light of time constraints, this item was deferred until the next meeting.

84/6 **CHIEF EXECUTIVE'S REPORT**

The Chief Executive referred to the contents of her report and highlighted specific areas of positive working and progress. She drew attention to the work taking place in CfE communications activity and that a proactive communications plan for key milestones in the future was under development. Regular meetings continued to take place with Education Scotland and the Scottish Government to discuss communications and media approaches, and SQA's communications plan would feed into this group's overarching communications plan.

Recent engagements had included a meeting with the UK Commission for Employment and Skills to discuss the direction of travel for Vocational Qualifications across the UK. The Chief Executive had also met with representatives from the National Parent Forum of Scotland to discuss their specific concerns around the Literacy Unit in National 4 Courses in English.

84/7 **INFORMATION SYSTEMS (IS) UPDATE**

Mr Doherty provided a clear and concise overview of the observations and key issues that had come to light as a result of his review of IS activity across the business. This review had been undertaken to identify the root cause of challenges highlighted by both the Scott-Moncrieff audit report and the internal Portfolio Review project. The report was very much welcomed by the Board and as part of the ensuing discussion, it was noted that:

- A reorganisation of the staffing structure was underway to introduce a more effective and functional arrangement with three organisational units reporting to the Director of Business Systems. The restructure to ensure delivery would require both internal and external appointments, and would result in added cost to the business at a people cost of approximately £460k. It was noted that one key risk was the ability to attract and retain IT specialists given the competitive job market.
- Capacity management had yet to be investigated, and this could also have costs associated with it.
- There were challenges in achieving current project plans due to insufficient IT resources. One of the immediate priorities for the Executive was to articulate the activity that could realistically be progressed, along with the required level of resource to support delivery.
- Various issues in relation to IT processes had impacted on the CfE programme, and as a result, the status of the programme was reported at amber. This had necessitated increased focus and progress reporting, which would continue until resolution was achieved. The Board was reassured that to date, these issues had not impacted on SQA's ability to meet external facing milestones.

The Board fully supported the actions taken to date, and the work being taken forward.

84/8 **FINANCIAL PERFORMANCE TO 31 AUGUST 2013**

Ms Ellison presented the year to date position, reporting a slightly higher deficit than the year to date forecast, primarily due to timing differences. The fully year forecast deficit position of £3.3m reflected a deficit cash position of £2.4m. Whilst there had been continuing improvement in the accuracy of the forecasting and budgeting information, it was reiterated that the financial position reported was unlikely to improve materially from the forecast position.

Ms Ellison updated the Board on the debt position in China, and the soon expected income from China. Whilst this would not improve the deficit position, it could provide an option to release the contingency that had been earmarked for tax provision. It was also reported that SQA had been forced to invest £350k due to the inability of the DWP to reach an early conclusion on whether SQA operated an appropriate pay roll.

The Board noted the financial position as presented.

84/9 ACCREDITATION AND REGULATION

Mr Brown, Head of Accreditation, was welcomed to the meeting.

i **Update on 4 Country Regulation in the UK**

Mr Brown provided a comprehensive overview on the regulatory activities across the four Home Nations. This had seen a significant shift in working relationships over the last twelve months due to an emerging divergence in policy across the nations, potentially impacting on the regulation of qualifications and awarding organisations.

In particular, Mr Brown referred to the recent announcement by Ofqual that it had the power to regulate any qualification, irrespective of where it was awarded, whether the Awarding Body had sought accreditation, and provided there were learners in England taking the qualification.

Of concern, was an indication that Ofqual could now regulate qualifications in Scotland. This presented two options for Scotland – whether to adopt a “jurisdiction” or “qualification” approach to regulation. Mr Brown presented the arguments relating to both, and early deliberations of the Board favoured the jurisdiction approach. It was noted however that as a regulatory decision, this work would be taken forward by SQA Accreditation, who was in the process of developing conclusions that were proportionate and did not become over-regulative or undermine the views of the other three nations.

It was agreed that the Board would have sight of the final proposal and recommendations that would be submitted for Ministerial decision.

Mrs Robertson left the meeting.

ii **SQA Accreditation Annual Review 2012-13**

As convenor of the Accreditation Committee, Ms Wilkinson presented the SQA Accreditation Annual Report that summarised the activity undertaken during 2012-13. In opening the Review, she highlighted the findings of the stakeholder survey that reported favourably on the openness and responsiveness of the team, and reflected the commitment and work of such a small number of staff.

One significant achievement had been the development of a revised approach to regulation, shifting ownership of improvement to the delivering awarding bodies; it had been pleasing to note positive stakeholder feedback on the introduction of these Regulatory Principles.

The period had also seen the first year of the Universal Services Commissioning process, in which SQA Accreditation year had played an active role. Despite the considerable challenges faced, SQA Accreditation had successfully delivered to time scales, and improvements in processes and procedures had already been introduced for 2013-14.

In discussion, it was noted that SQA Accreditation received a fixed level of grant in aid funding.

The Board noted the contents of the Annual Review.

84/10 **REPORT FROM CERTIFICATION PROGRAMME GROUP**

Mr Martinez presented the report from the Certification Programme Group, mentioning in particular actions against those factors reported at amber. He also provided an update on appeals received and actioned.

It was highlighted that appropriate measures and milestones would soon be added to reporting to monitor dual for presentations in 2014 and 2015.

The Board noted the contents of the report.

84/11 **CfE UPDATE**

Dr Stewart presented the update on SQA's progress against milestones, and as reported earlier in the meeting (84/7 refers) the status of the CfE programme was reported at amber. The slippage within the three IT projects necessitated additional resource to ensure future CfE milestone could be met on schedule. The status had been duly reported to the Senior Accountable Officers Group, the CfE Implementation Group, and the CfE Management Board.

The position was under constant review and was being closely managed with colleagues within Business Systems. Dr Stewart reported that staff were under considerable pressure to achieve internal milestones and to ensure no impact on external milestones. Temporary capacity had been put in place to manage dual running, and detailed transition planning was being arranged.

The Board noted the matters in hand, and that resources were extremely tight as SQA moved into the critical phase of implementation.

84/12 **BUSINESS DEVELOPMENT REPORT**

The Board noted the business development activity in all key markets as at end August 2013.

The Board was pleased to note the encouraging work in progress, acknowledging the challenges faced by the teams, including staff and financial resource restrictions that impacted on the ability to pursue and / or bid for new contracts.

84/13 **COMMITTEE REPORTS**

i Audit Committee – 5 August 2013

Ms Wilkinson had provided a verbal update at the last meeting of the Board. The Board noted the minutes of the meeting held on 5 August, which would be formally approved at the next meeting of the Audit Committee.

ii International and Commercial Committee – 7 August 2013

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

iii **Advisory Council – 2 September 2013**

Dr Thomson advised that the Advisory Council had considered a number of interesting reports and updates, including Monitoring Standards and the new Results Services.

iv **Accreditation Committee – 3 September 2013**

Ms Wilkinson brought three areas of business to the Board's attention – the update on Universal Services, the Timeline Policy Review, and the work to review and amend the Regulatory Principles. The Board noted the draft minutes, which would be approved formally at the next meeting of the Accreditation Committee.

v **Qualifications Committee – 25 September 2013**

Mrs Walsh outlined the business covered at the recent meeting of the Qualifications Committee, which had included similar to that of the Advisory Council. She also provided an update on the ongoing and robust discussions relating to National Literacy Units, and advised the Board of the work being taken forward by SQA to minimise the perceived disadvantage faced by some disabled learners.

84/14 **ANY OTHER BUSINESS**

There were no other matters raised for consideration.

84/15 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 4 December 2013 in Arrol, Lowden.