

BOARD OF MANAGEMENT – 29 JANUARY 2014

For approval

Minutes of the eighty-fifth meeting of the Board of Management held at 11 am on Wednesday 4 December 2013 in Arrol, Lowden.

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

Observers

- * Mr M McVicar

* indicates present

It was recorded that Board members had convened for a private session in advance of the formal meeting of the Board.

85/1 WELCOME AND APOLOGIES

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

85/2 DECLARATION OF ANY CONFLICTS OF INTEREST

There were no conflicts of interest declared.

85/3 PREVIOUS MEETING**i Minutes of meeting held on 2 October 2013**

The minutes were approved subject to a number of minor amendments.

ii Action Grid

It was noted that there were no current actions outstanding.

85/4 MATTERS ARISING

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

85/5 CHAIRMAN'S REMARKS

The Chairman advised that he had recently met with Alan Johnston, Deputy Director to discuss the current Board member vacancies and the associated job descriptions. It was intended that Scottish Government officials would progress recruitment activity in the new year. At this point the Chairman informed the Board that he had received a note of thanks from Professor Simmons on his recent SQA Fellowship Award.

The Chairman had also met with the Cabinet Secretary, when they had covered matters relating to current and future CfE delivery activities, and SQA's financial position and status. The Cabinet Secretary had taken the opportunity to acknowledge SQA's commitment to CfE along with the spend and resource constraints being experienced.

Other engagements had included attendance at various SQA Committee meetings, and participation in an external event relating to raising the profile of women on Public Boards.

85/6 **CHIEF EXECUTIVE'S REPORT**

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

Regular meetings continued with other UK jurisdictions, including significant dialogue with Northern Ireland and Guernsey. It was noted that a meeting with representatives from the Isle of Man would take place that afternoon.

85/7 **CORPORATE**

i **SQA Corporate Plan 2014-17**

The draft corporate plan had been generated from initial thoughts and discussions at the Audit Committee in March and then the Board strategy day in July. An updated version of the strategic goals was tabled, which took account of feedback received (since circulation of the Board papers) from the Qualifications Committee and Accreditation Committee. Comments had not recommended any noteworthy change in emphasis or direction but rather editorial amendments to improve understanding and clarity.

Ms Cahill presented the plan to the Board in draft form, subject to feedback from the Scottish Government. In the event that comments from the Sponsorship Department suggested any significant changes, the plan would be discussed further at the January meeting of the Board.

It was highlighted that two new goals had been added, one to verbalise SQA's commitment to staff engagement, and the other to articulate the distinct nature of the accreditation function.

On discussion, it was agreed to rephrase Goal 7, and also to clarify SQA's approach to working with partners to deliver its remit.

The Board approved the draft plan, subject to the amendments suggested and the outcome of feedback from the Scottish Government.

ii **Corporate Risk Register**

Ms Cahill presented the Corporate Risk Register, which had been recently reviewed by the Audit Committee as part of their delegated authority role. It was noted that the risk register would be updated following earlier discussions of the Board that day.

The Board was reassured to see the risk in relation to staff welfare and sustainability of workload against conflicting demands, and that HR would work with business directorates to identify pressure points and develop practical solutions.

It was also noted that the CfE Programme Board had reviewed the risk relating to competing demands on resource for all partners, highlighting that any significant government policy changes to the CfE Programme would potentially require 12-18 months' notice prior to the academic year of implementation. This would be duly escalated to the CfE Implementation Group.

During a wider discussion around the use or not of leading indicators, it was clarified that operational and routine risks were anticipated and managed by business directorate areas. These business areas also held risk registers that followed the same format as the corporate risk register and, when appropriate, feed into the corporate risk register following an agreed escalation procedure. The corporate risk register focused on managing those escalated risks happening *currently* as opposed to those that might arise in the future, keeping the corporate risk register "live" and up to date.

It was agreed that the Board would receive the risk register at each of its meetings throughout 2014 to ensure the Board had visibility and focus on the risks that could impact on SQA's ability to meet any of its corporate goals and CfE programme deliverables.

85/8 FINANCE

i Financial Performance to 31 October 2013

Ms Ellison presented the Period 7 finance position, as measured against the Quarter 2 position, and reported a full year end accruals deficit at £3.6m, converting to a £2.7m cash deficit.

It was not anticipated that the full year deficit position would improve from the forecast position.

During discussion it was noted that:

- The year to date surplus was due to income and expenditure timing issues.
- The potential liability for taxation rates that had been applied to SQA activity in China could be lower than anticipated, and as such, SQA would explore the possibility of releasing some contingency funding.
- The deficit of £0.9m in programme grant was attributable solely to CfE, and it was likely that the gap would increase due to the additional CfE activities that had been requested by Scottish Government to address and respond to stakeholder requirements.

The Board noted the position as presented, and that the financial position and associated risks continued to be monitored closely in ongoing discussions with the Scottish Government.

ii **Draft Budget 2014-15**

The Board had before them a tabled paper on the draft budget 2014-15, and Ms Ellison expanded on the detail of the assumptions underlying the two scenarios presented. The Board engaged in discussion, noting that:

- Both scenarios included an enhanced level of diet related expenditure to support the safe delivery of the 2014 diet.
- True presentation patterns for Nationals 4 and 5 would remain unknown until March 2014, when all candidate entries and movements between SCQF levels were expected to be completed.
- Anticipated appointee savings as a result of the move from external to internal assessment would not be realised. There was a suggestion that appointee and staff costs could be further impacted due to a probable increase in demand for feedback and verification.
- There was an apparent mismatch between the draft budget and SQA's corporate aspirations.

The Board commented on the the extremely challenging and unrealistic target for SQA to secure self-financing status by 2015-16, especially in light of the pressures in developing, implementing and delivering the new qualifications, and the uncertainty over steady state costs for at least the next two financial years.

SQA would continue to engage with the Scottish Government on funding needs.

85/9 **REPORT FROM CERTIFICATION PROGRAMME GROUP**

Mr Martinez presented the report from the Certification Programme Group, mentioning in particular the additional actions being taken to address those factors reported at amber. It was stressed that whilst a number of factors were reported at amber, appropriate progress was being made to address these and there had been no impact on the delivery of CfE.

The Board noted the contents of the report.

85/10 **BUSINESS DEVELOPMENT REPORT**

Mr McMorris presented a detailed overview of business development activity in all key markets as at end October 2013.

Whilst accepting the situation, the Board expressed its frustration that due to competing demands on staff resource SQA had been unable to pursue a number of contract opportunities. The Board documented that not only did this situation impact on SQA's medium to long term revenue position and self-financing target, but it could also have an impact on SQA's business and client relationships and the positioning of Scotland internationally. The impact on staff development and morale for these teams was also recognised.

The Board noted the contents of the report, and endorsed the counsel for SQA to focus on identifying priority projects that could be pursued consistent with available resource.

85/11 ANNUAL STATEMENT OF REASSURANCE ON STANDARDS

Dr Stewart presented Standards report, as reviewed and approved by the Qualifications Committee. The Statement was noted by the Board.

85/12 COMMITTEE REPORTS

i **Audit Committee – 18 November 2013**

Ms Wilkinson provided an update on the business covered, which had included the routine Scott-Moncrieff performance reports and corporate risk register. The Committee had also considered, and rejected, a proposal to reform the internal audit tracking process, with the agreement to review the discussion at a future meeting.

ii **International and Commercial Committee – 6 November 2013**

Mr O'Hare outlined the main business that had been discussed, and highlighted a recurring theme around the need to prioritise projects and allocate resource appropriately. It had also been agreed that going forward, the Committee would keep an oversight of the Richard Review and its impact on SQA activity in the UK market - to identify, amongst other things, common themes and potential areas for partnership working.

iii **Advisory Council – 2 September 2013**

A verbal update had been provided to the previous meeting of the Board. The Board noted the approved minutes.

iv **Advisory Council – 11 November 2013**

vi **Qualifications Committee – 20 November 2013**

Dr Thomson advised that both Committees had received comprehensive updates on CfE activity and a presentation on progress with the iQA project. There had also been continued discussion on national literacy units and the need for SQA to ensure a balance on the ability to achieve with the need to demonstrate the skills and abilities demanded by employers.

The Qualifications Committee had undertaken a useful and robust debate around the introduction of the new Senior Phase Benchmarking Tool. Areas of concern for the Committee had included tariffs and the value of the different qualifications, and the need to ensure the correct data collection in relation to literacy achievements.

v **Accreditation Committee – 3 December 2013**

Ms Wilkinson outlined the main business of the Committee:

- Consideration of the draft strategic goals, which had included one amendment to clarify that Goal 9 related to the independent Accreditation function.
- An update on developments in the UK in relation to the Richard and Whitehead Reviews. It was noted that there would be a significant implication for both accreditation processes and Scotland.

- Potential budget shortfall, which could have serious implications on the regulatory function. Discussions continued with the Scottish Government around grant funding, and the potential for income generation.
- SQA Accreditation and UKCES continued to monitor the progress and status of Universal Services projects, and a great amount of work had taken place with SCCs to manage the process.

85/13 CfE UPDATE

Dr Stewart presented a detailed update on SQA's progress against milestones, based on SQA's highlight reports for September and October 2013.

The status of the CfE programme remained at amber, due to a number of internal IS issues that had impacted on the Quality Assurance of Internal Assessment project. The position continued to be under constant review and was being closely managed.

In response to continued concerns from teachers around readiness for both Nationals and Highers, a significant amount of activity was underway to identify means by which to build teacher confidence. The Board noted the matters in hand and that a number of additional actions had been proposed, which were over and above existing planned activity.

85/14 CfE COMMUNICATIONS, ENGAGEMENT AND SCENARIO PLANNING

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

85/15 ANY OTHER BUSINESS

There were no other matters raised for consideration.

85/16 DATE OF NEXT MEETING

The next meeting of the Board would be held on Wednesday 29 January 2014 in Arrol, Lowden.