



# **Annual Report and Accounts 2020–21**

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# Contents

<b>A: Performance report</b>	<b>5</b>
Overview	5
Statement from our Chief Executive	6
SQA's purpose and activities	9
<b>Performance summary</b>	<b>14</b>
<b>Performance analysis</b>	<b>20</b>
COVID-19 impact on our delivery	20
Measuring performance	20
Qualifications: overview	23
National Qualifications	24
Understanding Standards	25
Vocational qualifications	26
Digital assessment	28
Communication and engagement	28
SQA's partnerships in training and education	32
Apprenticeships	33
International engagement and co-operation	33
Services	34
Appointees	34
Quality assurance	35
SQA Change Programme	37
Organisational development and change tools	37
Accreditation	38
Equalities	39
SQA as a corporate parent	40
Customer and community engagement	41
Employee engagement	41
SQA's statutory responsibilities	43
Environmental performance	44
Financial model	47
Financial performance	49
<b>B: Accountability Report</b>	<b>53</b>
<b>Corporate governance</b>	<b>53</b>
Directors' report	53
Statement of the Accountable Officer's responsibilities	54
2020–21 Governance statement	55
<b>Remuneration and Staff Report</b>	<b>67</b>
<b>Parliamentary and Accountability Report</b>	<b>76</b>
<b>Independent auditor's report</b>	<b>77</b>
<b>C: Financial statements</b>	<b>81</b>
Notes to the accounts	85
Appendix 1	111

# Welcome

These are the Annual Report and Accounts of the Scottish Qualifications Authority's (SQA) for 2020–21. They provide a review of the organisation as a whole, and of its activities during this challenging period.

The report gives a summary of our year's work with the many users of our services in schools, workplaces, colleges, training organisations and with professional bodies. These users include students, lecturers and teachers, trainees and trainers, parents, carers and employers.

SQA works toward a set of Outcomes that align with the Scottish Government's National Outcomes. Our overall goal is to help everyone realise their full potential, and thus to support the economy, wider society, and the nation as a whole. We all benefit, individually, in our families and communities, and as a nation, from being part of a skilled and educated society. SQA exists to play its part in achieving this.

The Board would like to thank all those who help in SQA's work — including our own staff, our appointees, partners, and other stakeholders. Your support is vital to our successes, and to our ability to meet challenges. This has been particularly evident in the past year, as we have all had to adapt to the very challenging implications of the COVID–19 pandemic. We look forward to continuing to work with you as we face the future and do our utmost to continue to deliver for Scotland.

A handwritten signature in black ink, appearing to read 'David Middleton', with a stylized flourish at the end.

**David Middleton CBE**

**Chair**

**Scottish Qualifications Authority**

# A: Performance report

## Overview

This overview section explains what SQA is, how we work, and what we have been doing over the period April 2020 to March 2021. As Scotland's accreditation and awarding body, SQA provides products, services and skills, and training and education — all of which have a positive impact on individuals, organisations, and society. We embed our values — progressive, enabling, and trusted — in all our work.

In the pages that follow we will outline SQA's purpose, how it functions as a business, and our aims and aspirations. We detail our strategic objectives and how we plan to achieve them, and we acknowledge the risks and challenges we face. We explain our role in education and training in Scotland (and beyond), and describe our work with other organisations that help Scotland's learners.

In the performance summary, we provide an overview of SQA's performance for the reporting period.

The performance analysis section of this report expands on this overview, provides more detail and figures, and serves as a context for the financial statements in section C.

## How statistics are used in the Annual Report

The Annual Report covers the financial year April 2020 to March 2021, and for most purposes the activities and related statistics described and analysed in the report fall within this period. The exceptions to this are:

- ◆ information on examination results for National Qualifications
- ◆ information about the verification of qualifications

These are based on the **academic year** 2019–20, which ended with the publication of results in August 2020.

Statistics for the awarding of qualifications which do not run to an annual academic timetable ending in August are based on the **financial year**.

## Statement from our Chief Executive

The impact of the COVID–19 pandemic has had, and continues to have, a significant impact on how society operates and on the conversation about how services should develop in the future. Education is no exception and SQA has had to adapt and change.

Both the 2020 and 2021 examination diets were cancelled by the Scottish Government, in line with public health advice. Vocational training, licence to practice qualifications and apprenticeships were also affected.

We have worked with partners to adopt and deploy new and innovative approaches. We took extraordinary measures to support the planning and delivery of the 2020 alternative certification model to maintain standards, as commissioned by Scottish Ministers. We complied fully with the subsequent Ministerial Direction to award National Qualifications on the basis of teacher judgement. We also maintained our Higher National and vocational portfolio of work-related qualifications and our contract delivery obligations.

I am very proud to lead this national organisation made up of dedicated, committed and resilient professionals who have risen to the challenges and opportunities that the pandemic has presented. This has not been easy, but we have, working with all other parts of the education and training system, delivered for learners in Scotland and beyond in the most unprecedented and challenging of circumstances, enabling them to realise their potential and achieve their ambitions.

I want to thank our appointees, the many education professionals and specialists who play many vital roles in the delivery and quality assurance of all SQA qualifications. Although circumstances meant that we called on a smaller number of appointees this year, their contribution was invaluable as was their willingness to adapt to new remote ways of working. I also want to thank Scotland's teachers, lecturers and support staff for their hard work, collaboration and dedication, working tirelessly to support their learners during this very difficult time.

Cancellation of exams in 2021 and the move to remote learning meant that we had to develop a specific approach to assessment and certification for 2020–21. We have worked on this with the NQ 2021 and HNVQ 2021 Groups, which represent key stakeholders from across the education system, including learner and parent/carer representatives. We have also established a learner panel to ensure the voices of young people are heard.

To recognise the anticipated significant disruption to learners in 2020-21, free up teaching and learning time and reduce teacher workload, while maintaining the validity, credibility, and standard of qualifications, SQA worked and consulted with stakeholders, including practicing teachers and lecturers, to implement modifications to course assessment for all subjects. We continued to monitor the public health situation in schools and colleges and introduced further modifications as appropriate.

We have provided support to teachers and lecturers in several ways. This includes regular engagement with our Liaison Team, and with subject implementation managers, who are seconded teachers and lecturers. We have also provided a range of subject-specific guidance, question paper resources, and an extensive programme of understanding

standards resources, to support teachers and lecturers at every stage of the alternative certification model.

As well as delivering the current portfolio of qualifications, we have continued our collaborative work with partners on the design, development and delivery of our Next Generation of Higher National Qualifications. We have also continued to expand our use of technology in support of qualifications and assessments.

Amidst all this, our people have had to adapt their ways of working while coping, like everyone else, with the changes to their day-to-day life. We have found innovative ways to support staff and ensure they have the tools to enable them to complete their work, as well as having access to relevant and valuable personal development and health and wellbeing resources.

SQA is a presence in the lives of people of all ages and places across Scottish society. We know that learning can positively change lives, and SQA's extensive range of qualifications mark out the stages of learners' journeys from education and training into further study or progression through employment. Our qualifications also support employers in continuing to develop their workforce. In this way, we believe, we contribute to individual success in life, and benefit society.

We help to ensure that the skills, training, and education systems in Scotland are effective, and we are fully aware of our responsibility to maintain the accessibility and credibility of Scotland's qualifications system. In this way we support key public policy goals, such as widening participation, narrowing the attainment gap, and providing the people and businesses of Scotland with the skills that they need for the future.

We seek to engage with all those we work with and support and continue to gather feedback and evidence to understand how our qualifications are operating and how to improve them.

We also work outside Scotland, where our qualifications and services continue to be in high demand, both in the rest of the UK and internationally. A range of contracts and consultancy projects help to reduce our overall reliance on the public purse. Although some of these activities have slowed down due to the pandemic, we have continued to deliver to and support our customers as appropriate. Our work outside Scotland supports the Scottish Government's international agenda for the education sector, and it allows us to bring good practice back home, as international work helps us keep abreast of the changes and opportunities presented by the rapidly-changing global environment in which we operate.

The Organisation for Economic Co-operation and Development (OECD) has recently published its report on Curriculum for Excellence. I welcome the OECD findings and the Scottish Government's announcement of the creation of a new specialist agency with responsibility for both curriculum and assessment. This is an opportunity for significant change that will meet the future needs of our learners, our society and our economy, and which has the support of all.

SQA will make a full and positive contribution to the process that lies ahead, drawing on our experience and expertise as Scotland's qualifications and accreditation body, and working in partnership with others across the education system. Whatever outcome emerges, it is

critical that we all commit to maintaining the high standards that have long been the hallmark of Scotland's qualifications.

**Fiona Robertson**

**Chief Executive**

**Scottish Qualifications Authority**



## SQA's purpose and activities

SQA is the national accreditation and awarding body in Scotland. This means it has developed, and continues to develop, maintain, and improve, a framework of qualifications gained at Scotland's schools, colleges, employers and training providers, including:

- ◆ National Qualifications, studied at schools and colleges, such as National 1–5, Highers, and Advanced Highers
- ◆ Higher National Qualifications, often studied at colleges, made up of units which are qualifications in their own right, and which can serve as a bridge to further study at university
- ◆ A range of vocational qualifications, developed with industry partners, and responding to perceived skills needs

As an accrediting body, SQA sets and maintains standards for many other awarding bodies, and for accredited qualifications such as Scottish Vocational Qualifications, which provide evidence that learners can do their jobs well (these can be studied in colleges or in the workplace). Given the distinct nature of the accrediting function, our activities in this area will be covered separately in this report.

SQA also plays an important role in supporting Foundation Apprenticeships and the wider Developing the Young Workforce policy, and our qualifications form part of the majority of Scotland's Modern Apprenticeships. Our accreditation function also makes an important contribution in this area.

A more detailed overview of SQA's range of qualifications can be found in our [Guide to Scottish Qualifications](#).

## Business model and environments

SQA is an executive non-departmental public body that reports to Scottish Ministers and the Scottish Parliament. It is sponsored by the Scottish Government's Learning Directorate and employs over 900 people. The Education (Scotland) Act 1996 sets out SQA's statutory remit and the governance arrangements to oversee SQA's distinct accreditation and awarding functions.

The quality, flexibility and relevance of our qualifications allow learners of all ages and levels to reach their full potential. Our portfolio meets the needs of Scottish employers in many sectors and plays a key enabling role in Scotland's strong, competitive economy.

We welcome and are responsive to feedback from all our customers and stakeholders, and we undertake research into the impact and effectiveness of our qualifications. We also welcome new initiatives that look to support economic activity by establishing new qualifications — for example, by meeting skills gaps at various stages of career development.

In everything we do, we are conscious of our duty to operate efficiently to optimise the use of our resources. While SQA is not a commercial enterprise, our work is supported mainly by the entry fees charged for qualifications. We also use our core expertise to generate a positive net financial contribution from contracts and international projects, which reduces

our draw on the public purse. In providing this set of charged-for products and services we continue to remember that our centres are our customers, and this ensures we deliver high quality customer service everywhere we operate.

Our entry fee and other income is supplemented by Scottish Government funding that is granted for agreed purposes.

SQA is successful when the system and network we are part of is successful. This means our relationships with a range of stakeholders are important to us. We work with many sectors of Scottish society, from schools, colleges, and universities, to industry, professional bodies, teaching unions and government. We work in close partnership with organisations such as Education Scotland, the Association of Directors of Education in Scotland (ADES), the Convention of Scottish Local Authorities (COSLA), Skills Development Scotland (SDS), and the Scottish Council of Independent Schools (SCIS).

SQA also provides statistical reports on the wide range of SQA qualifications. Our online statistics archive reaches back to 1986, and our publication schedule details when our latest statistical work will be available online.

The period under review in this report was dominated by the biggest challenge SQA has faced in its existence. As part of the UK-wide response to the COVID–19 pandemic, the 2020 and 2021 national exam diets were cancelled, and work was directed, in each case, to establishing an alternative method of certifying attainment for the many thousands of learners registered for our National Qualifications. This effort has drawn deep on the resources, resilience and commitment of all colleagues at SQA.

## **Organisational structure**

SQA's activities are directed by an Executive Management Team (EMT) consisting of the chief executive and the directors responsible for the major functions of the organisation. These functions include awarding our own qualifications, and accrediting and regulating the activity of other awarding bodies. This function is overseen by our Accreditation Committee, a statutory committee established by the Education (Scotland) Act 1996.

SQA's policy, and in particular our Corporate Plan, is developed by the EMT, with strategic direction provided by the non-executive members of the Board of Management, and in consultation with the Scottish Government. The EMT oversees the implementation of the plan, and provides regular progress reports for review by the Board. The role of our Advisory Council, whose members are appointed by Scottish Government, is to represent our various stakeholders and consider and advise SQA on their needs and views in relation to our qualifications and awards. There is more detail on management structure, including committee membership, in the Accountability Report in section B below.

## **Objectives and strategies**

In 2019–20, we carried out an internal consultation and development exercise to assess and update the ways we express, implement and monitor our strategy as an organisation. As a result of this process, we now have our five Outcomes, which we have published in our [Corporate Plan for 2020–23](#).

These replaced the Strategic Goals as guidance during the period of this plan. As the Strategic Goals did before, the new Outcomes are intended to help us in our aim of maintaining, developing, and continually improving our qualifications, accreditation, and other activities. We seek to do this through continued engagement with those who use and are affected by our products and services. We are open to feedback, and are very willing to respond to it.

SQA's strategic objectives are embodied in our Outcomes. These set out our aims and aspirations as an organisation that makes a vital contribution to the wellbeing, progress, and development of Scottish society as a whole, and of the individuals who form part of it. They cover both our accreditation and awarding functions, and align with and support the Scottish Government's National Performance Framework (NPF). These are the five Outcomes we worked towards during 2020–21.

- ◆ We provide a credible qualifications system
- ◆ We are flexible in meeting customer needs
- ◆ We have a sustainable business operating model that is appropriately resourced in order to deliver our remit now and in the future
- ◆ We are a thriving organisation, with quality jobs and a fair work environment for all our people
- ◆ We are trusted, respected and valued by our customers, stakeholders and partners

In June 2018, the Scottish Government published a revised National Performance Framework. This sets out the purpose of Government and its strategic priorities. For SQA, the NPF is the key guide to ensuring that our strategic priorities are aligned to those of Government, in particular:



Economy: We have a globally competitive, entrepreneurial, inclusive economy



Education: We are well-educated, skilled and able to contribute to society



Fair Work and Business: We have thriving and innovative businesses, with quality jobs and fair work for everyone



International: We are open, connected and make a positive contribution internationally

To ensure we work towards achieving these five Outcomes, colleagues across SQA worked collaboratively to develop a corporate performance framework for 2020–23 and agree a series of deliverables, identifying key corporate activities that SQA will prioritise for 2020–21. These have been split into three, broad categories:

- ◆ 'Perform' to cover our ongoing, core activities
- ◆ 'Plan' to cover those areas where we recognise there's more we want to do but we need to take a step back to ensure we take the right approach, and
- ◆ 'Progress' to cover some specific pieces of work we have identified as being key to our success

We entered the 2020–21 financial year facing one of the biggest global public health emergencies in recent times, leading to SQA rapidly responding to the unprecedented

challenges of the last year. Despite the challenges we have faced in the past year, many of last year's deliverables have been progressed and some have been achieved. The 2020–21 deliverables are illustrated in Appendix 1, which shows how SQA's Outcomes align to the Scottish Government's NPF.

## Key issues and risks

SQA continues to operate in a rapidly-changing economic, political and commercial arena. SQA's corporate approach to identifying and evaluating risk considers the potential impacts on the organisation in the short, medium, and longer term. An important part of SQA's corporate risk management approach is to put in place steps to mitigate or minimise the negative impacts of identified risks.

These were the significant risks affecting SQA in 2020–21:

Type	Description	Risk Appetite*	Key mitigations
People and Resources	Impact of COVID-19 and working from home	Balanced risk appetite	<ul style="list-style-type: none"> <li>◆ Provide support and practical help to staff.</li> <li>◆ Ensure appropriate resourcing.</li> <li>◆ Ensure key priorities defined and communicated.</li> </ul>
	Multiple demands on staff resource	Balanced risk appetite	<ul style="list-style-type: none"> <li>◆ Plan for required staff skills and numbers.</li> </ul>
Operational	COVID-19 disruption on qualifications delivery	Cautious Risk appetite	<ul style="list-style-type: none"> <li>◆ Review 2021 delivery activities to minimise reliance on SQA's premises.</li> <li>◆ Monitor the Scottish Government advice.</li> <li>◆ Enhance our communications to centres and other stakeholders.</li> <li>◆ Engage with STA, DfT, DfE and HAUC UK to monitor impacts on contracts requirements and volumes.</li> </ul>
Financial	Income insufficient to cover costs	Minimal risk appetite	<ul style="list-style-type: none"> <li>◆ Carefully analysed budget.</li> <li>◆ Continue to work with the Scottish Government to ensure adequate funding.</li> <li>◆ Best Value programme.</li> </ul>
External/Operational	Major incident disrupts operations	Minimal risk appetite	<ul style="list-style-type: none"> <li>◆ A range of contingency plans in place.</li> <li>◆ Audit of Disaster Recovery identified improvement actions.</li> <li>◆ Investment in network resilience.</li> </ul>

Reputational/ Operational	COVID-19 pandemic	Minimal risk appetite	<ul style="list-style-type: none"> <li>◆ Invoking Business Continuity Arrangements for immediate response.</li> <li>◆ Technological response to facilitate remote working.</li> <li>◆ Ensuring staff health and wellbeing at heart of decision making.</li> <li>◆ Establishment of workstreams to address cancellation of exam diets 2020 and 2021.</li> </ul>
Reputational	Mission critical system failure	Cautious risk appetite	<ul style="list-style-type: none"> <li>◆ SQA's investment proposal</li> <li>◆ Improved Disaster Recovery capability</li> <li>◆ Contingency Plans to mitigate critical systems failure(s)</li> </ul>

\*'Risk appetite' indicates the amount of risk SQA is willing to tolerate in pursuit of its outcomes — 'Minimal' means SQA prefers options with a low level of inherent risk in this area. 'Balanced' means SQA is willing to assess all options in this area, and will choose the approach most likely to be successful while delivering value for money. 'Cautious' means a preference for safe delivery options with a low degree of residual risk.

## Going concern

The Board of SQA has no reason to believe that the Scottish Government Learning Directorate's future sponsorship and future ministerial approval will not be forthcoming or that it will not ensure adequate resources are made available to SQA to deliver its commitments. The Scottish Government recognises in the Budget Allocation and Monitoring Letter that SQA will require additional core grant-in-aid to meet operational costs. Given this, it has been considered appropriate to adopt a going-concern basis for the preparation of the financial statements in section C.

# Performance summary

This section of the report provides an overview of SQA's performance for the reporting period, specifically in terms of our qualifications, the services that we provide, our operational improvements, the ways in which we have engaged with our customers and the local community, and our intentions and ideas for the future. We give more detailed facts and figures about our activities over the year in the performance analysis section.

## Qualifications

The development and delivery of high quality, relevant and credible qualifications remains at the heart of SQA's work. Our ongoing development, improvement, and delivery of qualifications is aligned with our first Outcome: 'We provide a credible qualifications system'.

The Annual Statistical Report is due to be published in August 2021, and will give details of entries and results for all our qualification types in the 2019–20 academic year.

## National Qualifications

National Qualifications are mostly taken by learners in secondary schools and colleges, with almost everyone leaving school or college now having one or more National Qualifications.

## Vocational qualifications

SQA's wide portfolio of vocational qualifications responds to regional and national skills needs, and is developed in partnership with a range of industry partners. Our qualifications support the Scottish Government's drive to close the attainment gap, which is fundamental to the Developing the Young Workforce and Youth Employment strategies, and the Enterprise and Skills review and Apprenticeship programmes.

## Scottish Vocational Qualifications (SVQs)

SVQs play a vital role in the world of work and are based on [National Occupational Standards](#). They can provide a successful candidate with a pathway to a job, and an employer with a guarantee of a new employee's competence. They can also play a part in regulating and professionalising an area of work, and have a core role in Modern Apprenticeships.

Many people study SVQs in the workplace while carrying out their normal day-to-day job. There are usually no formal written exams. People doing SVQs collect and submit evidence, usually from their own work.

## Higher National Qualifications

Higher National Qualifications are developed in partnership with colleges, universities and industry. The Higher National family of qualifications includes both Higher National Certificates (HNCs), which usually take one year to complete, and Higher National Diplomas (HNDs), which usually take two years. There is a huge range of subjects at HNC and HND, from Counselling and Supply Chain Management, to Forestry and Trade Union Organising. They give proof of both the practical skills needed to do a job, including soft skills, and the theoretical knowledge that supports the application of the skills.

Certain HNCs allow direct entry into the second year of a degree course, and some HNDs allow direct entry into the third year. SQA has entered into agreements with some professional bodies who recognise HNCs and HNDs as partial fulfilment towards their entry requirements.

SQA works in partnership with Scotland's colleges in meeting the needs of learners, local communities, regional employers and the wider economy. Our team of regional managers support our work with colleges, and we also work closely with College Development Network and Colleges Scotland to develop vocational qualifications and meet the requirements of the Developing the Young Workforce youth employment strategy. We also respond to needs in the college sector with representation on planning groups and being actively involved in the network itself.

## **HN Next Generation**

SQA has continued its work to develop the next generation of Higher National Qualifications. Working closely with key stakeholders, in particular Scotland's colleges and Skills Development Scotland, this work recognises the impact that the digital revolution and the changing economy, and changes in the education landscape, and the learner journey all have on qualifications. Reflecting these changes in the environment, we are developing radical new approaches to HNC/D design under the project title 'HN Next Generation'. This new design places meta-skills at the heart of the new qualifications, in recognition of the critical part these skills will play in enabling learners to thrive whatever the future holds for them.

## **Awards**

SQA Awards sit on the [Scottish Credit and Qualifications Framework](#) (SCQF) at [Levels 1–12](#).

They are designed to be as flexible as possible to meet a defined purpose, which may be broad or specialist, such as:

- ◆ recognition certification for single-unit awards
- ◆ specialist awards to provide certification for a specific programme
- ◆ recognition of half- or one-day courses and flexible programmes
- ◆ flexible awards for vulnerable learners

At SCQF levels 2 to 6, there are Awards that recognise wider achievement and develop skills in areas such as Barista Skills, Mentoring and Modern Languages for Life and Work.

National Progression Awards (NPAs) (also at SCQF levels 2 to 6) are short programmes of learning designed to assess a defined set of skills and knowledge in specialist vocational areas. They link to [National Occupational Standards](#), which are the basis of Scottish Vocational Qualifications (SVQs). These awards are mainly used by colleges for short programmes of study.

Professional Development Awards (PDAs) are principally designed for those already in a career or vocation who wish to extend, broaden or enhance their skills in a particular area, though some PDAs are designed for those wishing to enter employment. PDAs have specific

aims that relate to occupational areas. They are linked to [National Occupational Standards](#) and sit on the [Scottish Credit and Qualifications Framework](#) at levels 6 to 12.

## **Skills for Work (SfW)**

Skills for Work courses offer opportunities for learners to acquire critical generic employability skills through a variety of practical experiences linked to a particular vocational area such as Creative Industries, Laboratory Science and Uniformed and Emergency Services.

## **Customised Awards**

SQA develops Customised Awards that are tailored to the requirements of particular employers and occupations.

## **Communications**

SQA continually seeks to improve its communications to ensure that our messages are clear and concise. We aim to ensure that our communications are appropriate, clear and timely, and tailored to the needs of learners, customers and stakeholders. We seek feedback by, for instance, speaking with teachers, head teachers, lecturers, college principals, and training providers at as many centres as possible. We have used their comments to streamline qualifications development and course documentation, and to improve how we communicate with them, and with learners. This continued in 2020–21 through engagement with the Liaison Team, regional managers, subject implementation managers and qualification support teams. In addition, we have set up a learner panel to engage directly with young people, to understand how they want us to communicate with them, and to work collaboratively to meet their needs. The establishment of the NQ21 group gave us an additional forum where we received feedback and also discussed how we could improve our communications.

A programme of continuous improvement takes place across our digital channels. It has included changes to [sqa.org.uk](#) based on user feedback, introduction of a chatbot to support stakeholders, and enhancements to our past papers service and site search. This makes our website easier for people to use.

We have expanded the ways we use digital technologies to engage with people and enhance our products and services.

## **Quality assurance**

SQA and centres delivering SQA qualifications continue to share responsibility for the quality assurance of internally-assessed elements of qualifications.

External verification of SQA qualifications normally involves visiting centres to check that internal assessment meets the appropriate standards. Facilities, staff and processes are also verified on separate systems verification visits. Due to COVID-19 and travel restrictions, there have been no visits or events other than remote meetings and remote verification events where appropriate.



SQA works with centres and other partners to protect the credibility of the qualifications system. Concerns that assessment standards may not be applied consistently can put the value of our qualifications at risk, and negate the hard work of our candidates. To avoid this, we ensure that our processes and qualifications are designed to minimise any potential for malpractice, and ask centres to do the same. All allegations of malpractice are investigated consistently, fairly and impartially.

## **Appointees**

In a normal year SQA engages thousands of education professionals and specialists from outside the organisation. For example, some 15,000 appointees supported the development, delivery, and certification of our qualifications in the academic year 2018–19. In contrast, the COVID-19 pandemic and cancellation of the 2020 NQ diet meant that we called on the services of only a small number of senior appointees in a review capacity.

For the same reason, on-site verification of vocational qualifications such as HNs and SVQs was replaced by remote verification from April 2020. From September 2020 virtual quality assurance was introduced, involving over 500 HNVQ appointees.

We are enormously grateful to all our appointees, particularly in this difficult period.

## **Apprenticeships**

In line with our Outcome 'We provide a credible qualifications system', SQA continues to provide a wide range of vocational qualifications to meet local industry requirements. SVQs, drawn up by people from industry, commerce, and education, are often the key component of Modern and Foundation Apprenticeships, and provide direct access into employment.

### **SQA apprentices**

We continue to provide the qualifications that support apprenticeships, and as an employer we also understand the benefits of investing in young people in our workforce. Our new one-year modern apprentice programme was introduced in January 2021 and supports six Modern Apprentices through the Business Administration Framework at SCQF level 5/6 while they work in one business area for the duration of their programme. This is in addition to our existing two-year modern apprentice programme.

The one-year programme is supported by external assessors and in-house career development mentors. Our apprentices use their time on the programme to identify their strengths and career ambitions, and develop the skills, knowledge and experience for an administrative role within SQA or elsewhere.

We continue to work in collaboration with the University of Glasgow to support two Graduate Apprentices through a four-year degree programme with relevant and diverse project-based work experience.

## Services

SQA provides a number of services for organisations, businesses and governments, including Customised Awards, consultancy, and contracts. These contribute to fulfilment of SQA's Outcomes:

- ◆ We are flexible in meeting customer needs
- ◆ We have a sustainable business operating model that is appropriately resourced in order to deliver our remit now and in the future

### Contract services

SQA continues to provide a wide range of innovative contract services on behalf of UK Government clients, including the Home Office, Department for Education, Department for Transport.

## International engagement and co-operation

There continues to be demand globally for SQA's qualifications and services, though this has slowed down in most regions due to the COVID-19 pandemic. We offer our qualifications through SQA centres in a wide range of countries. We also work in co-operation with governments and international bodies on projects to develop and improve education, skills and training. This work supports the Scottish Government's international agenda (as outlined in *A Trading Nation — a plan for growing Scotland's exports*, published in May 2019), Scotland's place in the world, and education as a key sector. It also enables SQA to reduce its draw on the public purse.

## Customer and community engagement

SQA seeks to build and reinforce relationships with those who use our services, and also to play an active part in our local communities in Scotland.

SQA staff also contribute to our local communities by undertaking a range of volunteering activities, though this has been significantly curtailed due to lockdown restrictions.

SQA sponsors many other events, projects and awards during the year. Building and strengthening partnerships, and recognising achievement and innovation, contribute to improving education and training across Scotland, and to supporting learners and learning in all sectors. Details of this year's staff volunteering and our sponsorships can be found in the Performance Analysis section.

### Volunteering

As part of our collective responsibilities to the communities in which we live and work, SQA employees can use 21 office hours each year for practical volunteering activities. SQA encourages staff to volunteer by acknowledging individual efforts in staff Performance Management Reviews.

### SQA staff networks

Equality is at the heart of all we do, and this includes caring for our staff. We recognise that people perform better when they feel their best, and when they can be themselves. To help

achieve this, and in direct alignment with our Outcome 'We are a thriving organisation, with quality jobs and a fair work environment for all our people', SQA now has several staff support networks. Our Rainbow Network promotes a culture that accepts and celebrates LGBTI+ diversity, dignity and inclusion. Our Disability Network is committed to enhancing disability equality in SQA and raising awareness of different disabilities and health conditions. Our Women's Network (launched on International Women's Day in 2019) seeks to enable people across SQA to connect, share experiences, develop new skills and to promote gender equality and inclusion. This has been particularly crucial during the current period of remote working.

## **Planning for the future**

The SQA Change Programme is a multi-phase rolling programme with a lifecycle of more than five years. It aims to transform the organisation and the way we deliver our services, and the support we provide to those we work with both inside and outside SQA.

The foundation-laying Phase 1 has been successfully concluded. However, in March 2020 the programme was placed on hold as a direct consequence of the COVID-19 pandemic and the need to prioritise the awarding programme. We expect the Change Programme to recommence in September 2021, but our planning for the future will now be in a notably altered context. Following the publication in June 2021 of the OECD report on Curriculum for Excellence, Scottish Government has announced a review of SQA with a view to replacing it with a body responsible for both curriculum and assessment, in line with OECD report recommendations. The timescale for the creation of the new body has yet to be determined, so SQA will continue, as it must, to develop the delivery of all its current functions.

## **Accreditation**

As well as providing qualifications, SQA has a distinct accreditation function, which is to set and maintain standards for other awarding bodies, and for accredited qualifications such as Scottish Vocational Qualifications and licence-to-practise qualifications. The accreditation function is a separate part of SQA, and is accountable to the Accreditation Committee, established by the Education (Scotland) Act 1996.

# Performance analysis

This section of the report explains how we measure our performance, then expands on the areas covered in the performance summary, providing more measurable detail and statistics. This section will also detail our equality and environmental endeavours, as well as our statutory obligations. The performance analysis provides a context for the financial statements in the final section of this report.

## COVID-19 impact on our delivery

As a result of COVID-19, in 2020 the annual exams were cancelled for the first time in 132 years, and the delivery and assessment of all other qualifications were severely disrupted. In order to continue to deliver our services to schools, colleges and training providers — both domestically and internationally — SQA had to adopt and deploy new and innovative approaches. We took extraordinary measures to support the planning and delivery of the 2020 alternative certification model (ACM), commissioned by Scottish Ministers, and to maintain our HNVQ portfolio of work-related qualifications and our contract delivery obligations.

The cancellation of exams in 2021 and the move to remote learning meant that we had to develop a new approach to assessment and certification for 2020–21. The experience of 2020 indicated that, in doing this, we should draw on views and expertise across the whole education system, to try to best address learners' needs in unprecedented times. We worked on this with the NQ 2021 and HNVQ 2021 Groups, which represent key stakeholders from across the education system, including learner and parent/carers representatives. We have also established a learner panel to ensure the voices of young people are heard as we develop our approach.

Our people also had to adapt their ways of working while coping, like everyone else, with the changes to their day-to-day life. We quickly understood that our colleagues were all working 'at home' for the foreseeable future, not temporarily 'from home', and that this required a different kind of support and trust in one another. We have found innovative ways to support staff and ensure they have the tools to enable them to complete their work, as well as having access to relevant and valuable personal development and health and wellbeing resources.

## Measuring performance

SQA's work is guided by our rolling three-year Corporate Plan. This is developed by the Executive Management Team, with strategic direction provided by the non-executive members of the SQA Board of Management and, in line with ministerial guidance, is approved by Scottish Ministers. It has been developed and is regularly updated to align our activities with Scotland's National Performance Framework. Here is a link to the [2020–23 Corporate Plan](#), which includes the five Outcomes we worked towards in the period covered by this report.

## Progress towards our Outcomes

To help us deliver the mission embodied in our Outcomes, we have developed specific deliverables, each supported by one or more key indicators. These indicators are a mix of

qualitative and quantitative measures, and are reviewed regularly by SQA's Executive Management Team. This allows us to monitor performance as we move towards our Outcomes, taking us from where we are today to where we aim to be in the future. Our progress is overseen by SQA's Performance Committee, a subcommittee of the SQA Board of Management. Matters of interest or concern are highlighted by the Committee for the attention of the Board of Management. Key areas of the business and our performance are also reviewed at each SQA Board of Management meeting.

In the next paragraphs we will discuss some of the ways we measure performance in a few of the many areas in which we operate:

- ◆ the diet of national examinations
- ◆ vocational qualifications
- ◆ recognition as an employer

### **Delivering the national examinations**

Development and delivery of each year's main session (or 'diet') of National Qualifications forms a major part of meeting the first of our strategic Outcomes. Even in a normal year, detailed planning must be in place to ensure accurate and on-time delivery at all stages so that we can deliver to the strict deadlines imposed by our published timetable and annual certification day. The fundamental performance indicator here is completing all the preparatory work, including any major revisions and innovations, to an agreed schedule. Progress is closely tracked within the various contributory processes, and also in quarterly reviews and Board of Management meetings.

In 2020 we had to confront the challenge of the COVID-19 pandemic. In line with UK-wide lockdown measures, and for the first time in SQA's history, the 2020 national diet of exams was cancelled. With no exams taking place that year and no feasible way for us to mark coursework, our preparations were redirected, as commissioned by Scottish Government, towards delivery of an alternative method of certifying attainment for the many thousands of learners registered for our National Qualifications, on the basis of teacher estimates. The Scottish Government subsequently issued a Ministerial Direction on 11 August 2020 requiring National Qualifications to be awarded on the basis of teacher estimates, except where there had been upward moderation of these estimates, where that upward movement was maintained.

COVID-19 continued to impact on the delivery of qualifications into the 2020-21 academic year. There was a clear need for a modified assessment model to be in place, both because of the likelihood of the exam diet once again being cancelled, and the continuing disruption to teaching. This model would be able to benefit from the lessons learned in 2020 by adopting a different approach. Consequently, working with stakeholders to facilitate co-creation, SQA developed the 2021 Alternative Certification Model to enable the certification of National Qualifications in August 2021. Details of the 2020 ACM and arrangements for 2021 will be found below, in the National Qualifications section.

### **Delivering HN and SVQ qualifications**

SQA's quality assurance of vocational qualifications ensures that centres assess candidates in line with national standards, and that assessment decisions comply with our quality assurance criteria.

The number of verification visits, and the decisions made by external verifiers, are carefully monitored, as is the resolution of issues that emerge. The verification performance of HN and vocational qualifications had remained consistent over the previous four sessions. In session 2020–21, because of disruption due to the COVID–19 pandemic, 427 verification activities were completed by the end of March 2020 (for comparison, the figure for 2019–20 was 1,896). Of the 427 activities, 380 fully met national standards, which at 88.9% is comparable with previous years (2019–20: 89.4%).

## **Recognition as an employer**

SQA is committed to being a supportive and inclusive employer, in pursuit of our Outcome: 'We are a thriving organisation, with quality jobs and a fair work environment for all our people.' The public recognition we have received for the effectiveness of our work in this area in 2020–21 includes:

- ◆ Healthy Working Lives Gold Award for the thirteenth consecutive year
- ◆ RoSPA Gold Award for health and safety for the sixth consecutive year
- ◆ Investors in Young People (IYYP) Silver Award
- ◆ Developing the Young Workforce, finalists in the 2020 National Apprenticeship Challenge Award
- ◆ continuing membership of the Stonewall Scotland Diversity Champion programme
- ◆ continuing accreditation as a Scottish Living Wage Employer
- ◆ re-accreditation under the Disability Confident Employment Scheme, which supports applications from people with disabilities
- ◆ Committed to the Race at Work Charter as a member of Business in the Community Scotland in 2020

SQA is committed to the Fair Work Framework. This Scottish Government initiative envisages that, by 2025, 'people in Scotland will have a world-leading working life, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations, and society'. SQA has mapped all dimensions of the Framework and is ensuring they are considered in all our people initiatives and policies.

## **Stakeholder survey**

We monitor stakeholder satisfaction each calendar year using targeted surveys. This helps us to assess the effectiveness of our services, and to review our efficiency in dealing with customers and complaints. SQA surveyed stakeholders from the following key groups:

- ◆ individuals aged between 14 and 18 inclusive
- ◆ individuals aged between 19 and 34 inclusive
- ◆ individuals aged over 34 without secondary school-aged children
- ◆ individuals with secondary school-aged children
- ◆ schools
- ◆ colleges
- ◆ training providers
- ◆ employers

Our surveys are carried out by a third-party research company which is a member of the Market Research Society and conforms to its code of conduct. Although SQA commissions

the research, it does not control who participates, apart from specifying the broad characteristics of who should be approached.

### **SQA's profile**

Across the key groups surveyed in 2020, 85% of respondents were aware of SQA (2019: 86%). This figure is broadly in line with that found between 2011 and 2018. Of this percentage, 61% rated SQA's credibility as 'high', and 74% felt they had sufficient knowledge about SQA as an organisation (2019: 83% and 74% respectively).

Results indicated that respondents were aware of most major SQA qualifications, with the highest recognition for Highers, HNCs/HNDs, SVQs, Advanced Highers, and National 4s and 5s.

### **Credibility**

In 2020, the qualifications that respondents perceived as having the highest credibility were (in descending order) Highers, National 5s, HNCs/HNDs, SVQs and Advanced Highers. Only a small number of respondents regarded our qualifications as having low credibility.

The perceived credibility of Highers remains very high at 91% (2019: 93%). The number of respondents who perceived National 5s as being high in credibility remained at 87%. The number perceiving National 4s as having high credibility fell marginally from 58% in 2019 to 54% in 2020. This remains significantly lower than for most other SQA qualifications.

The perceived credibility of HNCs/HNDs remains very high at 86%, as in the previous survey,

### **SQA values**

Of respondents to the 2020 survey, 62% agreed that they trusted SQA (2019: 87%), with 50% agreeing that SQA is an enabling organisation (2019: 75%), and 48% perceiving SQA as a progressive organisation (2019: 72%). These figures show clearly that perceptions of SQA have been damaged by the events of 2020. SQA is committed to rebuilding the previous high levels of confidence in the organisation among our stakeholders. These values will continue to be central to all our activity.

### **Other approaches to measuring performance**

We use performance indicators to monitor our budget against forecast expenditure, compliance with legal obligations (such as freedom of information (FOI) and data protection legislation), and our progress towards our own environmental and equality targets.

Regularly reviewing each Outcome against appropriate indicators gives us an overall view of our performance and progress, helps us monitor any compliance issues, and provides a detailed account of operational effectiveness across the full extent of our work.

## **Qualifications: overview**

At the heart of our work as an awarding body is SQA's comprehensive portfolio of qualifications, which are taken in schools, colleges, and through training providers. These play a vital part across Scotland's economy and social fabric, in sectors such as Food and

Drink Manufacturing, Health and Social Care, Land Based and Environment, Computing, Software and IT, and Personal and Professional Development. SQA's work as a provider of qualifications meets our strategic Objective: 'We provide a credible qualifications system'.

## National Qualifications

Although all national examinations were cancelled in 2020, SQA continued to take its responsibility to uphold the high standards of Scottish qualifications very seriously. In response to instructions from the Scottish government, we aimed to do this by developing an alternative certification model (ACM) for 2020. This was based throughout on three core principles:

- ◆ fairness to all learners
- ◆ safe and secure certification of our qualifications, while following the latest public health advice
- ◆ maintaining the integrity and credibility of our qualifications system, ensuring that standards are maintained over time, in the interests of learners

Under this model, candidates were to be awarded on the basis of teacher and lecturer estimates of achievement, based on their work throughout the academic year 2019–20. SQA applied a moderation process to the estimated results to ensure fairness to all learners and to maintain standards and credibility in Scotland's qualification system.

The intention was that a candidate achieving a specific grade would be rewarded in the same way as a candidate working at the same ability level in previous years, where results would be mainly based on examination results.

SQA issued results certificates to 134,853 National Qualifications candidates across Scotland on 4 August 2020 (2019: more than 133,000). There were 644 unique qualifications with resulted entries in this academic session (2019: 585), including Awards, National Certificates, National Progression Awards, Skills for Work and National 2 to Advanced Higher courses. These were in a wide range of subjects which are designed to suit all learners. These include National 1–National 5, Higher and Advanced Higher. There was also an increase in the overall uptake of our range of Awards.

On 4 August, 73.8% of entries across National 5, Higher and Advanced Higher were awarded the estimated grade. The relative judgement of teachers and lecturers was fully accepted across all entries. 99.0% of entries were either awarded the original estimate or were changed to within one grade of the original estimate provided by schools and colleges. Some adjustment was required to ensure fairness to all candidates and maintain national standards. However, on 11 August, the Deputy First Minister and Cabinet Secretary for Education and Skills, John Swinney MSP, outlined in a statement to the Scottish Parliament that he was using powers available to him under the Education (Scotland) Act 1996, to direct SQA to change the previous approach to certification and instead award candidate results based solely on the estimates provided by schools and colleges. The results of those learners who were awarded a higher grade during the initial moderation process, were maintained. Certificates were duly reissued on this basis.



Throughout the reporting period, SQA provided regular updates to schools, colleges, training providers, local authorities, parents/carers, learners and education stakeholders, including information on the alternative certification model, guidance documents, online courses, new systems to record estimated grades, new and updated documents, upcoming webinars, and assessment support. We did this through a mix of communication channels, including our weekly *SQA News* and monthly *Co-ordinator Update* e-newsletters, social media, audience-specific web pages and frequently asked questions, video clips, announcements and subject-specific update documents. We invited two young people to join our Qualifications Committee. We also took part in online panels and provided question and answers for Young Scot, UCAS, Colleges Scotland, Capital Scotland FM and parent organisations, Connect and the National Parent Forum of Scotland. In addition, our Liaison Team maintained regular contact with schools, colleges and local authorities to provide support with development and operational matters.

For the awarding of National Qualifications in 2021, SQA took a new approach, in response to the extraordinary circumstances, and applying what had been learned from Awarding 2020. SQA carried out a review of all course content and assessment requirements for each National Qualification. Following a widespread consultation with learners, parents, carers, teachers, lecturers, subject specialists, stakeholders, including professional associations, that generated over 23,000 responses, SQA was able to reduce the amount of assessment required across all qualifications. This lowered the assessment burden for every learner and teacher. The 2021 model is based on teacher judgement, with teachers supported to make judgements based on evidence generated by the learners, and centres being given flexibility in how to assess their learners. Centres were required to provide SQA with these provisional results by 25 June 2021. These results were not adjusted or amended in any way by SQA and formed the certificated results issued to learners on 10 August 2021.

## **Appeals**

We had prepared a fourth stage of the 2020 ACM – a post-certification review service – an evidence-based review of grades if schools and colleges thought the moderated results were not right. However, the Ministerial Direction issued on 11 August meant that this was not used, and so an appeals service was introduced for centres to address three categories of procedural issues. The service was agreed by Scottish Ministers. There were a total of 664 appeal requests. Of these, 83.9% were accepted as valid requests, and 79.4% resulted in a higher grade, while 4.7% resulted in a lower grade.

The 2021 ACM also provided an appeals service. This appeals service was informed by a public consultation which opened in March 2021 and received 1,110 responses. It was also discussed in detail with stakeholders via the National Qualifications working and steering groups and with SQA's Learner Panel. In 2021, the appeals process opened for learners to signal their appeal directly to SQA on 25 June 2021, with the option of appealing via their centre if they preferred to do so. All appeals were free of charge. As this report was signed, the 2021 appeals service was in operation. SQA will publish information on the uptake and outcomes of this service in due course.

## **Understanding Standards**

The Understanding Standards programme supports the teachers and lecturers who deliver SQA qualifications. We publish regularly updated materials to accompany our Understanding

Standards events. These examples of candidate evidence and commentaries explain why the evidence has, or has not, met the required standards. The programme is designed to help teachers and lecturers develop their understanding of the standards required for assessment, which aligns with Outcome 1: ‘We provide a credible qualifications system’.

All of this material remained relevant for session 2020–21 to teachers or lecturers when assessing their own candidates in their centres, as required by the alternative certification model.

Additional materials, including audio and video resources, were published to complement the modifications to NQ assessment published in October 2020. Teachers and lecturers were kept informed about any newly published materials and webinar sessions through regular updates in SQA News.

## Vocational qualifications

In addition to NQs, SQA offers a wide range of qualifications that help people progress on their individual learning journeys. These include:

- ◆ Scottish Vocational Qualifications (SVQs)
- ◆ Higher National Qualifications — Certificates (HNCs), and Diplomas (HNDs)
- ◆ National Progression Awards (NPAs)
- ◆ Professional Development Awards (PDAs)
- ◆ Skills for Work (SfW)

Our [Guide to Scottish Qualifications](#) gives more information on these qualifications and what they could lead to.

The following table summarises recent development/revision of vocational qualifications in the period covered by this report:

	<b>HNC/D, PDA, ACD</b>	<b>Regulated Qualifications</b>	<b>NPAs and NCs</b>	<b>Total</b>
New course/group award	25	11	15	51
Revalidation/re-accreditation	13	58	11	82
Withdrawal	42	80	111	233

New or revised qualifications include SVQ Pharmacy Services level 8; PDA Modern Biological Technologies level 7; PDA Data Science level 7, 8 and 9, HNC/D Environmental Management level 7 and 8; HNC/D Wildlife and Conservation Management level 7 and 8 and NPA Criminology level 5 and 6.

Withdrawal decisions were made as a result of regular user uptake analysis, carried out to identify low-uptake qualifications. These included a number of qualifications where the regulator encourages awarding bodies to remove low-uptake qualifications from their portfolio. It should be noted that the volume of withdrawals is affected by the number of pathways on which a qualification is offered; some individual qualifications appear on multiple pathways, and so are counted as multiple withdrawals.

During the same period a higher than normal number of extensions to the accreditation period were completed and significant levels of support materials were provided. Incremental change improved a number of group awards, and freestanding units were also created or revised following feedback from stakeholders.

	HNC/D, PDA, ACD	Regulated Qualifications	NPAs and NCs	Total
Extension to accreditation period	0	117	8	125
Incremental change to group award	64	28	17	109
Units created/revised	18	2	36	56
Assessment support materials created/ revised	202	42	44	288

Between April 2020 and March 2021 we issued 138,207 certificates for group awards including Higher National Certificates, Higher National Diplomas, and Scottish Vocational Qualifications (2019–20: 157,696). Of these, 7,139 were for Regulated Qualifications in England and Wales (2019–20: 8,399).

The numbers of certificates issued in the period covered by this report were:

Qualification	2019–20	2020–21	Year-on-Year Change
SVQs	29,474	20,391	-31%
Higher National Certificates	14,904	14,848	-0.4%
Higher National Diplomas	11,968	12,100	+1%
NPAs	16,956	15,467	-9%
PDAs	7,414	7,405	-0.1%
Skills for Work	10,382	12,582	+21%
Awards	30,849	24,853	-20%
National Certificates	9,618	8,065	-16%
National Workplace	40,275	23,343	-42%
Customised Awards	5,355	4,441	-17%
Advanced Certificates/Diplomas	39	155	+397%

## Customised Awards

We currently have 415 active Customised Awards (2019–20: 417). We offer Customised Awards as a service. Employers and organisations contract us to develop qualifications that meet their particular requirements.

## HN Next Generation

Over the period covered by this report we continued our work on the design, development and delivery of our Next Generation qualifications. We are developing and piloting new design principles and approaches, and have made significant progress this year. In Phase 1, three HNCs and one HND are nearing completion and will be piloted in colleges from August 2021. The HN Next Generation project aims to transform our Higher National portfolio over the next 3–5 years, and is built on strong collaboration between our partners and key stakeholders across all areas of development.

## Digital assessment

In a very challenging year for the education sector, we have continued to expand our use of technology in support of qualifications and assessment, while seeking to respond appropriately to the needs of our centres and learners. Learners have greatly increased their use of technology in remote learning and assessment, and we have developed enhanced advice and guidance to support this. We have also introduced a digital assessment development service to help centres produce high quality digital assessment for local and remote delivery.

## Communication and engagement

SQA is committed to continually improving our communications. The COVID-19 pandemic changed what and how we needed to communicate with our customers. Our teams continue to work completely remotely and have adapted flexibly to the situation particularly around Awarding 2020 and Awarding 2021.

Cross-functional teams remain in place to develop content and messaging for each audience and in appropriate types and formats. Some highlights include:

- ♦ developing FAQs for learners
- ♦ learner booklet and podcast for 2021
- ♦ creation of a new audience-specific blog channel
- ♦ NQ/HNVQ support
- ♦ new chatbot functionality
- ♦ creation of content for Results 2020
- ♦ development of a wide variety of videos, GIFs, images, and social media posts

## Engagement

We are keen to engage across all our qualifications and services. We welcome feedback from our customers, and use it to improve the way we do things. By using online meeting platforms, we continue to collect and consider views from a wide range of sources, including:

- ♦ creation of both the National Qualifications 2021 and the Higher National and Vocational Qualifications 2021 groups — membership is made up of representatives from across the whole education system and has led the co-design and development of approaches to assessment and certification in 2021
- ♦ direct contact with schools, colleges and training providers through our dedicated teams of liaison and regional managers
- ♦ online events with SQA co-ordinators, local authority contacts, subject-specific Understanding Standards webinars, and online appointee meetings
- ♦ ongoing engagement with stakeholders and partners, such as teaching unions, directors of education, and college principals
- ♦ individual high-level online meetings with government, and bodies such as Education Scotland, Skills Development Scotland, National Parent Forum Scotland, and the Scottish Council for Independent Schools — these take place two to three times per year and are attended by members of the Executive Management Team and colleagues representing teacher engagement, communications, operations and qualifications development, as appropriate

- ♦ monitoring of performance across all of our platforms, which we use to continually improve our products and services based on data and evidence

## **Engaging with customers**

During September 2020, our Liaison Team hosted a wide range of online workshops with SQA co-ordinators, heads of centre, local authority contacts, parents/carers and learners. These workshops enabled us to engage with over 500 key audiences during a short period to help inform the alternative certification model for 2021.

We have set up an SQA learner panel in partnership with the Scottish Youth Parliament to ensure young people's views are also heard. As a result of working closely with the learner panel, we were able to produce a booklet with all the key information that learners needed to know for 2021.

We also continue to work closely with the National Parent Forum for Scotland and Connect to ensure the parent/carer voice is heard. This includes providing support for FAQs and ensuring each organisation has accurate information for their members.

Internally, we continue to develop our communications platform to help us better tailor communications to our different customer types.

## **User testing and feedback analysis**

### **SQA website**

Our website received almost 15 million views in 2020–21 and a recent survey showed that 60% rated the site at 4 or 5 out of 5. The survey also told us that 74% were looking for past papers, 51% for course specifications and arrangements, and 42% were looking for unit specifications. Over a third were looking for information on qualification changes in 2020–21.

The COVID-19 pandemic and resulting cancellation of the 2020 National Qualifications exam diet has raised many questions and concerns for our customers. In response to these, the website has seen much change over the last year.

There have been new sections created specifically to support teachers and lecturers, and in 2021 we introduced a blog for learners, parents and carers.

We published 2021 question papers with marking instructions and subject-specific guidance for all National Qualifications. We also published subject-specific guidance for our HNVQ qualifications to support delivery and assessment in all settings.

### **Chatbot Sam**

We've had over 13,000 interactions since we created two separate chatbots. The first answered learner enquires on Results Day and the second (called Sam) gives advice and support after the 2021 exams were cancelled.

## **MyAlerts**

Improvements to MyAlerts have resulted in more subscribers than ever using the service — now over 16,500 — all of whom receive relevant information at a frequency of their choosing.

## **Measurement and analytics — informing change**

Monthly reports measure customer behaviour and engagement, and improvements based on this evidence have been made to content, navigation and layout.

## **Accessible for all**

We audited all our digital platforms and created a programme of work to ensure our websites and apps are accessible to all our customers regardless of the technology they use to access our resources.

## **SQA News**

Our weekly *SQA News* has a total audience of 2,915, with 1,279 of those SQA co-ordinators in schools, colleges and training providers. *SQA News* gives updates on operational and development news from SQA, and is complemented by our general and subject-specific blogs.

SQA co-ordinators also receive our monthly newsletter *SQA Co-ordinator Update*.

## **Intranet**

SQA's main channel of internal communication in SQA is our staff intranet. This provides access to all systems, information and updates across the business.

In 2020, on average we had 820 daily users accessing the intranet, which is 86% of SQA employees. This is an increase of 10% from the previous year, likely due to the increased need for remote working. We have a total of 36 mini-sites on the intranet (up by 13 from the previous year), which feature business areas, directorates and employee groups.

The most popular pages from the past year related to the COVID-19 pandemic:

- ◆ SQA's plan to reopen the offices (827 people)
- ◆ supportive message to 'do what you can' from EMT (783 people)
- ◆ how to request equipment to work from home (771 people)
- ◆ further supportive message from EMT, reminding staff to 'do what you can' (761 people)
- ◆ COVID-19 guidance and support for SQA colleagues (744 people)

## **Social media**

SQA's social media channels are an integral part of our communications activity. Over the past year (31 March 2020 to 31 March 2021), our audience across all our social channels has grown significantly to over 163,000 users, compared with 63,000 in the previous year — an increase of just over 100,000.

Our audience is broken down as follows:

- ◆ @sqanews — 47.6%
- ◆ SQA Facebook — 22.5%
- ◆ SQA Linked-in — 12.1%
- ◆ @mysqa\_sam — 7.1%
- ◆ SQA International Facebook — 7.1%
- ◆ MySQA Facebook — 2.2%
- ◆ @sqasupport — 1.3%

Over the past 12 months, we have sent almost 2,000 posts across our channels, generating over 75,000 interactions with our content.

Our activities have supported the communication of the key milestones of the Awarding 2021 programme, including the publication of subject-specific updates, and assessment resources; promotion of Understanding Standards resources; the confirmation of the alternative certification model; statements from the National Qualifications 2021 Group, and Higher National Qualifications 2021 Group; and supporting information for learners, and their families. Over the past 12 months, activity on SQA's social channels drove over 100,000 users to our website, generating over 250,000 pageviews of our content.

## Customer contacts

Our Customer Service Team received 94,000 queries from centres and candidates over the year from April 2020 to March 2021 (2019–20: 129,300):

- ◆ 24,000 telephone calls (72% from candidates, 28% from centres)
- ◆ 57,000 emails (63% from candidates, 37% from centres)
- ◆ 13,000 chatbot interactions

The overall drop in contacts reflects the closure of many centres for a significant period of the pandemic and the cancellation of the annual examination diet. While the number of phone calls decreased significantly, email enquiries increased slightly, and our chatbot service has added a new channel of communication.

## Complaints handling

As a leading public body, SQA works hard to provide qualifications and services at a standard that satisfies customers on every occasion. It is important that, if there are complaints, SQA manages them in a fair and efficient way that complies with the Scottish Public Service Ombudsman's (SPSO) complaints handling procedure.

In 2020–21, we received and responded to 35 complaints (2019–20: 67). Of these, eight were resolved, 11 were upheld or partially upheld, and 16 were not upheld (2019–20: 67 responded to; 20 upheld; 46 not upheld; one duly withdrawn). The complaints covered various issues, and there is limited scope to identify any themes, other than complaints raised about SQA's communications relating to the alternative certification model for 2020.

If complainants are not satisfied with SQA's handling of their complaint, they may be able to refer the matter to the SPSO. In 2020–21, the SPSO initially screened one complaint referred to them by a complainant who had not approached SQA for response; the SPSO deemed the complaint as premature for their consideration.

## SQA's partnerships in training and education

SQA has a crucial role to play in ensuring that the skills, training, and education systems in Scotland are effective. This is one of our main priorities as it underpins significant public policy areas such as widening participation, narrowing the attainment gap, and providing the people and businesses of Scotland with the skills that they need for the future. To achieve this goal, and to build confidence and trust in the new National Qualifications, we continue to work in close partnership with other organisations and stakeholders in Scotland, including:

- ◆ Association of Directors of Education in Scotland (ADES)
- ◆ Convention of Scottish Local Authorities (COSLA)
- ◆ Education Scotland
- ◆ Parent Associations (NPFS and Connect)
- ◆ School Leaders Scotland (SLS)
- ◆ Scottish Council of Independent Schools (SCIS)
- ◆ Scottish Funding Council
- ◆ Scottish Government
- ◆ Skills Development Scotland (SDS)
- ◆ colleges (Colleges Scotland and College Development Network)
- ◆ professional associations

SQA qualifications form an integral part of the majority of Scotland's Modern Apprenticeships, so we play an important part in supporting Foundation Apprenticeships and the wider Developing the Young Workforce policy. In this we work closely with Skills Development Scotland (SDS), and the Scottish Funding Council (SFC), and we are members of their joint Skills Committee.

We work with Colleges Scotland to develop college-level qualifications. This ensures that our skills- and knowledge-based qualifications remain world-class. We also support the College Development Network (CDN) in the area of professional development work.

We engage with training providers across Scotland, both directly and through the Scottish Training Federation (STF). We also work with businesses and business organisations so that our qualifications and awards are appropriate for meeting their needs. This work maintains us as the provider of the majority of Scotland's vocational and technical qualifications.

In developing the 2021 ACM, SQA took a co-creation approach, and worked in partnership with many stakeholders. The National Qualifications working and steering groups included:

- ◆ Association of Directors of Education in Scotland (ADES)
- ◆ Colleges Scotland
- ◆ Education Scotland
- ◆ Educational Institute of Scotland (EIS)
- ◆ National Parent Forum of Scotland (NPFS)
- ◆ School Leaders Scotland (SLS)
- ◆ Scottish Council of Independent Schools (SCIS)
- ◆ Scottish Qualifications Authority (SQA)
- ◆ Scottish Government



◆ Scottish Youth Parliament (SYP)

The groups met weekly to discuss and develop all aspects of the ACM, including joint communications announcing key developments. This co-creation approach implemented a recommendation of the Priestley Review.

## **Apprenticeships**

SQA provides support to SDS and centres, and issues Foundation Apprenticeship certificates, which are jointly certificated with SDS.

As it was for all other education courses, the delivery of Foundation Apprenticeship programme during 2020 was affected by COVID restrictions. SQA worked closely with SDS, sector bodies and providers to find solutions for candidates on track to achieve an FA certificate in August 2020, and for delivery of the FA programmes starting in September 2020. This work continues.

## **The future of Apprenticeship and work-based learning**

The wider programme of collaborative work with SDS continues to explore the balance between the generic skills that are required in the 21st century workplace, sector-specific skills, and job-specific skills that would best support learners and businesses to thrive in a rapidly-changing and unpredictable future. The collaboration provides opportunities to share learning between our organisations to the benefit of the joint programme and our own development projects.

This work includes jointly-implemented pilot projects at SCQF levels 4 and 5 that explore approaches to work-based learning and the development and assessment of skills required for the 21st century workplace. Learning from the 2019–20 pilot, SQA and SDS co-developed an iteration of the work-based assessment for delivery in 2020–21.

SQA is also working with SDS on developments emerging from the new model apprenticeship programmes at SCQF L6 and L8. This work includes developing sector and job-specific standards as well as the generic skills required for the 21st century workplace.

We are exploring with regulators in Wales and Northern Ireland how National Occupational Standards (NOS) could be developed and structured in a sustainable, cost-effective way that responds to future needs for skills. NOS are the standards that apprenticeships (and SVQs) are based on, and they also inform work-based learning.

## **International engagement and co-operation**

There continues to be a demand for SQA qualifications and services globally. However, due to the COVID-19 pandemic this has slowed down in most regions. As well as offering our qualifications through designated SQA centres in a wide range of countries, we also liaise with overseas governments and their agencies on projects that aim to develop and improve the skills, education and training of our global learners. As our customers come out of lockdown, we hope to retain our existing customers and levels of engagement.

## **Range of work**

The areas in which we work include, but are not limited to: awarding qualifications, qualification framework development, technical and vocational education and training reform, the setting of skills standards, and qualification and assessment development.

## **Human rights**

SQA is committed to cultivating and promoting a culture that supports internationally recognised human rights. In all its operations, SQA prioritises engagements that promote human rights and access to education for all. SQA has published its Human Rights Policy and Guidance which explicitly sets out the part human rights issues play in our international engagement.

## **Making connections**

Due to COVID-19 and travel restrictions, there have been no visits or events other than remote meetings and remote verification events where appropriate.

## **Benefits of international engagement**

SQA's international engagement activities bring many additional benefits beyond the financial contribution that they generate. They go some way towards supporting the Scottish Government's international strategy 'A Trading Nation', and its plans to engage with specific countries, as well as promoting Scotland and Scottish education worldwide, placing us in front of new audiences across the world where we can demonstrate our depth of skills and expertise, and showcase our qualifications and the work of the organisation and Scotland. SQA is highly regarded internationally, with requests for engagement still being received.

SQA's arrangements with international partners, organisations and agencies also ensure that we continue to enhance our expertise and skills in many areas of our business.

## **Services**

SQA, in partnership with testing specialists PSI, launched our Secure English Language Test (SELT) in 122 countries around the world. The test is offered on behalf of the UK Home Office for the purposes of UK Visas and Immigration.

In partnership with Capita, SQA is responsible for the marking of all Key Stage 2 tests on behalf of the Department of Education. As a result of the pandemic, Key Stage 2 tests in England were cancelled in 2020, meaning SQA were not required to deliver the marking operations component of this contract. Tests are expected to be administered as normal in May 2022.

## **Appointees**

In any normal year SQA engages many education professionals and specialists from outside the organisation. These external appointees play many vital roles in the delivery and quality assurance of all SQA qualifications. These include external markers and invigilators for National Qualifications, but also many other tasks, including recording scripts, developing assessments, reviewing and modifying question papers to ensure accessibility for visually-impaired candidates, and creating and drawing maps for use in assessments.

The cancellation of the 2020 NQ diet in response to the COVID-19 pandemic meant that this work did not take place. We continued to communicate with appointees to secure their support in case it was needed. In the event, however, we only called on a small number of senior appointees to act in a review capacity.

In the case of our vocational qualifications such as HNs and SVQs, the normal practice of on-site external verification of assessment was also cancelled, effective from April 2020. To allow quality assurance of HNVQ qualifications to continue, remote verification was undertaken from April to August 2020. From September 2020 virtual quality assurance was developed and implemented, and over 500 HNVQ appointees were trained and deployed to undertake virtual approval and verification activity.

All current HNVQ appointees have undertaken training in a variety of newly implemented processes and procedures, including pre-verification services and virtual QA. These activities have been assisted by use of our dedicated SQA Centre Hub. During session 2020–21, over 70 external verifiers (EVs) have been inducted remotely, along with some 10 newly recruited senior EVs. Over 130 online standardisation meetings have kept EVs up to date with changes, both to QA process and practice, and to qualifications in their subject areas.

## **Quality assurance**

SQA's approach to quality assurance is based on partnership, fairness, and transparency, and is designed to support centres at all stages in their delivery of SQA qualifications. It starts with their approval as an SQA centre, which ensures they have all the required systems and processes in place. It then progresses to approval to offer a particular qualification. After this, it continues through to delivering the qualification to candidates, and certification. SQA and centres running SQA qualifications have a shared responsibility for quality assuring the internally-assessed elements of the qualifications.

Qualification verification is the process by which SQA ensures that centres are assessing their candidates in line with national standards, and that assessment decisions comply with SQA's quality assurance criteria. Qualification verifiers are experienced subject experts who are appointed by SQA to undertake qualification verification on SQA's behalf.

The figures in the following paragraphs refer to qualifications which were delivered and quality assured in the academic session ending in August 2020.

## **National Qualifications**

SQA works in partnership with local authorities, and schools and colleges, to support teachers and lecturers throughout the assessment cycle to ensure assessment standards for National Qualifications are met.

NQ verification covers external verification of internally-assessed course components (IACCAs) of National Courses, units within National Courses at SCQF Levels 1–4, freestanding units that were formerly part of National Courses at SCQF level 5–7, Skills for Work, some Awards and the Scottish Baccalaureate Interdisciplinary project.

Verification activity usually takes place in two rounds between January and June each session. Verifiers review the validity of a centre's approach to assessment and the reliability of their assessment judgements. Where issues emerge, centres are offered follow-up support to help them meet the required actions for follow-up verification activities.

For session 2019–20, the volume of planned verification selections was similar to the volume in 2018–19. Round 1 verification of selected National 1–4 units, plus some visits from Round 2 for Skills for Work was completed before the national lockdown.

Of the Round 1 event and visiting verification completed, the verification outcomes were comparable to figures from Round 1 in 2018–19 (previous year's figures in brackets):

Accepted	44% (51%)
Accepted*	39% (34%)
Not Accepted	17% (15%)

The remaining Round 2 selections were cancelled, due to the national lockdown caused by the COVID-19 pandemic. Consequently, there are no verification outcome figures to compare with previous years.

Centres were informed that for selections not verified in this session, they may be re-selected in session 2020–21, using the evidence generated in session 2020–21 for verification.

Following the introduction of lockdown restrictions and ongoing social distancing requirements, exceptional arrangements were put in place for approval of NQ qualifications, with required approval visits conducted remotely.

## Higher National Qualifications

Higher National Qualifications were verified throughout the academic session that ended in August 2020. We completed a total of 355 verification events for Higher National qualifications (2018–19: 860). For the 355 HN verification activities we completed, 65 outcomes did not initially meet national standards, and we provided follow-up activity and support to centres to help them reach compliance and resulting certification (2018–19: 860 verification reports; 133 did not initially meet standards).

## Vocational qualifications

The activity for vocational qualification verification in 2019–20 amounted to 761 events (2018–19: 2,072). National standards were fully met at 698 of these events (2018–19: 1,922), but 63 events (2018–19: 150) had outcomes that did not meet national standards.

To promote and maintain understanding of standards, SQA provides materials and supports professional development events for lecturers, trainers and instructors both within Scotland and internationally, for all qualifications. Support is distributed more widely through newsletters, materials and online courses, which are made available via its websites.

## Malpractice

Maintaining the integrity of the Scottish qualifications system is imperative, but any concerns that there has been possible assessment malpractice should be handled fairly, consistently, and sensitively. Our reference document, [Malpractice: information for centres](#) explains our approach, and details our expectations of centres when there are concerns of possible assessment malpractice. Malpractice is, of course, a serious issue, and SQA's commitment to working with centres to minimise the risk of malpractice — and to deal with it fairly and effectively when it is identified — is a key aspect of ensuring the integrity of certification for all SQA's learners in Scotland and elsewhere.

Each year, under its statutory duty as the regulator for National Qualifications in Scotland, SQA publishes information on candidate malpractice in the previous academic session. Due to the COVID-19 pandemic, and the cancellation of the 2020 exam diet, no instances of candidate malpractice were identified in 2019–20. Consequently, no penalties were applied.

## SQA Change Programme

The SQA Change Programme is our rolling programme of improvement to the systems that support our business activities. This underlines our commitment to the Strategic Outcomes.

In line with the Scottish Government's Digital First initiative, the SQA Change Programme is using technology to improve service delivery, improve communication with our customers, create efficiencies in our processes, and ultimately make it easier to do business with us. The Change Programme is monitored in accordance with the Scottish Government Technology Assurance Framework.

The programme has a lifecycle of more than five years, and in the period of this report the foundation-laying Phase 1 has been successfully concluded. Due to the COVID-19 pandemic and the need to prioritise the awarding programme, the transformation Phase 2 of the programme has been in abeyance. This means a temporary delay for planned improvements in efficiency of our processes which aim to enhance our customers' experience. However, this phase should recommence from the Autumn of 2021.

### IT security

SQA continues to develop and mature IT security. We have measured ourselves against recognised industry security standards and will use these measures to influence future activities. We continue to align with the Scottish Government's Cyber Resilience Strategy for Scotland. We maintain Cyber Essentials Basic accreditation (due for renewal in July 2021). Through the use of strategic partner services, we continue to enhance our range of security protections.

## Organisational development and change tools

SQA's Organisational Development (OD) and Change Management team have significantly remodelled their development programmes to enable remote delivery this year.

The Values Led Leadership programme relaunched in its digital format in September and has now been supplemented with a Values for All programme for all team members. This programme mirrors the principles and theory of values-led leadership and extends this

development opportunity to all staff without line management responsibility. The programme will encourage everyone to keep SQA's values to the fore in all our activities.

Our line manager programme was adapted for virtual delivery, including knowledge, skills and behaviours to support wellbeing, and managing performance in the virtual environment. A one-year fully inclusive modern apprenticeship (MA) programme was established in support of the Scottish Government's Young Person's Guarantee to help young people get ready for work and to secure sustainable employment.

OD and Change practitioners have addressed the 'people' side of things in a number of projects, including Awarding 2021 and the Smarter Working project.

OD Business Partners have completed the succession plan for the current year. Workforce planning has included our new 'staff on loan' scheme for reallocating colleagues during the pandemic, which aims to maximise workforce effectiveness.

## Accreditation

SQA has a statutory responsibility, through its accreditation function, to set and maintain standards for awarding bodies, and for accredited qualifications. The accreditation function is accountable to the Accreditation Committee — a statutory committee established by the Education (Scotland) Act 1996.

As with all organisations, SQA Accreditation was significantly affected by the COVID-19 pandemic. However, we worked to ensure that, wherever possible, accredited qualifications continued to be available to learners. Working with the approved awarding bodies, we identified those qualifications that required adaptation to enable them to continue to be delivered. In some cases, the initial temporary adaptation has now become permanent.

These efforts directly help us in our aim to independently accredit, quality assure and regulate approved awarding bodies and qualifications, thereby safeguarding the interests of learners, employers, parents, funding bodies, providers and the Scottish Government. It also assists us in delivering against the Corporate Performance Framework.

	2019–20	2020–21
<b>Approved Awarding Bodies</b>	37	37

## Regulation

SQA Accreditation's regulatory activity is carried out to ensure that awarding bodies comply with the Regulatory Principles and Directives. SQA Accreditation carried out a number of audits and provider monitoring visits in 2020–21:

	2019–20	2020–21
<b>Audits</b>	12 audits and two post-approval visits	nine audits
<b>Provider Monitoring Reports</b>	18	9
<b>Provider Monitoring Visits</b>	39	19

Our regulatory activity was affected by the COVID-19 pandemic. We carried out nine awarding body audits and 19 provider monitoring visits, all carried out remotely. We spent a large amount of time planning how these activities would be carried and the majority of the activity was carried out between January 2021 and March 2021.

### **Accreditation of qualifications**

At the end of 2020–21, SQA Accreditation had a total of 750 accredited qualifications (2019–20: 790). The breakdown of accredited qualifications is as follows:

	<b>2019–20</b>	<b>2020–21</b>
Scottish Vocational Qualifications (SVQs)	517	468
Regulatory and Licensing qualifications (R&L):	14	23
Other qualifications (such as competence-based qualifications)	259	259

### **National Occupational Standards**

SQA Accreditation performs a critical role in the Standards and Framework programme, where part of its remit is to quality assure National Occupational Standards (NOS), thus ensuring their fitness for purpose for inclusion in Scottish Vocational Qualifications. By the end of March 2020, 38 NOS projects had been completed out of a total of 56.

### **Scottish Apprenticeships**

The Head of Accreditation is a member of the Apprenticeship Approval Group (AAG), which replaced the Modern Apprenticeship Group (MAG) on 1 April 2020. The Head of Accreditation has been appointed Vice-Chair of AAG while the Senior Accreditation Manager continues to be a member of the AAG sub-group. SQA Accreditation has a remit to accredit the main mandatory qualification in Modern Apprenticeships, and also acts as the credit rating body for apprenticeships.

SQA Accreditation continues relevant quality assurance staff in Skills Development Scotland (SDS) with a view to sharing intelligence and thus minimising the audit burden on providers delivering apprenticeships.

## **Equalities**

SQA takes its commitment to equality of opportunity very seriously, and demonstrates this in many ways. The public sector equality duty (PSED, created by the Equality Act 2010) requires any public body to consider the needs of people when carrying out its day-to-day work in relation to employment and in delivering services. The PSED, also known as the ‘general equality duty’, covers the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

This duty requires SQA to have due regard to the need to:

- ♦ eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act
- ♦ advance equality of opportunity among all people

- ◆ foster good relations between different people when carrying out its activities

The Scottish specific duties require SQA to carry out the following activities:

- ◆ report on mainstreaming the equality duty
- ◆ publish equality outcomes and report progress
- ◆ assess and review policies and practices
- ◆ gather and use employee information
- ◆ publish gender pay gap information
- ◆ publish statements on equal pay
- ◆ consider award criteria and conditions in relation to public procurement

Our [Equality Mainstreaming Report 2019–21](#) includes updates on SQA's progress against the equality outcomes we agreed in 2017, our mainstreaming activities, employee information, pay gap information and statement of equal pay. SQA's detailed [workforce equality monitoring data report](#) should be read alongside our Equality Mainstreaming Report.

Our [Equality Outcomes 2021–25](#) set out the contributory actions we will take forward to achieve these revised outcomes and how we will measure our progress. We also provide detailed information about the sources of evidence that were considered as part of our work to review our priorities and revise SQA's equality outcomes.

## **SQA as a corporate parent**

SQA continues to take its corporate parenting duties very seriously. We listen to care-experienced young people and those people and organisations who represent their views, including Who Cares? Scotland and MCR Pathways. We have developed links with other third sector organisations who support vulnerable young people and we participate in a number of external corporate parenting collaboration forums. We share good practice from these forums with our internal Corporate Parenting Steering Group, and with SQA employees through our staff newsletter. More details of our commitments and plans as a corporate parent can be found on the [SQA Corporate Parenting web page](#).

On Results Day 2020, we celebrated the achievements of care-experienced young people across Scotland. Colleagues across SQA were invited to get involved in sending notes of congratulations. We produced messages in a video which was sent to care-experienced young people across Scotland.

In October 2020, we announced our one-year Business and Admin Modern Apprenticeship programme, which started in January 2021. This programme is for all young people 16–19 years old, and up to 29 for those who are care-experienced.

We support and encourage SQA colleagues to take up mentoring opportunities with MCR Pathways — we currently have 12 active mentors across SQA supporting care-experienced young people. Our corporate induction programme includes information about SQA's Corporate Parenting responsibilities, commitments and the services we offer to support our care-experienced young people.



In November 2020, Who Cares? Scotland Education and Training team delivered detailed training to our Corporate Parenting Steering Group.

## **Customer and community engagement**

### **Sponsorship**

SQA regularly sponsors external events and projects, to build partnerships and promote relationships that improve education across Scotland, and to support learners and learning in all sectors. Many of the events we normally sponsor were cancelled during 2020–21, but the following events took place virtually and we supported them through social media channels:

- ◆ In October 2020, we sponsored the Scots Teacher of the Year category at the Scots Language Awards.
- ◆ In November 2020, we supported the Scottish Craft Butcher Awards.
- ◆ In December 2020 we sponsored the Essential Skills Award at the College Development Network Annual Awards. The award went to West College Scotland.
- ◆ In March 2021, we sponsored the One to Watch category at the Scottish Youth Parliament Awards. The award went to Ellie Craig MSYP, Glasgow Cathcart.
- ◆ In March 2021, we sponsored the SME Employer of the Year category at the Skills Development Scotland Scottish Apprenticeship Awards. The award went to Kelso-based chlorine dioxide specialists Scotmas Group. This award recognises the apprenticeship schemes of businesses with fewer than 250 employees.

### **Volunteering**

Volunteering was more challenging in 2020–21, and staff often took part in their local community if they were working from home. However, within our volunteering scheme, staff gave 134 hours to various volunteering opportunities throughout period April 2020–March 2021.

## **Employee engagement**

To encourage employee engagement and, ultimately, improve performance, SQA makes significant efforts to ensure that staff members have a clear understanding of our strategic Outcomes and how our individual efforts contribute to achieving these goals.

### **Communication and feedback**

Our annual People Survey was held in October 2020. The response rate of 84% was equal to the previous year's survey, and the engagement index had increased by six points to 80%. Across the organisation 89% of respondents said they were committed to helping SQA achieve its objectives. A total of 55 out of 59 benchmarked questions were above or in line with benchmark data (from the Civil Service People Survey 2019).

As a result of remote working since March 2020, it has been more important than ever to keep our colleagues engaged with what's happening in SQA, as well as supporting them to keep connected with each other.

The Executive Management Team has run monthly 'Ask EMT' sessions, where colleagues can put questions to EMT and discuss SQA activities and goals. These sessions have been attended on average by some 570 colleagues (60% of staff), and over 130 questions have been asked.

There have had separate online events with the First Minister and Deputy First Minister, which were attended by an average of 780 colleagues (82% of staff) joined each time,

We have run regular COVID-19 Pulse Surveys to gauge how colleagues are feeling while working mainly from home during the pandemic. The surveys show positive results about how employees engage with SQA and that they generally feel supported during the current challenging circumstances. The most recent results (from January 2021) show:

- ◆ an average score of 4.56/5 in agreeing that SQA has enabled them to continue to work as best they can, while recognising their current circumstances.
- ◆ an average score of 4.34/5 agreeing that colleagues feel supported in relation to wellbeing and mental health.

SQA has a line management programme which empowers line managers to help their team members perform effectively in their role. It equips line managers with the required skills, knowledge and behaviours. The MyReview process enables line managers to have regular quality conversations with their team members and support performance and career development. In the 2020 People Survey, 75% of staff members believed that they received regular feedback on their performance, and 88% felt that their line manager was open to their ideas.

## **Employee voice**

Employees' views are sought in a variety of ways on an individual and collective basis.

The internal communications strategy seeks to keep staff informed and to act as a feedback mechanism. We wish to provide staff with a platform to share corporate and social news. Throughout 2020 we continued to do this through our two monthly in-house newsletters, *Business Inform* and *Social Inform*. Average readership for these was 750 unique individuals (*Business Inform*) (as in 2019–20) and 670 (*Social Inform*) (2019–20: 660). In response to user feedback, from the start of 2021 we replaced these with a weekly intranet digest of corporate news, and a monthly *Inform* newsletter with more person-focused updates, including our employee networks and responsible business activities.

On a collective level, over the past year SQA has successfully developed and launched a new recognition agreement with our two recognised trade unions, Unite and Unison. This has established the framework for a Joint Engagement Forum between management and unions. We have also developed a new approach for the People Policy review, and consultation between the unions and senior management on changes to staff structure. In addition to this, the Executive Management Team has a framework for engaging with union representatives to discuss all matters, including those raised by the implementation of the alternative certification model. More generally, HR acts as a facilitator for managers to engage directly with the unions on all matters of mutual interest.

Our staff suggestion box encourages members of staff to submit ideas to improve process activity, and address environmental concerns and other issues which affect their working lives. This is now online, and received 24 suggestions in 2020.

## Fair Work Framework

SQA has been a signatory to the Fair Work Convention's Fair Work Framework since 2016. This commits us to the core principles (the five 'dimensions') of the Framework, which we incorporate into our policies and management practices. The Dimensions are listed below, with some examples of relevant practice:

**effective voice** — Regular staff surveys; use of Short Life Working Groups (SLWG) which draw on the input of staff from various backgrounds and grades (see also previous section, 'Employee voice')

**opportunity** — Apprenticeship, training, internal secondment and mentoring schemes support staff members at all stages of their career.

**security** — SQA is a Scottish Living Wage employer, provides a good pension scheme, and has a transparent pay structure.

**fulfilment** — SQA staff members can be supported through SVQ qualifications as part of their professional development.

**respect** — SQA actively promotes equality, and supports workplace support networks.

## SQA's statutory responsibilities

SQA continues to ensure that it complies with all legislation relating to employment, corporate parenting, freedom of information, data protection, complaints handling, records management and equalities. SQA continues to receive and respond to regular requests for information and personal data.

### Requests for information and personal data

There were 202 freedom of information (FOI) requests in 2020–21 (2019–20: 220). This means that there has been an 8% year-on-year decrease in FOI requests. The number of requests for internal review went down from 12 in 2019–20 to 6 in 2020–21. However, many of the FOI requests received in 2020–21 were complex in nature, and a large volume were received within a short period of time. Some 68 FOI requests (34% of the annual total) had a response due date in September 2020. This had the result that the number of requests dealt with within the required timescale decreased from 98% last year to 86% this year.

Subject access requests (SARs) to SQA decreased to 277 (2019–20: 758). This significant reduction was due to the cancellation of the 2020 exam diet and the more limited personal data held by SQA in relation to candidates' final results. All requests for personal information were dealt with within the required timescale.

### Public Records (Scotland) Act 2011

The Public Records (Scotland) Act requires all public authorities in Scotland to prepare and implement a records management plan (RMP). The RMP has to be agreed with the Keeper of the Records of Scotland, and reviewed regularly. As part of this regular review, SQA undertook a self-assessment for submission to and evaluation by the Keeper's Assessment

Team. In this, we detailed the progress made against improvements and the continued development and implementation of SQA's RMP. The feedback received from the Assessment Team acknowledged the continuing work undertaken to strengthen our records management practices and maintain the RMP.

## **Procurement**

SQA's Procurement Department ensures that the organisation engages suitably qualified and approved suppliers to meet and exceed its corporate objectives. In this way, SQA can provide a quality service, deliver best value for money and foster innovation, while complying with all legislative and policy requirements.

In 2020–21, the Procurement Department worked tirelessly to minimise the impact of the COVID-19 pandemic both on SQA and its supply chain. Working with suppliers, we maintained the integrity of the supply chain and the required services to SQA. We also achieved savings of £1.5m (including the savings achieved by using Scottish Government frameworks), as a result of competitive bidding activities, cost avoidance, renegotiation of contracts due to the impact of COVID-19, and efficiencies.

We continue to support third sector businesses who have Supported Business status, with two contracts awarded. This exceeds the Scottish Government expectation of one contract per annum to this sector.

SQA promotes fair work practices and sustainable procurement. All direct service contracts pay living wage and SQA Procurement worked with these suppliers during the pandemic to ensure they received support in terms of supplier relief, including providing advice on what schemes were available to them and their staff.

A review of all contracts was carried out and 87% of existing contracts had terms and conditions which referred to sustainability or environmental aspects. This ranged from suppliers referencing their sustainability policies, to sustainability covered in Scottish Government framework contracts.

## **Anti-corruption and anti-bribery**

SQA has a Code of Conduct for all employees, which seeks to foster public service values. There are also specific anti-fraud and anti-bribery and corruption policies in place to ensure that all SQA employees understand their responsibilities in this area, and that prompt action is taken in the event that financial irregularity is suspected. During 2020–21, no instances of suspected financial irregularity were identified. SQA's anti-fraud policy has been revised by management and clearly outlines the process to be followed in the event of any suspicion that financial irregularities may have occurred, and staff and Board member responsibilities.

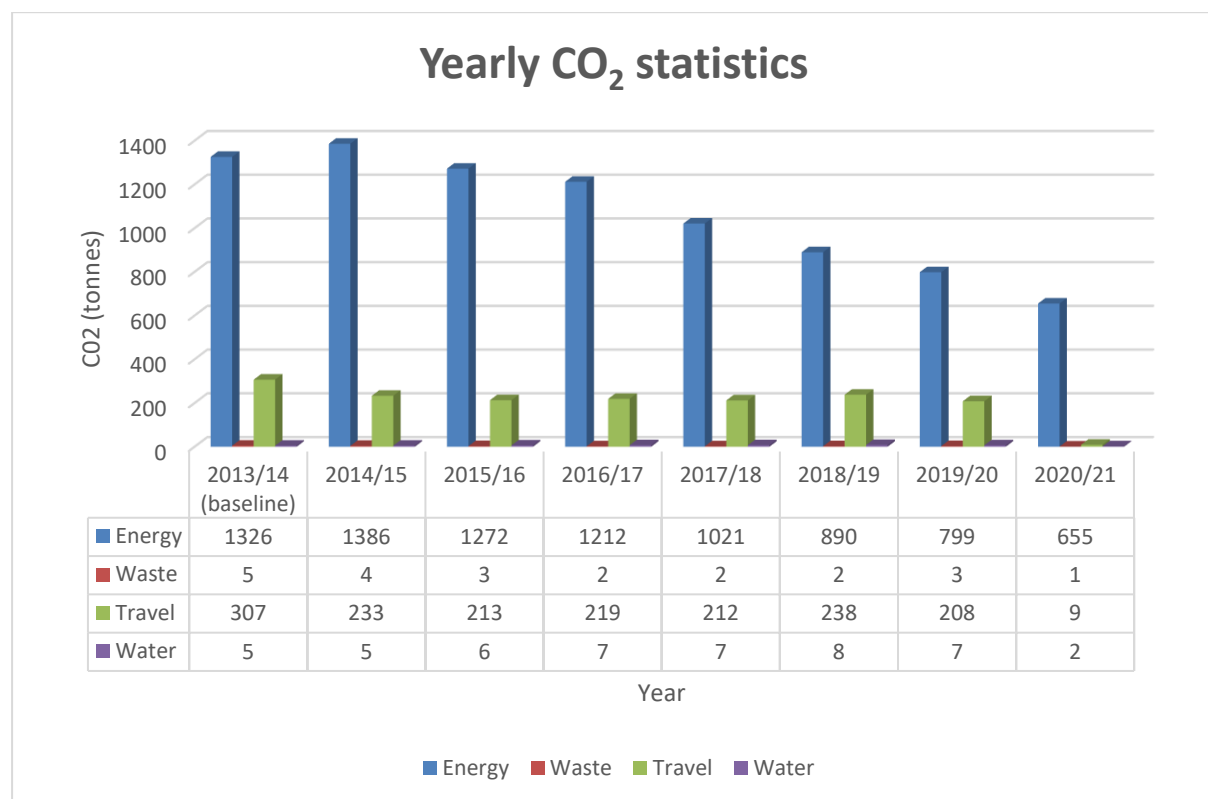
## **Environmental performance**

### **Carbon emissions**

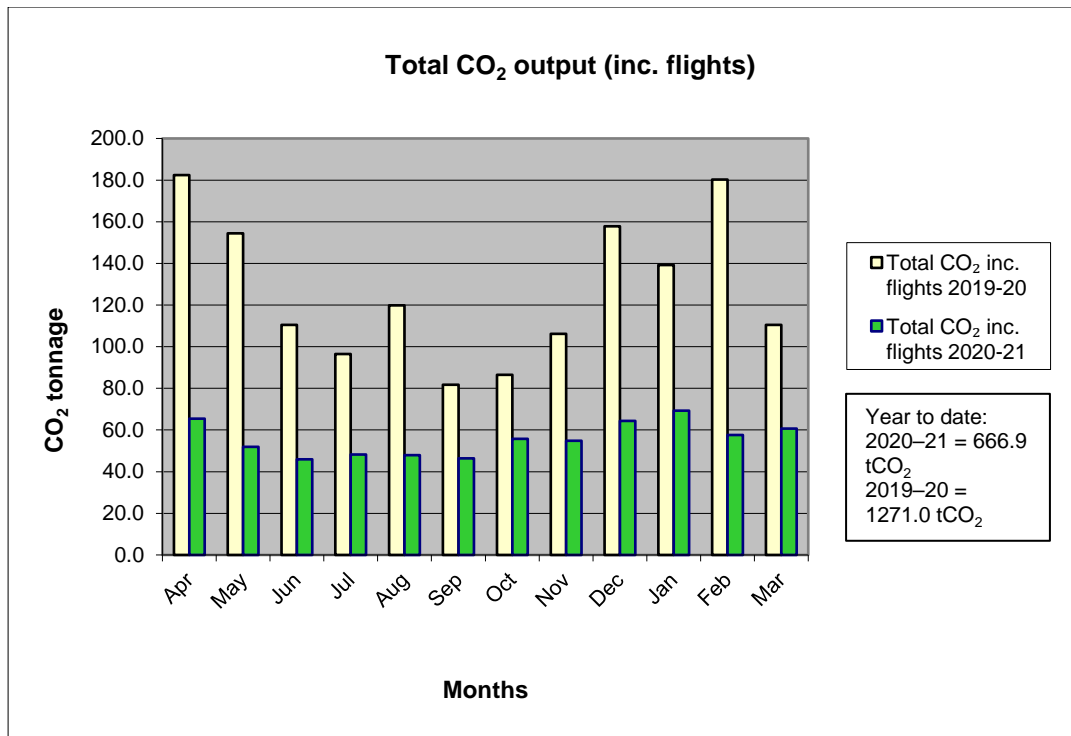
As a responsible business, we seek to minimise our contribution to climate change, and work hard to reduce our impact on the environment. This not only reduces our carbon footprint, but can also bring savings and other benefits to SQA.

Our efforts to reduce our carbon emissions align with the climate change emergency declared by the Scottish Government in May 2019, and both the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 and the Scottish Government policy on 'Decarbonisation in the public sector'. We report annually to the Scottish Government on our carbon emissions. We initially took part voluntarily, but this has since been made a requirement for all public bodies under the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015, in line with the Government's 2045 Net Zero Target.

2020–21 was an atypical year. Nevertheless, we saw a reduction in our carbon emissions of 48% over the previous year's 1,271.0 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Our commitment over recent years has been to maintain our carbon emissions at or below the level of the baseline year 2013–14 (1,643 tCO<sub>2</sub>e). Our 2020–21 figure of 666.9 tCO<sub>2</sub>e is 59% below this level.



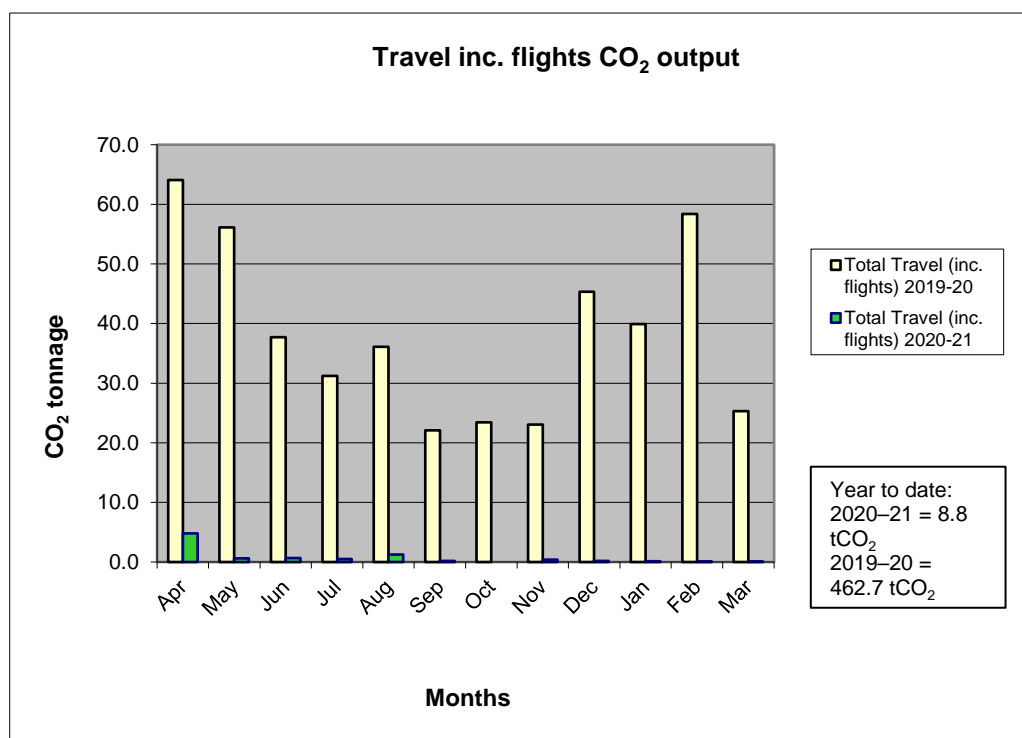
This year's total emissions are below last year's levels for the full 12 months, as shown in the chart below.



## Travel

The carbon generated by air travel was brought into scope for the first time in 2020-21. This is where the biggest reductions were seen in comparison to the previous year, with emissions related to travel dropping by 98%.

Global restrictions on travel and colleagues working from home were largely responsible for this reduction, but we are in any case committed to encouraging greener transport.



Positive measures have included:

- ◆ **Cycle friendly employer** — Cycling Scotland renewed the Cycling Friendly status of both our offices, recognising our commitment to getting more people on their bikes.
- ◆ **Increase in bike loans requests** — colleagues took advantage of interest-free loans to help keep active during lockdown and make the most of spaces for people.
- ◆ **Travel emissions down 98%** — as noted above, a huge drop in business and inter-site travel has led to a significant decrease in our carbon footprint. Emissions related to staff commuting have also dropped massively.
- ◆ **Downsized fleet** — we improved the environmental footprint of our fleet pool by removing a diesel vehicle, and we will continue to choose electric or hybrid when renewing our remaining vehicles.
- ◆ **Green recovery and the Smarter Working programme** — environmental considerations are being embedded into plans for future ways of working.

We are committed to using the changing work landscape as an opportunity to reduce our environmental impact and further improve the sustainability of the organisation.

## Recycling

During the past year, as most staff have been working from home, there has been a substantial reduction in overall waste produced by SQA. The total fell from 145.09 tonnes in 2019–20 to 40.77 tonnes in 2020–21. The carbon equivalent was a 72% reduction from 3.0 to 0.8 tonnes CO<sub>2</sub>.

As before, we aim to put as little of our waste as possible in landfill. The majority of our waste is now recycled in some way, and only a small amount of residual waste is sent to landfill.

All SQA's IT equipment is recycled when it is no longer of use to us, and up to 75% of the materials can be reused.

## Financial model

As we noted in the description of our business model in the overview at the start of Part A, many of our activities do generate significant income and provide a positive contribution to meeting our costs, thereby reducing the need for subsidy from the public purse. Our comprehensive portfolio of qualifications supports the people of Scotland across a broad range of academic and vocational sectors. Schools, colleges, and training providers pay for the services they receive from SQA on the basis of a qualification entry fee charged for each candidate. At the same time, there are SQA qualifications and awards which support key sectors of the economy and culture of Scotland, but which may have low uptake. The entry fees we charge do not cover the costs of developing and delivering such qualifications.

The fees charged for services in Scotland are agreed with Scottish Ministers and have been held constant since 2010. The past year, 2020–21, is the eighth year of an arrangement made by the Scottish Government with local authorities whereby SQA charges a fixed amount for the delivery of National Qualifications. The fixed charge, which does not cover the costs of delivery, is based on the volume of candidate entries submitted by local authorities in 2012–13. Given the circumstances of awarding of National Qualifications in

2020, no charges were made for late entry fees or are planned to be made in respect of any post-certification reviews or appeals.

SQA has the potential to generate other income by providing awarding services, consultancy work, and commercial contracts in markets outside Scotland, the delivery of which was impacted by the COVID-19 pandemic domestically and internationally. We have delivered a number of projects on behalf of other organisations, institutions, and government services in the UK and internationally. By taking advantage of these opportunities, SQA can reduce its dependence on the public purse, and reduce the level of grant required from the Scottish Government, in line with our strategic outcome: 'We have a sustainable business operating model that is appropriately resourced in order to deliver our remit now and in the future.'

SQA is also focusing on embedding a culture of efficiency across the organisation, while maintaining outputs and quality of service. We have processes and procedures in place to identify both time-releasing and cash-releasing savings, although the latter are becoming more challenging to identify.



# Financial performance

## Financial overview

The results for the year to 31 March 2021 are given in the attached accounts (see section C), which have been prepared in accordance with the 2020–21 Government Financial Reporting Manual (FReM).

A budget (known as Departmental Expenditure Limit or DEL) is agreed with Scottish Government. This is to cover costs, being accrued expenditure (capital and operating) net of income from other sources such as income from activities, and non-cash cost of depreciation and impairments.

Given the operating environment facing the organisation, the financial position in 2020–21 had to be closely managed throughout the year in partnership with Scottish Government.

## Performance against Departmental Expenditure Limit (DEL) in 2020–21

Performance	Final DEL £m	Actual drawdown £m	(Under allocation) £m
Resource DEL	25.330	16.079	9.251
Capital DEL	2.314	1.643	0.671
<b>Total DEL</b>	<b>27.644</b>	<b>17.722</b>	<b>9.922</b>
Ring-fenced DEL	3.700	3.108	0.592
Annually Managed Expenditure	6.450	28.537	(22.087)
HMT Resource	0.545	1.910	(1.365)
<b>Total</b>	<b>38.339</b>	<b>51.277</b>	<b>(12.938)</b>

## Departmental Expenditure Limit

	£m
Total Net Expenditure per SOCNE	(29.883)
Add: Capital DEL	1.643
Less: Annually Managed Expenditure (actuarial loss)	(23.563)
Add: Additional Grant Requirement	0.526
<b>Total</b>	<b>(51.277)</b>

## Annually Managed Expenditure

Post-employment benefits (pensions) are accounted for using IAS 19. Each year, an actuarial calculation is carried out and SQA must make provision on our Statement of Comprehensive Net Expenditure (SOCNE) to reflect its share of the movement in overall provision. SQA's deficit for pensions in 2020–21 was £23.563m, with the previous year seeing a surplus of £21.605m. The full deficit in relation to pensions is funded through Annually Managed Expenditure (AME) in the table above. Full supporting information and calculations are in note 19 to the accounts.

## **HM Treasury Resource**

This relates to the employee benefit accrual which takes into account the additional days annual leave carried forward by staff. The increase is a direct consequence of the COVID-19 pandemic, with increased levels of leave carried forward as well as a revision to the methodology for this annual adjustment with the inclusion of employers NI and pension costs to the calculation for the first time.

## **Key DEL income and expenditure categories**

### **Income (2021 £45.247m, 2020 £50.592m)**

SQA's income is generated from charging for the delivery of its products and services. Total income of £45.2m was earned in 2020–21, being entry charges £40.0m (2019–20 £42.0m) and other income £5.2m (2019–20 £8.6m).

The reduction of £1.9m in entry charges mainly relates to a drop in entries from non-levy bodies such as colleges and private schools. Other income is down £3.4m from the previous year, with the bulk of this within our Contract Operations area, which saw a reduction of £2.5m. This was mainly COVID-19 related.

### **Expenditure (2021 £74.783m, 2020 £97.299m)**

Operational costs were £74.8m, being staff costs £47.7m (2019–20: £49.3m); other expenditure £24.0m (2019–20: £44.9m); and depreciation £3.1m (2019–20: £3.1m). Most of the expenditure exceeding our annual income of £45.2m is funded through our Resource DEL total of £16.079m.

### **Staff Costs (2021 £47.646m, 2020 £49.286m)**

As disclosed in the Remuneration and Staff Report, total staff costs of £47.7m were incurred in year, of which £0.706m related to capitalised employee costs. The remaining reduction is attributable partly to recurring savings from the Voluntary Early Release Scheme (VER), which had an upfront cost of £2.6m incurred in 2019–20, with no comparable costs incurred in 2020–21.

Although there was a reduction in IAS 19 pension costs of £0.720m, this was offset by the increase in salary costs due to an increased employee benefit accrual (HM Treasury Resource). The annual pay award was also applied in line with the Scottish Government pay policy.

### **Other Operating Expenditure and Taxation (2021 £24.029m, 2020 £44.911m)**

Other expenditure decreased significantly by £20.882m from 2019–20. This reduction in costs was primarily COVID-19 related, and mainly in relation to the cancellation of the main examination diet for 2020–21. This is a breakdown of the main movements:

- ◆ Appointee-related costs saw an overall reduction of £18.086m (appointee fees fell by £13.641m, appointee expenses fell by £2.980m and appointee release compensation by £1.465m).
- ◆ Property expenses saw significant savings of £1.952m, with our buildings being unoccupied for the full financial year.

- ◆ Staff related costs saw a drop of £1.000m from previous year, with the biggest reductions being in staff travel and subsistence.
- ◆ Postage and telephony costs fell by £0.639 from 2019–20 and assessment stationery by £0.430m.
- ◆ IT-related costs saw an increase of £0.983m, mainly from additional costs incurred in developing the alternative certification model.
- ◆ Various other smaller balances accounted for an increase in expenditure of £0.242m.

### **Depreciation (2021 £3.108m, 2020 £3.102m)**

Depreciation and amortisation costs of £3.108m represent an increase of £0.006m over the previous year.

### **Property, plant and equipment**

Expenditure on capitalised property, plant and equipment during the year totalled £0.295m, which was used to purchase IT hardware (£0.233m) and furniture and fittings (£0.062m).

### **Intangible assets**

Expenditure on intangible assets during the year totalled £1.362m. This was used to acquire IT software (£0.080m) and to develop assets under construction (£1.282m), which mainly consist of new system implementations. Total capital spend includes £0.706m of staff costs which were capitalised in developing the assets.

### **Auditors**

The accounts, for the year ended 31 March 2021, are audited by Audit Scotland, who were appointed by the Auditor General for Scotland. Further details on audit remuneration can be found in note 4 to the accounts.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this year's Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the organisation's auditor is aware of that information.

### **Public Services Reform (Scotland) Act 2010**

Statements of expenditure for 2020–21 in relation to the following can be found on SQA's website:

- ◆ public relations
- ◆ overseas travel
- ◆ hospitality and entertainment
- ◆ external consultancy
- ◆ payments in excess of £25,000

**Supplier payment policy**

SQA aims to pay suppliers within 10 days of receipt of a valid invoice and SQA achieved 96% in 2020–21 (94% 2019–20).

**Fiona Robertson**

**Accountable Officer and Chief Executive**

**Scottish Qualifications Authority**

# B: Accountability Report

## Corporate governance

### Directors' report

#### Directors and their interests

The directors who held office during the year and to the date of signing of these financial statements were:

##### Chair

David Middleton

##### Chief Executive

Fiona Robertson

##### Non-Executive Board Members

Eleanor Craig

Anna Davis

Seán Hagney

Jane Handley

Dr Wendy Mayne

Hamish McKay

Grahame Smith

Roger Stewart

Dr Ken Thomson

##### Executive Management Team

Michael Baxter, Director of Finance and Corporate Services

Jean Blair, Director of Operations

Lee Downie, Director of Business Systems

Dawnne Mahmoud, Director of People

John McMorris, Director of Business Development

Dr Gill Stewart, Director of Qualifications Development

Information on salary and pension entitlements can be found in the Remuneration Report.

### Conflict of interest procedures

SQA has comprehensive procedures for dealing with potential conflicts of interest. These include holding, and updating at least annually, registers of Board members' interests. These [registers are available on our website](#) to any member of the public who wishes to examine them. Interests that must be registered, in terms of the name and nature of the organisation in which the interest is held, include: remuneration, related undertakings, contracts, houses, land and buildings, shares and securities, and non-financial interests. Declarations by Board members of any conflicts of interest are recorded in the minutes of the appropriate Board meetings.

### Personal data-related incidents

Section 5.3.9 of the Government Financial Reporting Manual (FReM) requires that organisations report on personal data-related incidents. In 2020–21, no breaches were reported to the ICO.

## Statement of the Accountable Officer's responsibilities

Under Section 16 of the Education (Scotland) Act 1996, Scottish Ministers have directed SQA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of SQA and of its income and expenditure, statement of financial position, and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM), and in particular to:

- ◆ observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ◆ make judgements and estimates on a reasonable basis
- ◆ state whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain any material departures in the accounts
- ◆ prepare the accounts on a going-concern basis
- ◆ confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

Scottish Ministers have appointed the Chief Executive as the Accountable Officer of SQA. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records, and for safeguarding the SQA's assets, are set out in the Scottish Public Finance Manual published by the Scottish Ministers.

As the Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that SQA's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

## **2020–21 Governance statement**

In this section, SQA's Chief Executive sets out her approach to, and responsibility for, risk management, internal control, and corporate governance. The statement aims to give assurance that our resources are appropriately managed and controlled, and also provides an opportunity to highlight action being taken to maintain an effective internal control system in SQA.

More generally, SQA is committed to continuous development and improvement, and seeks to improve its systems, processes and capability in response to any relevant reviews and developments in best practice.

### **Scope of responsibility**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of SQA's policies, aims, and objectives set by Scottish Ministers, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The Scottish Public Finance Manual is issued by Scottish Ministers to provide guidance to the Scottish Government and other bodies on the proper handling and reporting of public funds. It sets out the statutory, parliamentary, and administrative requirements; emphasises the need for economy, efficiency, and effectiveness; and promotes good practice and high standards of propriety.

### **Purpose of the system of internal control**

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the organisation's policies, aims, and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims, and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively, and economically.

The process within the organisation accords with guidance from Scottish Ministers provided by the Scottish Public Finance Manual and has been in place for the year ended 31 March 2021 and up to the date of approval of the Annual Report and Accounts.

### **Governance and management structures**

SQA's Corporate Office continues to be responsible for ensuring that appropriate governance and management structures are in place, as detailed below, to ensure the effectiveness of operations.

### **Sponsor**

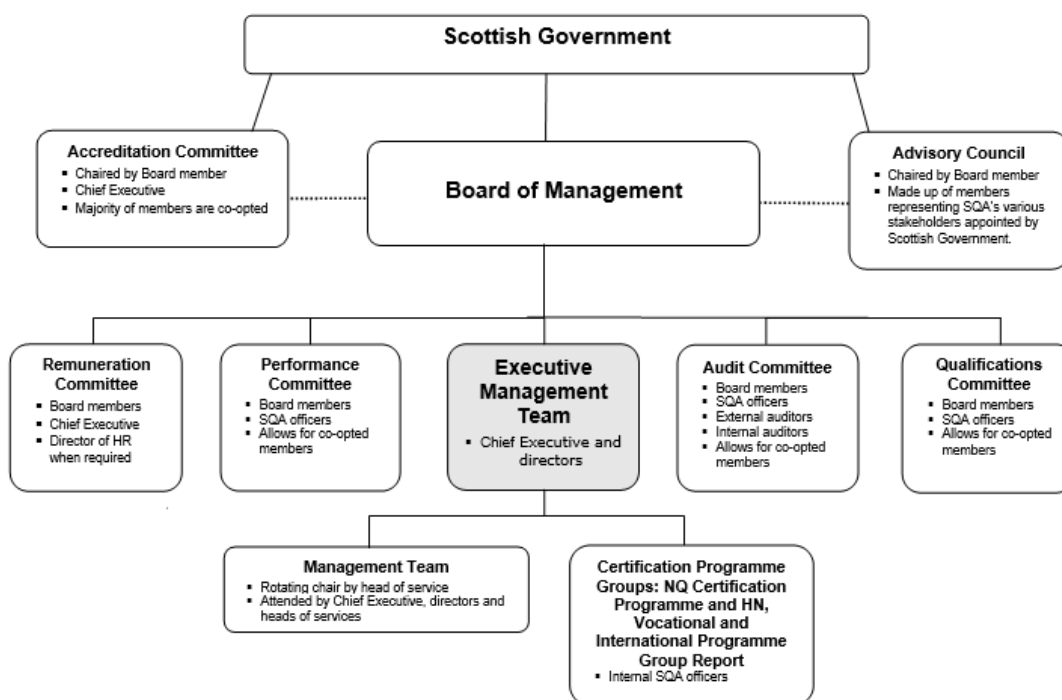
SQA is sponsored by the Scottish Government's Learning Directorate. As Accountable Officer, I and members of the Executive Management Team meet regularly with Ministers and/or colleagues at the Scottish Government, to provide an update on the organisation's progress. These meetings include discussion on matters such as policy development,

performance, risks, and financial position. A representative of our sponsor department attends meetings of the Board of Management as an observer. Copies of Board and committee papers are also issued to our sponsor department. Monthly finance returns are provided to the Scottish Government as part of its financial management and control arrangements.

## Board of Management

The following diagram outlines the current governance structure, which supports the achievement of SQA's objectives.

SQA Committee Structure



The Board has collective responsibility for ensuring that SQA's statutory functions and the Scottish Government's policies and priorities are being fulfilled, and that the use of resources is appropriate and effective. The Board sets the strategic direction for the organisation through a robust process of review, and approval of the Corporate Plan which is submitted to Scottish Ministers.

The Board is supported by a group of committees with specific remits who work together to deliver the objectives and policies of SQA: the SQA Accreditation Committee, the SQA Qualifications Committee, the Performance Committee, the SQA Audit Committee, and the SQA Remuneration Committee. In line with statute, the SQA Accreditation Committee and the SQA Advisory Council are directly responsible to Scottish Ministers. The Board receives verbal updates on the considerations and decisions reached at the meetings of these committees, along with copies of the minutes.

The Executive Management Team (EMT) oversees the day-to-day operations of SQA's work.



## Advisory Council

The Advisory Council's primary role is to consider and advise SQA on the needs and views of our stakeholders in relation to our qualifications and awards. This advice helps us to develop, maintain, and deliver our portfolio. The Advisory Council comprises Jane Handley (convenor), Seán Hagney (deputy convenor), Grahame Smith, Dr Ken Thomson, David Barnett, Wendy Burton, Diane Greenlees, Sonia Kordiak, Margaret Lannon, Eric Lumsden (until October 2020), Lyndsay McRoberts, Eileen Prior, Steven Quinn, Simon Hewitt (from August 2020), Iain Hawker (from August 2020), David McDonald (from December 2020), Tim Frew (from March 2021) and Stuart McKenna (from March 2021). Further information on the remit and membership of [SQA's Advisory Council](#) can be found on SQA's website.

The [Accreditation Committee \(AC\)](#) meets in January, April, July and October. [AC members](#) are appointed from the training and industry sectors; their input helps us ensure that we meet the needs of Scottish industry and those tasked with delivering SQA accredited qualifications. AC discusses strategic issues which impact on our work. This includes Scottish and UK Government policy, the work of other qualifications regulators, and educational development overseas. AC comprises Roger Stewart (convenor), Valerie Mann (vice convenor), Paul Campbell, Jane Handley, Angela Newton, George Jamieson, Elaine Hutton, Lorna Trainer, Grahame Smith, Alister Clark and Fiona Robertson. Further information regarding the AC members and the [minutes](#) of AC meetings are publicly available on the SQA Accreditation website.

The duties of the Remuneration Committee include setting the annual performance plan for the Chief Executive and members of the Executive Management Team (EMT) for each calendar year and reviewing that performance annually. The Remuneration Committee membership can be found in the Remuneration and Staff Report.

The remit of the Performance Committee is to support the Board in monitoring progress towards, and successful delivery of, our corporate objectives; to monitor performance of all SQA's activities; to monitor the achievement of best value in the public services; and to review and support the continued development of key performance indicators in alignment with the Scottish Government's National Performance Framework. The Performance Committee meets quarterly and comprises Eleanor Craig (convenor), Anna Davis, Hamish McKay and Roger Stewart.

The Audit Committee provides the Board with an independent and objective review of the effectiveness of control systems and the reporting scrutiny of corporate performance and risk management. In particular, the Audit Committee discusses SQA's Corporate Risk Register quarterly and considers reports from internal and external audit. The Board discusses risk as part of its strategic focus and sets the risk appetite profile for the organisation. The Audit Committee comprises Hamish McKay (convenor), Eleanor Craig, Anna Davis, Dr Wendy Mayne, and Dr Ken Thomson.

The Qualifications Committee is a working group with a remit based on SQA's Outcomes to make strategic and policy qualifications-related decisions on behalf of the Board; ensure that qualifications and related activities comply with relevant criteria, design principles and policies; and ensure that SQA carries out its self-regulation functions appropriately and oversees the ongoing monitoring of standards. It comprises Dr Ken Thomson (convenor),

Jane Handley, Seán Hagney, Dr Wendy Mayne, Kenny McKay, Joanna Campbell, Prof Louise Hayward, Prof Jo-Anne Baird, Caryn Jack, David Swinney and Becky Gillan.

In response to COVID-19, new governance measures were introduced which initially saw Executive Management Team (EMT) meeting daily, as the strategic crisis management team, informed by the Incident Management Team (IMT) leader who provided a detailed daily report to EMT with a consolidated action log. EMT then moved back to a pattern of weekly standing meetings and maintained a daily stand-up call each morning.

Initially, the SQA Board met every week, moving to a fortnightly pattern in July 2020. Committees operated as normal, albeit virtually, with additional exceptional meetings of the Qualifications Committee and Advisory Council being stood up to discuss priority issues and provide key advice to the SQA Board.

The number of meetings held by the Board of Management and the committees in the reporting period are:

	No. of ordinary meetings held	No. of extraordinary meetings held
Board of Management	6	23
Audit	4	0
Performance	4	0
Qualifications	4	5
Advisory Council	3	4
Accreditation	4	0
Remuneration	1	0

Each committee provides an overview of business covered to the Board of Management on their activities at each meeting. Summaries can be found in the minutes published on SQA's website: <https://www.sqa.org.uk/sqa/138.2326.html>

## Assessment of corporate governance

SQA's Board of Management reviews its performance annually and considers the implications of this assessment for improving its effectiveness. The Chair of SQA's Board of Management undertakes annual appraisals with individual members of the Board. As part of the performance process, the Chairman and Board members also discuss and evaluate the performance of the Board and its committees in fulfilling their statutory functions.

## Internal audit

Azets, formerly Scott-Moncrieff, has developed a three-year strategy and plan for SQA's internal auditing. This runs from 2018 to 2020–21 and was approved by our Audit Committee in February 2018. The 2020–21 audit plan was approved by the Committee in March 2020. The plan was subject to ongoing and annual review to ensure that it reflected changes in business requirements and took account of any changes in SQA's risk profile. The internal auditors continue to provide a clear and objective view of the effectiveness and efficiency of

our business processes, and to monitor progress with the implementation of agreed actions to address areas for improvement. SQA is committed to continuous improvement and to the timely implementation of agreed audit actions. Working remotely has not impacted on the delivery of internal audits and processes have been adapted to accommodate gathering of evidence and interactions.

Azets undertook a total of eight internal audits in 2020–21. Specifically, these were: Cyber Security, Corporate Governance, Payroll 2020–21, Forecasting and Budgetary control, Counter-fraud arrangements, Review of Centre Pre-Approval and Approval Process, Travel and expenses and Business Cases, in addition to follow-up reviews to assess the extent to which management has implemented agreed audit actions. Two issues were identified by Azets:

### **1) Counter-fraud arrangements**

The two grade 3 (high-risk) improvements were identified as part of the Counter-fraud Arrangements. These related to the lack of fraud risk assessments being carried out to consider the areas most susceptible to fraud, and the fraud training needs of different staff groups not being captured within training plans. Management is actioning and intends to address these areas by the end of October 2021.

### **2) Cyber security**

The grade 3 improvement identified as part of the May 2021 Cyber Security review relates to there being a lack of documentation of people and process-related cyber risks on the Business Systems ROI register (the majority of the risks on the register relate to technical cyber risks, eg out of support operating systems). Management is actioning and intends to address this by the end of December 2021.

In addition to this outsourced audit activity, SQA has an in-house ISO audit programme, operated by trained staff. The ISO auditors received further training for ISO27001 during 2020–21 from LRQA, which is certified by the United Kingdom Accreditation Service (UKAS).

The in-house auditors conducted three audits relating to ISO 27001 (Information Security).

## **Internal controls**

The Finance and Corporate Services Directorate supports SQA directors in their responsibility for ensuring that appropriate internal controls are applied within their directorates. Key controls include:

- ◆ a robust corporate planning and performance framework to ensure the economical and effective use of resources
- ◆ operation of an effective risk management framework
- ◆ compliance with applicable policies, procedures, laws, and regulations
- ◆ safeguards against losses, including those arising from fraud, irregularity or corruption
- ◆ mechanisms to ensure the integrity and reliability of information and data

Although the majority of internal controls remained in place in most areas, a few controls were revised or introduced. These mainly related to remote working and the implementation of the revised 2020 Certification model and included:

- ◆ changes to finance approval workflows.
- ◆ virtual UK right to work recruitment checks.
- ◆ new control measures for the secure delivery of equipment to starters and for the secure return of equipment, and removal from our system, for leavers.
- ◆ 24-hour physical security in place in our Lowden office.
- ◆ extension of the 90 days password change policy to remove the potential of the date being missed.
- ◆ revised due diligence approach, introducing more robust remote controls assisting centre approval process, which was already being introduced pre-lockdown, put in place.
- ◆ additional status and progress reports on the 2020 Awarding Programme for EMT and the SQA Board.

## **Planning and performance framework**

The SQA Corporate Plan is developed by the SQA Board and the EMT, in line with ministerial guidance. It has been developed to align with Scotland's National Performance Framework (NPF). SQA published a corporate plan in 2020–21 covering the period April 2020 to March 2023.

SQA's new performance framework identified a set of Outcomes supported by a series of deliverables. These have been identified as the key corporate activities that we will prioritise in the year ahead. There are 27 deliverables, split into three broad categories — Perform, Plan and Progress.

The corporate plan informs the development of separate business plans for each financial year between corporate plans. The Board of Management approved the 2021–22 business plan in March 2021. The business plan includes key deliverables, targets, milestones and indicators for the year immediately ahead, aligned to the NPF, and linked to budgeting information so that resources have been allocated to achieve specific deliverables.

The organisation's business areas have prepared detailed yearly operational plans, including financial plans, which underpin the published Corporate Plan and associated business plans.

Progress towards our Outcomes is subject to review by the Performance Committee through Quarterly Performance Reports. The Performance Committee reviews progress and reports any matters of interest to the Board of Management for their consideration.

Although SQA has been successful in continuing to carry out a range of 'business as usual' activities and moving forward some of the planned development work on deliverables within the Performance Framework it is important to recognise the impact of our immediate change activity on previous plans. As such, most 2020–21 deliverables would roll over into 2021–22.

## **Programme management**

SQA continues to review projects based on its overall business priorities. This is achieved by having a single approval process and governance framework. Resource and budget

management are allocated based on this approach. This ensures that resources are focused on the correct business outcomes. The governance for the programme of projects rests with the Portfolio Board which consists of EMT and the Head of Service for Planning Governance and Compliance. This reports to the Performance Committee and the Board as part of the Quarterly Reporting Pack. External assurance is provided by the OCIO as part of our integrated assurance and approval plan for the delivery of major programmes within SQA.

Due to the extraordinary set of circumstances in response to COVID-19, the ACM 2020 and Awarding 2021, programmes have adopted the core principles of the Programme Management methodology. However, due to the nature of the delivery the reporting channels differ slightly from the SQA Change Programme.

### **Awarding 2021 governance**

Governance was established to deliver SQA's qualifications in 2021 with the portfolio divided into two programmes:

- ◆ National Qualifications, studied at schools and colleges, such as National 1–5, Highers, and Advanced Highers.
- ◆ Higher National Qualifications & Vocational Qualifications. These arrangements cover: Higher National Certificates and Diplomas, SQA Advanced Certificates and Diplomas, Professional Development Awards, National Progression Awards, National Certificates, Skills for Work, Awards and internally-assessed NQ Units.

Each element of the programmes draws on colleagues from across the business to ensure that a breadth of knowledge and experience is utilised. Project plans have been developed highlighting the dependencies within and between workstreams as well as identifying the key risks and issues in each one.

Marketing and Communications support each of the groups to ensure that our stakeholders are kept informed and engaged throughout the process. SQA is working in partnership with our stakeholders across Scotland and the UK to co-create solutions and deliver results to learners.

### **Risk management framework**

All bodies to which the Scottish Public Finance Manual (SPFM) is applicable must operate a risk management strategy in accordance with guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM. An outline of the significant risks facing SQA are listed in **Key issues and risks** on page 12 of the performance report.

SQA has a Board-approved risk, opportunity and issues management framework, which is subject to continued review by the Board, Audit Committee, the newly formed Risk and Opportunity group and our internal auditors.

Risks, opportunities and issues are identified, reported on, and monitored according to this framework. Each quarter, the Risk and Opportunity group, EMT, and Audit Committee review the register of strategic risks and mitigating action. There are operational risk, opportunities and issues registers within SQA business areas, projects, and programmes. These risks are reviewed regularly by local managers and centrally, to determine whether

any need to be escalated to the Risk and Opportunity group and EMT for inclusion in the Corporate Risk Register, which is in turn reviewed by the Audit Committee and escalated to the Board, if appropriate. This review process is informed by risk appetite and risk, opportunities and issues rating which combined suggests the required treatment.

SQA's Board of Management undertakes a Strategic Risk Workshop to consider existing risks and new risks that the organisation could face in the future.

During 2020–21 the SQA Corporate Risk Register continued to reflect the principal areas of risk for the organisation to ensure successful delivery of our wide range of qualifications.

It is a feature of our current funding model that, as recognised in the Scottish Government's Budget Allocation and Monitoring letter, SQA will generally require additional core grant-in-aid to meet net operating costs over and above that contained in the Scottish Government's annual draft Budget Bill. A commitment is however given by Scottish Government in writing prior to the start of the financial year to meet the total grant-in-aid requirements (both resource and capital) for the forthcoming financial year. The outcomes agreed with the Scottish Government and reflected in the Budget Allocation and Monitoring letter 2021–22 include that SQA have 'a sustainable business operating model that is appropriately resourced in order to deliver our remit now and in the future'.

As part of its wider risk management framework, SQA has continued to develop its arrangements for the management of business continuity (BC). SQA has a full Business Continuity Management System validation programme that includes regular maintenance of plans, exercises, and reviews. Work within the IT area of our Change Programme continues, with the aim of ensuring robust resilience for our systems, and a proven disaster recovery solution in our mission critical services.

On 3 November 2020 we carried out director training as part of a rolling schedule of business continuity training. We considered the latest threats, worked through impacts and assessments, and the directors took part in a scenario, which included producing appropriate communications.

Our business continuity training and awareness programme for 2021–22 is underway, covering all staff who have a role and responsibility in BC. Business continuity modules will be available through SQA Academy for all staff by summer 2021. We also plan to launch bespoke SQA Academy modules designed to support our business continuity co-ordinators in autumn 2021. SQA's Incident Management Team (IMT) will also benefit from dedicated training. Staff who are new to the IMT lead role are enrolled on the Business Continuity Institute Crisis Leadership course. The course will be completed through e-learning over 10 hours and provide the leads with valuable knowledge, awareness and skills in managing crisis situations. The IMT support staff will be trained by our third-party provider, Plan B. They will provide Loggist training which supports with note taking and administrative skills used during an incident. The IMT Lead and Support Team will also be trained by the SQA Compliance Team, providing practical incident management skills and 360 feedback.

## **COVID-19 crisis management structure and governance**

An Incident Management Team was immediately set up at the start of lockdown. The need for alternative working practices were fully assessed and put in place by each Directorate via this team.

New governance measures were introduced which saw the EMT meeting daily, as the strategic crisis management team, informed by the IMT leader who provided a detailed daily report to EMT with a consolidated action log. The SQA Board met every week and Committees operated as normal, albeit virtually.

The need to prioritise planning and delivery of the 2020 alternative certification model (ACM), Awarding 2021 — plus equivalent extraordinary measures to support our HNVQ portfolio and contract delivery — has had a material impact on a range of other planned activity and previously identified priorities.

The management of people and finance through Business World and reporting to Committees, including Audit Committee continued as usual.

Early in the response to the pandemic, SQA established a business continuity co-ordinators forum that met frequently to discuss staff capacity and share/ reallocate the resources when and where those were needed. A 'People IMT' has been in operation throughout the pandemic and has dealt with overall staff capacity and their working requirements. Staff have been seconded to priority business areas to ensure we make best use of our resources.

Regular staff (pulse) surveys and one-to-one meetings between managers and staff are used to assess impact on working practice and the health and safety of the remote workforce. Feedback has been sought on a wide range of subjects including health and wellbeing, remote working arrangements, and effectiveness of communications to staff.

The People Directorate has also established a Future Ways of Working strand of work and the outcome of the current staff workshops, surveys and direct feedback from colleagues will be considered as part of the work to help shape future working practices. Lessons learned on some new procedures by our directorates have also identified positive impacts arising from the use of new technologies and ways of working.

Where appropriate, SQA has engaged with other organisations (via professional networks and bodies), and with external experts to inform decision making around significant areas of change in response to the pandemic. This has included:

- ◆ Consulting with other members of the Business Continuity Institute to horizon-scan the development of the pandemic around the world and then once it reached the UK to compare challenges and effectiveness of the potential measures available.
- ◆ Attending the Scottish Government BC Network meetings several times during the pandemic to share their approaches.
- ◆ Undertaking a range of consultation in relation to the alternative certification model, including the equality impact assessment.

Additional engagement was also made with Brodies, the external lawyers for specific advice and external specialists specialising in standards, assessment, and certification. Audit Scotland checklists and guidance were also utilised to inform decision making.

The Business Continuity team conducted a thorough review of the crisis management and will incorporate the learnings to the business continuity management system.

Work continues with partner and stakeholder organisations to identify shared risks and solutions, and to ensure best value for resources in relation to business continuity.

## **Compliance with policies, procedures, laws, and regulations**

SQA has structures in place that provide assurance of the existence and regular review of controls. In particular, there is a comprehensive policy register, in which policies are assigned to policy holders and are reviewed and updated regularly.

The Executive Management Team seeks legal advice where appropriate to support the achievement of SQA's objectives in a manner that complies with legal requirements and the effective management of legal risk.

SQA has a dedicated Procurement Team, which advises SQA on procurement contract arrangements and provides guidance in terms of compliance with emerging changes to procurement rules from the European Union and the Scottish Government. This provides a controlled and streamlined environment to support both compliance with relevant legislation and SQA's financial regulations.

## **Safeguards against losses**

SQA has a system of financial controls in place to promote the effective use of financial resources and to safeguard against loss. This includes a robust budgeting and forecasting process that is closely aligned to the corporate planning process, and is supported by a monthly management review of actual results. Regular reports on financial outturn are also provided to the sponsor department.

Controls are in place to ensure that financial transactions are authorised in line with the Scheme of Delegation. Duties for staff are segregated, where possible, to ensure effective financial controls.

An anti-fraud policy and fraud response plan are in place, ensuring that all SQA employees understand their responsibilities in this area, and that prompt action is taken if financial irregularity is suspected.

During 2020–21 no new instances of financial irregularity were recorded. One further matter, reported in previous years, continues to be investigated but SQA's role as complainant drew to a close in 2019–20.

## **Integrity and reliability of information and data**

SQA has in place an information governance framework to ensure compliance with relevant statutory obligations. The policies and processes within the framework aim to support the effective management and secure use of information.



Our Data Protection Policy makes clear the requirements of data protection legislation to ensure that our processing of personal data respects data protection principles. Our Information Security Policy makes clear the controls necessary to protect information and information systems, as well as highlighting the responsibilities of users. These and other information governance policies support the management of information across SQA.

Data Protection Impact Assessments (DPIA) are used for new or changed systems, projects, contracts, policies, processes and programmes where personal data is being processed. A Privacy Impact Review Group (PIRG) reviews DPIAs that require a full impact assessment to ensure that all risks and appropriate mitigating actions have been identified before allowing work to progress.

Data sharing arrangements are in place where required nationally and internationally.

### **Data Governance**

SQA is a data-driven organisation, and to be successful our data must be well understood, managed and of good quality. Data governance is a proactive way of managing data and supports the business to achieve its strategy and vision. It outlines and enforces:

- ◆ planning of roles, responsibilities and actions
- ◆ defined roles and processes for decision making
- ◆ accountability for decisions and actions

The Director of Business Systems is the data governance sponsor and all six directorates are represented by one or more Heads of Service at the Data Governance Strategic Group.

The remit of the group is to:

- ◆ drive data governance awareness and culture change within the organisation
- ◆ provide strategic direction and oversee policy, issues and communication
- ◆ act as final decision-making authority
- ◆ review execution of prior data decisions (and the related project activities)
- ◆ hold business and IT areas accountable
- ◆ resolve business policy and organisational issues relating to data based on recommendations from other data governance groups
- ◆ approve requests/initiatives. This may include approval of resources, funding, etc
- ◆ co-exist with other strategic groups

### **Efficiency, effectiveness, and economy**

SQA is committed to ensuring that arrangements are in place that will lead to an economical, efficient, and effective use of the organisation's resources. The efficiency agenda forms part of SQA's annual planning and budgeting process, and efficiency savings that are measurable and sustainable are identified, budgeted, and monitored throughout the financial year. By continuing to embed a culture of efficiency, continuous improvement, and best value across the organisation, SQA plans to make savings that continue to support the Scottish Government's efficiency agenda in this financial year. No reductions in outputs or quality of service are expected as a result of this.

## **Review of effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- ◆ Certificates of Assurance signed by each director who reviews the internal control checklists and certificates of assurance completed and signed by heads of service in their directorates
- ◆ the senior management within the organisation, who have responsibility for the development and maintenance of the internal control framework
- ◆ the work of the internal auditors, who submit regular reports to the SQA's Audit Committee which include an independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control, together with recommendations for improvement
- ◆ Azets' (formerly Scott-Moncrieff) internal audit opinion, which gives reasonable assurance
- ◆ comments made by the external auditors in their management letters and other reports

I have been advised in my review of the effectiveness of the system of internal control by the Board of Management and the Audit Committee.

I have concluded that the internal control system is operating effectively and that appropriate action plans are in place to address any weaknesses identified and to ensure the continuous improvement of the system.

# Remuneration and Staff Report

## SQA's staff

SQA's Executive Team is responsible for the management of the business. The Chief Executive is appointed by a non-executive board, subject to approval of Scottish Ministers. The Chief Executive's contract, as agreed with the Scottish Government, is a separate contract, with a notice period of six months. Other members of the Executive Team are employed on standard SQA contracts of employment, with a notice period of three months. The names and roles of these directors are given on page 53.

The remuneration for the Chief Executive is determined by SQA's Remuneration Committee in conjunction with the Scottish Government Pay Policy Unit.

The remuneration of other members of the Executive Team is determined by the organisation complying with Scottish Government pay policy and guidance to ensure affordability. The remuneration of all other members of staff is also determined by the organisation, in conjunction with the trade unions, complying with Scottish Government pay policy and guidance to ensure affordability.

## Pension provision

Pension benefits are provided through the Local Government Pension Scheme (LGPS) and Scottish Teachers' Superannuation Scheme (STSS), administered by the Scottish Public Pensions Agency (SPPA). Both schemes are career average schemes (as of 1 April 2015). Employee contributions are based on actual pay as at 1 April for both the LGPS and STSS (see below). For 2020–21, employer's contributions of £5,940,470 were payable in total. These contributions were based on 19.3% for LGPS pensionable pay, and 23% for STSS.

Further details about the LGPS and SPPA arrangements can be found on their websites [www.lgps.org.uk](http://www.lgps.org.uk) and [www.sppa.gov.uk](http://www.sppa.gov.uk).

## Strathclyde Pension Fund contribution rates 2020–21

Pay tranche	Contribution rate paid on that tranche
Up to and including £21,800	5.50%
Above £21,801 and up to £26,700	7.25%
Above £26,701 and up to £36,600	8.50%
Above £36,601 and up to £48,800	9.50%
Above £48,801	12.00%

## Scottish Teachers Superannuation Scheme contribution rates 2020–21

Full-time equivalent pensionable pay	Contribution rate
Up to and including £27,697	7.2%
£27,698–£37,284	8.7%
£37,285–£44,209	9.7%
£44,210–£58,590	10.4%
£58,591–£79,895	11.5%
£79,896 and above	11.9%

### SQA's Non-Executive Board

Members of SQA's Board of Management, with the exception of the Chief Executive, are appointed by Scottish Ministers for a fixed period, normally four years.

The members of the Board are appointed by Scottish Ministers and come from a range of backgrounds from the public and private sectors. Board members are paid a monthly fee on the basis of their duties, which are set and reviewed annually by the Scottish Government (effective 1 April). The Chairman's level of remuneration is set and reviewed annually by the Scottish Government (effective 1 April).

### Remuneration Committee

The Remuneration Committee sets the annual performance plan for the Chief Executive and recommends an annual pay award and bonus, where relevant, to the Scottish Government. The Committee meets a minimum of once a year. The members of the Committee during 2020–21 were:

David Middleton — SQA Chair and Convener of the Remuneration Committee

Roger Stewart — SQA Board Member and Member of the Remuneration Committee

Anna Davis — SQA Board Member and Member of the Remuneration Committee

Fiona Robertson — SQA Chief Executive and Officer of the Remuneration Committee

Dawnne Mahmoud — SQA Director of People and Officer of the Remuneration Committee

## Disclosure of remuneration

The salary and pension entitlements earned during the year by SQA's senior staff in the roles noted are shown in the tables that follow.

This section of the Remuneration Report is subject to audit.

	2020–21				2019–20			
	Salaries and other payments	Benefits in kind	Pension accrued in year	Total	Salaries and other payments	Benefits in kind	Pension accrued in year Restated	Total
	£'000	£	£'000	£'000	£'000	£	£'000	£'000
<b>Chair</b>								
David Middleton	25–30	–	–	25–30	25–30	–	–	25–30
<b>Chief Executive</b>								
Dr Janet Brown	–	–	–	–	65–70	–	132	195–200
Fiona Robertson	125–130	–	40	165–170	85–90	–	27	110–115
<b>Non-Executive Board Members</b>								
Eleanor Craig	5–10	–	–	5–10	0–5	–	–	0–5
Anna Davis	5–10	–	–	5–10	0–5	–	–	0–5
Seán Hagney	5–10	–	–	5–10	0–5	–	–	0–5
Jane Handley	5–10	–	–	5–10	0–5	–	–	0–5
Dr Wendy Mayne	5–10	–	–	5–10	0–5	–	–	0–5
Hamish McKay	5–10	–	–	5–10	0–5	–	–	0–5
Grahame Smith	5–10	–	–	5–10	0–5	–	–	0–5
Roger Stewart	5–10	–	–	5–10	0–5	–	–	0–5
Dr Ken Thomson	5–10	–	–	5–10	0–5	–	–	0–5
<b>Directors</b>								
Michael Baxter	85–90	–	28	115–120	20–25	–	7	25–30
Jean Blair	95–100	–	44	140–145	90–95	–	59	150–155
Maidie Cahill	–	–	–	–	100–105	–	38	140–145
Lee Downie	105–110	–	30	135–140	100–105	–	33	135–140
Linda Ellison	–	–	–	–	30–35	–	–	30–35
Dawnne Mahmoud	90–95	–	29	120–125	0–5	–	–	0–5
John McMorris	95–100	–	37	130–135	95–100	–	41	135–140
Dr Gill Stewart	105–110	–	49	150–155	100–105	–	53	155–160
Band of highest paid director's total remuneration	125–130				125–130			
Median total remuneration	34,911				32,924			
Ratio	3.65				3.87			
Staff remuneration range	18,308 – 125–130				17,558 – 125–130			

Median total remuneration is the remuneration of the employee that falls in the middle of SQA pay bands (excluding the highest paid employee). This is expressed as a ratio in comparison to the highest paid director.

The total emolument of all directors, non-executive directors and the chair was £923,000 (2020: £904,000)

There were no bonuses paid in 2020–21.

#### Board Member Expenses

Board members receive reimbursement of the actual expenses they incur in travelling to SQA offices to attend Board of Management and other meetings, and to undertake non-executive director responsibilities. Only actual travel costs incurred are reimbursed. The total paid to Board members in 2021 was £0 (2020 £9,000).

The pension entitlements earned during the year by SQA's senior staff in the roles noted are as follows:

#### Pensions entitlement earned 2020–21

	Real increase in pension	Real increase in lump sum	Total accrued pension at 31 March 2020	Total accrued lump sum at 31 March 2020	Cash equivalent transfer value at 31 March 2020	Cash equivalent transfer value at 31 March 2021	Real increase in cash equivalent transfer value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>							
Fiona Robertson	2.5–5	0–2.5	35–40	0–5	22	55	33
<b>Directors</b>							
Michael Baxter	0–2.5	0–2.5	25–30	0–5	5	29	24
Jean Blair	2.5–5	0–2.5	40–45	60–65	693	747	54
Lee Downie	0–2.5	0–2.5	25–30	0–5	67	95	28
Dawnne Mahmoud	0–2.5	0–2.5	25–30	0–5	0	25	25
John McMorris	0–2.5	0–2.5	35–40	5–10	285	322	37
Dr Gill Stewart	2.5–5	0–2.5	50–55	85–90	985	1,056	71

#### Pensions entitlement earned 2019–20

	Real increase in pension	Real increase in lump sum	Total accrued pension at 31 March 2020	Total accrued lump sum at 31 March 2020	Cash equivalent transfer value at 31 March 2019	Cash equivalent transfer value at 31 March 2020	Real increase in cash equivalent transfer value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>							
Dr Janet Brown	5–7.5	0–2.5	130–135	235–240	820	825	5
Fiona Robertson	0–2.5	0–2.5	25–30	0–5	–	22	22
<b>Directors</b>							
Michael Baxter	0–2.5	0–2.5	5–10	0–5	–	5	5
Jean Blair	2.5–5	0–2.5	55–60	60–65	596	693	97
Maidie Cahill	0–2.5	0–2.5	35–40	45–50	699	684	(15)
Lee Downie	0–2.5	0–2.5	30–35	0–5	37	67	30
John McMorris	0–2.5	0–2.5	40–45	5–10	232	285	53
Dr Gill Stewart	2.5–5	0–2.5	50–55	85–90	882	985	103

The Chief Executive and all the directors are ordinary members of the Strathclyde Pension Fund.

## Staff Report

Number of senior staff (or equivalent) by band:

	2020–21	2019–20
Grade	Number of staff	Number of staff
Chief executive	1	1
Director	6	6
Head of service	29	32

### Staff costs comprise:

	Executive Board Members £'000	Non-Executive Members £'000	Permanently employed staff £'000	Others £'000	2020–21 Total £'000	2019–20 Total £'000
Wages and salaries	712	73	33,328	152	34,265	33,196
Social security costs	90	2	3,062	–	3,154	3,112
Other pension costs	136	–	10,779	–	10,915	11,361
Severance and compensation	–	–	18	–	18	2,647
<b>Sub-total</b>	938	75	47,187	152	48,352	50,316
Less recoveries in respect of outward secondments	–	–	–	–	–	–
<b>Total net costs</b>	938	75	47,187	152	48,352	50,316

Included within wages and salaries are additional costs in relation to capitalised salary costs of £706,000 (2020: £1,030,0000).

## Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

	Permanent Staff	Others	2020–21 Total	2019–20 Total
Awarding and related activities	837	53	890	935
Accreditation	20	1	21	20
<b>Total</b>	<b>857</b>	<b>54</b>	<b>911</b>	<b>955</b>

## Staff Composition

Our staff composition as at 31 March each year was as follows:

Grade	2021			2020		
	Male	Female	Total	Male	Female	Total
Chief Executive	–	1	1	–	1	1
Directors	3	3	6	3	3	6
Non-Executive Board Members	6	4	10	6	4	10
Senior employees	17	12	29	19	13	32
Other	352	588	940	339	564	903
Total Headcount	378	608	986	367	585	952

## Absence and turnover

The work-life balance, and health and wellbeing of our employees is important to us, and to that end we provide a range of staff assistance and wellbeing programmes, such as an employee assistance programme, occupational health, eye-care support, health plans, and flexible working arrangements, including special leave and additional leave to support employees and their families.

Our absence rate in the year 2020–21 is 2.29%, significantly lower than the 4.46% of 2019–20. We track the absence level against the public sector benchmark of 3.85%.

We track the retention level against the public sector benchmark of 9.4% turnover. SQA has generally been below this benchmark, but the turnover rate for 2020–21 is 5.45% significantly lower than the 10.6% of 2019–20. For the rolling 12 months (April 2020 to March 2021) the staff turnover average was 5.45%, down 5.15% from the previous year.

## Flexibility

SQA understands the benefits of flexible working practices for the organisation and its employees and is committed to supporting work-life balance through support for flexible working arrangements for staff. It is part of our commitment to the Fair Work Framework, which we signed up to in 2016, and which we are leading in the public sector with many initiatives. Flexible working gives employees more options about how long, where and when they work. At the end of 2020–21, 24.03%, of SQA staff were on flexible working contracts significantly higher than the 14.8% at the end of 2019–20.

We also tracked a proportion of the jobs we advertise with our 'happy to talk flexible' caption, and during 2020–21 39.60% (2019–20 35%) of jobs advertised specifically included our 'happy to talk flexible' caption. SQA has been recognised by Family Friendly Working Scotland for our initiatives around flexible working.

## Staff policies applied

SQA continues as a recognised Disability Confident Employer. We received renewed Disability Confident Level 2 recognition in September 2019.

This means that the organisation has made a commitment to:

- ♦ actively look to attract and recruit disabled people



- ◆ provide a fully inclusive and accessible recruitment process
- ◆ offer an interview to disabled people who meet the minimum criteria for the job
- ◆ be flexible when assessing people so disabled applicants have the best opportunity to demonstrate that they can do the job
- ◆ make reasonable adjustments as required
- ◆ encourage our suppliers to be Disability Confident
- ◆ ensure employees have sufficient disability equality awareness
- ◆ promote a culture of being Disability Confident
- ◆ support our employees in managing their disabilities or health conditions
- ◆ ensure there are no barriers to development and progression of disabled staff members
- ◆ ensure managers are aware of how they can support staff who are sick or absent from work
- ◆ value and listen to feedback from disabled staff members

SQA has a recruitment policy that sets out the policy and procedure to be followed to ensure that we have a consistent approach to recruitment, and that all appointments are consistent with SQA's obligations as an employer under current legislation and in accordance with current HR best practice.

A learning and development policy is also in place that sets out how SQA will provide development for all employees to support them in delivering their operational objectives and in their career development.

SQA offers employees and their families an employee assistance programme through a confidential helpline which is open 365 days a year, 24 hours a day. Counselling is provided in a range of matters.

SQA offers an occupational health service which provides staff with medical advice to support them in resolving any medical issues which are affecting their work and career. This service is provided by an independent organisation and can be accessed by an HR referral if an individual is absent from work on a long-term or intermittent short-term basis.

Occupational health will identify any assistance or modifications which may be necessary to help an employee to either return to work or continue to work effectively.

An attendance management policy is in place which includes SQA's approach to supporting employees during a period of sickness absence. This policy outlines SQA's duty to make reasonable adjustments to the workplace, workstation or working environment.

### **Other employee matters**

SQA's gender pay gap as at January 2021 was 6.17% (ie average hourly female salary was 93.83% of average hourly male salary — the figure for January 2020 was 7.0%). This is lower than Scotland's overall median gender pay gap of 10.9%. The organisation published its latest Equality Mainstreaming Report in April 2021, which is available on the SQA website.

Our talent management approach applies to all employees, from candidacy to exit, and is underpinned by our corporate values. Workforce and succession planning are part of this approach. Implementation of agreed workforce planning processes began in autumn 2019,

managed by OD and HR teams. Succession plans have been developed for senior posts and our planning and process in this area have been externally audited.

Workforce planning was effectively halted by the COVID-19 pandemic. Learners could not attend their schools and colleges or sit traditional exams in 2020 and 2021, so we needed to address issues raised by delivering qualifications in these challenging circumstances. The 'horizon scanning' element of planning for future resources was put on hold while we secured the capacity and resources to develop and deliver the systems and processes for awarding in 2020 and 2021. Looking to the future, the HR Operational Plan for 2021–22 contains an objective to embed the workforce planning process, and to generate annual workforce planning reports.

Succession planning was the subject of a 2020–21 internal audit carried out by Azets. The actions from this audit are currently being tracked.

## Trade unions

We recognise the importance of good industrial relations and effective communication with our staff. SQA recognises two trade unions: Unite and Unison. We are working together to make improvements in how we work jointly and in collaborative partnership for the benefit of SQA and all our staff. Over the past year we have developed and launched a new recognition agreement with Unite and Unison. This has established the framework for a Joint Engagement Forum between management and unions. We also reviewing all HR policies. The Board is committed to overseeing the development and implementation of a new people strategy.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. There are significant benefits to both employers and employees when organisations and unions work together effectively. SQA collates data on the total number of relevant union officials we employ, their working hours spent on facility time for trade union duties, and any paid time for trade union activities. The information required by the regulations are disclosed in the table below:

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	8
Full-time equivalent employee number	7.6

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	–
1%–50%	8
51%–99%	–
100%	–

### Percentage of pay bill spent on facility time

Total cost of facility time	£31,138
Total pay bill	£48.352 million

Percentage of total pay bill spent on facility time 0.06%

### **Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time 8.74%

## **Consultancy**

Consultancy for 2020–21 was £36,000 (2019–20 £244,000). Further details in relation to this can be found in the Public Services Reform (Scotland) Act 2010 information published on our website.

## **Exit packages**

There were six exit packages during 2020–21

Exit package cost band	Number of compulsory redundancies	2021 Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	2020 Number of other departures agreed	Total number of exit packages by cost band
< £10,000	0	6	6	0	7	7
£10,000–£25,000	0	0	0	0	13	13
£25,000–£50,000	0	0	0	0	27	27
£50,000–£100,000	0	0	0	0	19	19
£100,000–£150,000	0	0	0	0	2	2
<b>Total number of exit packages</b>	0	6	6	0	68	68
<b>Total cost /£</b>	0	18,000	18,000	0	2,647,000	2,647,000

Exit packages include pay in lieu of notice and other benefits in kind.

# Parliamentary and Accountability Report

## Regularity of expenditure

Details of losses incurred and special payments made by SQA in the year 2020–21 are given below. Expenditure and income reported in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, in pursuance of section 16 of the Education (Scotland) Act 1996.

## Fees and charges

SQA receives the bulk of its income in charges for the delivery of its products and services. SQA charged £45.2m in 2020–21 (2019–20 £50.6m).

Income collected from fees to central government bodies, local authorities, colleges, employers, training providers and overseas customers is as follows:

Income	2020–21 £'000	2019–20 £'000
Entry charges*	40,063	41,967
Other Income**	5,184	8,625
<b>Total Fees</b>	<b>45,247</b>	<b>50,592</b>

\* Entry charge fees are invoiced for candidate entries made through our award processing system. These are mainly in relation to National Qualifications, Vocational Qualifications and Higher National Qualifications. National Qualifications are charged to Local authorities in the form of an annual levy which is not tied directly to the number of entries or the costs of certification. In agreement with Scottish Government this fee level has remained unchanged since 2012–13.

\*\*Other Income is mainly from fees charged in relation to contract services, award development fees and international consultancy income.

## Losses and special payments

The Statement of Comprehensive Net Expenditure includes losses which comprise write-off of IT assets £185k (previous year £96k) and irrecoverable debt £16k (previous year £89k). The bad debt provision of £208k (previous year £202k) is disclosed in note 12.

## Remote contingent liabilities

There were no contingent liabilities other than those disclosed in note 18 at 31 March 2021 which require disclosure under IAS 37 in accordance with the Scottish Public Finance Manual.

**Fiona Robertson**  
**Accountable Officer and Chief Executive**  
**Scottish Qualifications Authority**

# **Independent auditor's report to the members of Scottish Qualifications Authority, the Auditor General for Scotland and the Scottish Parliament**

## **Reporting on the audit of the financial statements**

### **Opinion on financial statements**

I have audited the financial statements in the annual report and accounts of Scottish Qualifications Authority for the year ended 31 March 2021 under the Education (Scotland) Act 1996. The financial statements comprise the Statement of comprehensive net expenditure, the Statement of financial position, the Statement of cash flows, the Statement of changes in taxpayers' equity and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020–21 FReM).

In my opinion the accompanying financial statements:

- ◆ give a true and fair view in accordance with the Education (Scotland) Act 1996 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- ◆ have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020–21 FReM; and
- ◆ have been prepared in accordance with the requirements of the Education (Scotland) Act 1996 and directions made thereunder by the Scottish Ministers.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 7 June 2021. The period of total uninterrupted appointment is one year. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

## **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- ◆ obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- ◆ identifying which laws and regulations are significant in the context of the body;
- ◆ assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- ◆ considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator,

the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities to detect material misstatements in the financial statements in respect of irregularities, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## **Reporting on other requirements**

### **Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report**

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Education (Scotland) Act 1996 and directions made thereunder by the Scottish Ministers.

### **Statutory other information**

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

## **Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement**

In my opinion, based on the work undertaken in the course of the audit:

- ♦ the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Education (Scotland) Act 1996 and directions made thereunder by the Scottish Ministers; and
- ♦ the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Education (Scotland) Act 1996 and directions made thereunder by the Scottish Ministers.

## **Matters on which I am required to report by exception**

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- ♦ adequate accounting records have not been kept; or
- ♦ the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- ♦ I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

## **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

## **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Michael Oliphant FCPFA

Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN



# C: Accounts 2020–21

## Statement of comprehensive net expenditure

for the year ended 31 March 2021

	Note	2020–21 £'000	2019–20 £'000
<b>Expenditure</b>			
Staff costs	3	47,646	49,286
Depreciation and amortisation charges	8(ii)	3,108	3,102
Other expenditures	4	23,290	44,689
Tax	4	739	222
		<hr/> 74,783	<hr/> 97,299
<b>Income</b>			
Entry charges	5	40,055	41,967
Other income	6	5,192	8,625
		<hr/> 45,247	<hr/> 50,592
<b>Net expenditure</b>		(29,536)	(46,707)
Interest payable	7	(347)	(751)
<b>Net expenditure after interest</b>		<hr/> (29,883)	<hr/> (47,458)
<b>Other comprehensive net expenditure:</b>			
<b>Actuarial gain/(loss) on defined benefit pension scheme</b>	19	(23,563)	21,605
<b>Total comprehensive net expenditure for the year</b>		<hr/> (53,446)	<hr/> (25,853)

The notes on pages 85–109 form part of these accounts.

## Statement of financial position

as at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8(i)	2,959	2,738
Intangible assets	9	5,672	5,688
Trade and other receivables	12	1,755	2,385
<b>Total non-current assets</b>		10,386	10,811
<b>Current assets</b>			
Trade and other receivables	12	22,295	21,692
Cash and cash equivalents	13	3,832	3,154
<b>Total current assets</b>		26,127	24,846
<b>Total assets</b>		36,513	35,657
<b>Current liabilities</b>			
Trade and other payables	14	(10,456)	(8,614)
<b>Total current liabilities</b>		(10,456)	(8,614)
<b>Non-current assets plus net current assets</b>		26,057	27,043
<b>Non-current liabilities</b>			
Trade and other payables	14	(768)	-
Provisions for liabilities and charges	15	(408)	(437)
Defined benefit liability	19	(41,676)	(12,788)
<b>Total non-current liabilities</b>		(42,852)	(13,225)
<b>Assets less liabilities</b>		(16,795)	13,818
<b>Taxpayers' equity</b>			
Revaluation reserves		1,842	-
General reserve		(18,637)	13,818
<b>Total taxpayers' equity</b>		(16,795)	13,818

The accounts were approved by the Board of Management and were signed on 1 September 2021 on its behalf by:

**Fiona Robertson**

**Accountable Officer and Chief Executive**

**Scottish Qualifications Authority**

The notes on pages 85–109 form part of these accounts.

## Statement of cash flows

for the year ended 31 March 2021

	Note	2020–21 £'000	2019–20 £'000
<b>Cash flows from operating activities</b>			
Net expenditure after interest		(29,883)	(47,458)
<b>Adjustments for non-cash items</b>			
Depreciation and amortisation	8(ii)	3,108	3,102
(Gain)/Loss on non-current assets	4	185	96
Notional Optima rent	4	2,218	2,186
Increase in revaluation reserve		1,842	(66)
Revaluation of property, plant and equipment	8(ii)	(887)	-
Revaluation of intangible assets	9	(955)	-
Decrease in defined benefit liability cost	19	5,322	6,449
<b>Movements in working capital</b>			
Decrease/(Increase) in trade and other receivables	12	28	178
Increase/(Decrease) in trade and other payables	14	1,842	52
<b>Movements in provisions and long-term liabilities</b>			
Increase/Decrease in provisions	14	768	—
<b>Net cash outflow from operating activities</b>		<u>(16,412)</u>	<u>(35,461)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8(i)	(295)	(379)
Purchase of intangible assets	9	(1,362)	(3,201)
Sale of financial assets	6	—	112
<b>Net cash outflow from investing activities</b>		<u>(1,657)</u>	<u>(3,468)</u>
<b>Cash flows from financing activities</b>			
Scottish Government Grant-in-aid Funding	16	16,079	28,978
Scottish Government Programme Funding	16	1,025	6,477
Scottish Government Capital Funding	16	1,643	3,800
<b>Net financing</b>		<u>18,747</u>	<u>39,255</u>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>	13	678	326
<b>Cash and cash equivalents at the beginning of the period</b>	13	3,154	2,828
<b>Cash and cash equivalents at the end of the period</b>		<u>3,832</u>	<u>3,154</u>

The notes on pages 85–109 form part of these accounts.

## Statement of changes in taxpayers' equity

for the year ended 31 March 2021

	Note	Revaluation reserves £'000	General reserve £'000	Total reserves £'000
<b>Balance at 31 March 2019</b>		66	(1,795)	(1,729)
<b>Changes in taxpayers' equity for 2019–20</b>				
Net (loss) on revaluation of investments		(66)	–	(66)
Actuarial gain/(loss)	19	–	21,605	21,605
Unfunded benefits paid	15	–	25	25
Notional funding		–	2,186	2,186
Net expenditure after interest		–	(47,458)	(47,458)
Total recognised income and expense for 2019–20		–	(25,437)	(25,437)
Scottish Government funding	16	–	39,255	39,255
<b>Balance at 31 March 2020</b>		–	13,818	13,818
<b>Changes in taxpayers' equity for 2020–21</b>				
Net (gain) on revaluation of non-current assets		1,842	–	1,842
Actuarial gain/(loss)	19	–	(23,563)	(23,563)
Unfunded benefits paid	15	–	26	26
Notional funding		–	2,218	2,218
Net expenditure after interest		–	(29,883)	(29,883)
Total recognised income and expense for 2020–21		1,842	(37,384)	(35,542)
Scottish Government funding	16	–	18,747	18,747
<b>Balance at 31 March 2021</b>		1,842	(18,637)	(16,795)

The notes on pages 85–109 form part of these accounts.

# Notes to the accounts

## 1 Statement of accounting policies

These accounts have been prepared with the direction given by Scottish Ministers, in pursuance of Section 16 of the Education (Scotland) Act 1996.

The accounts have been prepared in accordance with the 2020–21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies set out in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of SQA for the purpose of giving a true and fair view has been selected. The particular policies adopted by SQA for 2020–21 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of non-current assets and, where material, current asset investments to fair value as determined by the relevant accounting standard.

### 1.2 Going concern

The Board of SQA has no reason to believe that future sponsorship and future ministerial approval will not be forthcoming or will provide only a reduced support to SQA. The Scottish Government recognises in the Budget Allocation and Monitoring Letter that SQA will require additional core grant-in-aid to meet operational costs in addition to that provided for in the 2020–21 Budget Bill. Given this, it has accordingly been considered appropriate to adopt a going-concern basis for the preparation of these financial statements.

The accounts have been prepared incorporating the requirements of the accounting standard IAS 19 and include an actuarial valuation of the pension scheme liability as explained in note 19 to the accounts.

To the extent that the pension deficit is not met from SQA's sources of income, it may only be met by future grant-in-aid from SQA's sponsoring department, the Scottish Government Learning Directorate. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be paid in advance of need.

### 1.3 Property, plant and equipment

Leasehold building improvements (LBIs) represent the fit-out costs for the Optima Building, Glasgow and Lowden, Dalkeith, of which SQA is tenant. Depreciated historic cost has been used as a proxy for the current value as LBIs comprise lots of individual items of relatively low value in comparison to the overall total. The depreciation charge is calculated using a rate considered to provide a realistic reflection of consumption.

Depreciated historic cost has also been used as a proxy for the current value of information technology, motor vehicles, plant and machinery, and furniture and fittings. All of the assets in these categories have:

- 1 low values or short useful economic lives which realistically reflect the life of the asset (or both); and
- 2 a depreciation charge which provides a realistic reflection of consumption.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to SQA, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive net expenditure during the financial year in which they are incurred.

Property, plant, and equipment are subject to annual impairment reviews.

The threshold for capitalising assets is £3,000.

## 1.4 Depreciation

Depreciation is provided on property, plant, and equipment on a straight-line basis at rates sufficient to write down their cost, less estimated residual value, over their estimated useful lives. The depreciation periods for the principal categories of assets are:

Leasehold building improvements	Over the term of the lease
Information technology	3 years
Motor vehicles	4 years
Plant and machinery	4–7 years
Furniture and fittings	4–7 years

Assets in the course of construction are not depreciated until the asset is brought into use.

## 1.5 Intangible assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model.

Where an active market does not exist, income-generating assets are valued at the lower of depreciated replacement cost and value-in-use. Non-income-generating assets are carried at depreciated replacement cost. These valuation methods are considered to be a proxy for fair value.

Future economic benefit has been used as the criterion in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 'Intangible Assets' where assets do not generate income. IAS 38 defines future economic benefit as revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset by the entity.

Intangible assets are amortised on a straight-line basis at rates sufficient to write down their cost, less estimated residual value, over their estimated useful lives. The amortisation periods for categories of intangible assets are:

Software	3 years
Web costs	3 years
Licences	3 years, unless the licence term specifies otherwise

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired.

Where indications of impairment exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

## **1.6 Investments**

Investments in stocks and shares are stated at market value. Revaluation gains are taken to the revaluation reserve in the statement of financial position. Revaluation losses are taken to the revaluation reserve to the extent to which they reverse previously recognised gains and thereafter to the statement of comprehensive net expenditure.

## **1.7 Income recognition**

Income from entry charges is derived from three types of core award: National Qualifications, Higher National Qualifications, and vocational qualifications.

For Nationals 1–5, Higher, and Advanced Higher qualifications, income is recognised based on the level of service provision that has been delivered by 31 March in the academic year.

Income from HN and VQ entries is spread over the duration it takes the candidate to complete the group award.

Income from units that are not attached to a course or group award is recognised in the month of entry.

## **1.8 Foreign exchange**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the statement of financial position date. Any gain or loss arising on the restatement of such balances is taken to the statement of comprehensive net expenditure.

## **1.9 Leases**

Rentals payable in respect of operating leases are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the lease.

There are no assets held under finance leases.

## **1.10 Financial instruments**

Financial instruments are recognised in the statement of financial position when an obligation is identified, and released as that obligation is fulfilled. Cash, debtors, and creditors are held at cost. As SQA's income is derived mainly from public sector organisations, it is not subject to any significant liquidity risk exposure. Any cash held on deposit is with highly rated banks and there is no significant interest-rate risk. SQA operates

two bank accounts denominated in foreign currencies (Euro and US Dollar). Both of these are reconciled on a monthly basis, whereupon any gains or losses on their translation to GBP are taken to the statement of comprehensive net expenditure. Due to the low value of balances held in these accounts there is no significant currency risk to SQA.

SQA undertakes a number of contracts on behalf of UK and overseas customers. While the majority of these contracts are with other government organisations, SQA's exposure to credit risk is increased due to the value of some of these contracts and the fact they are with overseas customers.

### **1.11 Grants receivable**

Government grants of both a revenue and capital nature are credited to the general reserve in the year to which they relate.

### **1.12 Provisions**

SQA is required to meet the additional costs of benefits beyond the normal pension scheme benefits in respect of employees who retire early. SQA provides in full for these costs when the early retirement has been agreed.

Other provisions for liabilities and charges are recognised in accordance with the criteria and measurement bases of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

### **1.13 Taxation**

SQA is eligible under s505 of the Income and Corporation Taxes Act 1988 to seek from HMRC exemption from taxes on income arising from the pursuit of its charitable objectives.

SQA suffers withholding tax, a tax deducted at source levied by overseas countries on interest, dividends, and royalties to a person or organisation resident outside of that country, on income earned from overseas activities.

### **1.14 VAT**

Income is accounted for net of value added tax (VAT). Expenditure is shown net of VAT where the tax is recoverable.

### **1.15 Pensions**

All eligible employees are entitled to membership of the Local Government Pension Scheme (LGPS). Existing employees who are already members of the Scottish Government Teachers' Superannuation Scheme (STSS) are entitled to maintain their membership of that scheme. Employer's contributions to the STSS are accounted for as they fall due.

Employer's contributions to the LGPS are accounted for under the requirements of IAS 19 'Employee Benefits' (see note 19).

The accounts have been prepared to reflect the inclusion of liabilities falling due in future years in respect of pension liabilities arising from the application of IAS 19 to SQA. Hymans Robertson, the actuary to the pension scheme, has collated the information from the LGPS funds in which SQA participates, and has calculated the liability arising under IAS 19. The actuary to each of the LGPS funds in which SQA participates conducts a triennial review of



the funding basis of the pension scheme, along with yearly reviews when appropriate. The last formal valuation of the funds was conducted as at 31 March 2020 and the next formal valuation is due at 31 March 2023. In preparing the projected pension expense for the year to 31 March 2021, the actuary has assumed employees continue to earn new benefits in line with the regulations as they currently stand and that the pensionable payroll remains stable with new entrants replacing leavers.

### **1.16 Significant estimations and judgements**

Income adjustments are made to reflect, as accurately as possible, the income that should be matched to activity within the accounting period. We make adjustments for HN, VQ and NQ qualifications. In each case, the length of the qualification, number of entries and price are used to calculate the relevant adjustment. In the case of NQ the adjustment is split between the levy charged to local authorities and charges made to other centres.

These adjustments follow our income recognition policy to ensure consistency in our approach. Each adjustment is made to ensure that the figures show a true and fair representation of the income from candidate entries in a particular financial year.

### **1.17 Changes in estimation techniques**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, commissioned by Strathclyde Pension Fund, is engaged to provide the Board with expert advice about the assumptions to be applied.

The effect on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £30.168m.

However, the assumptions interact in complex ways. During 2020–21, the actuaries advised that the remeasured net pension liability had increased by: £58.795m attributable to the updating of financial assumptions; £3.340m attributable to changes in demographic assumptions; and £0.186m due to other experience. The net liability had reduced due to an increase on expected return on pension fund assets of £31.706m.

### **1.18 Impending application of newly issued accounting standards not yet effective**

All new standards issued and amendments made to existing standards are reviewed by Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM which is in force for the year in which the changes become applicable. The standard which is considered relevant to the SQA and the anticipated impact on the financial statements is as follows:

#### **IFRS 16 — Leases**

This standard has been created to harmonise the rules regarding leases between the IASB and the FASB in the United States. It will supersede the existing IAS 17 and was due to come into effect in the public sector on 1 April 2021 but this has now been deferred until April 2022. The effect of IFRS 16 will be to reclassify leases that were previously treated as operating leases, requiring capitalisation of the underlying assets. This will impact on the

SQA financial statements. All future lease payments would need to be recognised as a Right of Use (RoU) Asset together with a corresponding lease liability in the Statement of Financial Position. Lease payments will no longer be made through the Statement of Comprehensive Net Expenditure (SOCNE) and instead will be accounted for by charging depreciation on the RoU asset and interest on the liability.

The Board has assessed the likely impact to i) comprehensive net expenditure and ii) the Statement of Financial Position of applying IFRS 16. The figures below represent existing leases as at 31 March 2021. The standard is expected to increase total expenditure by £2.9 million. Right of use assets totalling £32 million will be brought onto the Statement of Financial Position.

## **2 Analysis of net expenditure by segment**

SQA's operations are currently organised into the following operating divisions:

### **Awarding and related activities**

SQA's principal activity is awarding, maintaining, and developing qualifications within the Scottish Credit and Qualifications Framework. The levels of entry charges for Scotland are agreed by the Scottish Ministers each year. Grant funding may be available for development work within this service block.

### **Accreditation activities**

Accreditation activities are grant funded by the Scottish Government. These functions of SQA are separate from its awarding body role and as such require separate funding with no cross subsidy from awarding activities.

	<b>Awarding and related activities £'000</b>	<b>Accreditation £'000</b>	<b>Total £'000</b>
<b>2020–21</b>			
Staff costs	46,656	990	47,646
Depreciation	3,108	–	3,108
Other expenditures	23,196	94	23,290
Taxation	739	-	739
<b>Total expenditure</b>	<b>73,699</b>	<b>1,084</b>	<b>74,783</b>
Entry charges	40,063	–	40,063
Other income	5,184	–	5,184
Scottish Government funding	17,722	1,025	18,747
	62,969	1,025	63,994
Funding credited to reserves	(17,722)	(1,025)	(18,747)
<b>Total income</b>	<b>45,247</b>	<b>–</b>	<b>45,247</b>
<b>Net expenditure</b>	<b>(28,452)</b>	<b>(1,084)</b>	<b>(29,536)</b>
<b>2019–20</b>			
Staff costs	48,342	944	49,286
Depreciation	3,102	–	3,102
Other expenditures	44,783	128	44,911
<b>Total expenditure</b>	<b>96,227</b>	<b>1,072</b>	<b>97,299</b>
Entry charges	41,967	–	41,967
Other income	8,625	–	8,625
Scottish Government funding	38,230	1,025	39,255
	88,822	1,025	89,847
Funding credited to reserves	(38,230)	(1,025)	(39,255)
<b>Total income</b>	<b>50,592</b>	<b>–</b>	<b>50,592</b>
<b>Net expenditure</b>	<b>(45,635)</b>	<b>(1,072)</b>	<b>(46,707)</b>

SQA's awarding and related activities are carried out across the UK and internationally. The chart of accounts and customer hierarchy enables reporting on geographical segments. However, as the value of these segments is under the reporting threshold this information is not disclosed.

### 3 Staff costs

	2020–21 £'000	2019–20 £'000
Wages and salaries	33,561	32,166
Social security costs	3,154	3,112
Other pension costs	10,915	11,361
Severance and compensation	16	2,647
<b>Sub-total</b>	<b>47,646</b>	<b>49,286</b>
Less recoveries in respect of outward secondments	–	–
<b>Total net costs</b>	<b>47,646</b>	<b>49,286</b>

In addition to staff costs recorded above there were capitalised salary costs of £706,000 (2020: £1,030,000).

Additional information on staff related costs are disclosed in the Remuneration and Staff Report section of the Accountability Report (section B).

### 4 Other expenditures

	£'000	2020–21 £'000	£'000	2019–20 £'000
IT costs		6,220		5,162
Business development specialists' fees and expenses		4,483		4,217
Property rent and service		3,285		3,293
Appointee fees		2,827		16,468
Property expenses		1,388		3,340
PR, marketing and publications		1,020		1,005
Postage and telephone		976		1,615
Miscellaneous		881		1,024
Corporation Tax		739		222
Miscellaneous staff costs	537		877	
Staff training	178		271	
Staff subsistence	13		207	
Staff travel	3		344	
Catering for internal and examination procedures meetings	1		33	
Staff related costs		732		1,732
Question paper production and printing		454		593
Equipment and supplies		316		657
Assessment stationery and certificates		309		739
Appointee expenses and related costs		260		3,240
Appointee release compensation		139		1,604
		<b>24,029</b>		<b>44,911</b>

Included within Property expenses is a notional charge of £2,218,000 (2020: £2,186,000) for the annual rent of SQA's leasehold property at the Optima Building, Glasgow. Also included are expenses totalling £1,043,000 (2020: £1,043,000) in relation to the annual rent of SQA's leasehold at Lowden, Dalkeith.

Included within Miscellaneous is £185,000 (2020: £96,000) relating to loss on sale of fixed assets.

## 5 Entry charges

National Qualifications:

National Courses and Units

Post-results Services

Higher National Qualifications

Scottish Vocational Qualifications

	2020–21 £'000	2019–20 £'000
	30,310	30,744
	–	295
	30,310	31,039
	5,837	5,915
	3,908	5,013
	40,055	41,967

## 6 Other income

Commercial testing services

Customised award charges

Consultancy, secondments and research

Replacement certificate charges

Royalty income

Miscellaneous income

Other interest income

Sale of publications

Income from investments for unfunded pensions

Commercial events

	4,637	7,146
	288	541
	109	308
	92	265
	38	45
	22	267
	7	19
	1	12
	–	1
	(2)	21
	5,192	8,625

## 7 Interest payable

Finance cost of discounted SQA unfunded pensions provision

Pension provision cost (note 19)

	4	4
	(351)	(755)
	(347)	(751)

## 8 Property, plant and equipment

(i)

	Leasehold building improvements £'000	Information technology £'000	Motor vehicles £'000	Plant & machinery £'000	Furniture & fittings £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2020	5,810	4,143	97	489	360	10,899
Additions	–	233	–	–	62	295
Reclassifications	–	–	–	–	–	–
Disposals	–	(1,281)	(25)	(372)	–	(1,678)
Revaluation Adjustment*	749	138	–	–	–	887
<b>At 31 March 2021</b>	<b>6,559</b>	<b>3,233</b>	<b>72</b>	<b>117</b>	<b>422</b>	<b>10,403</b>
<b>Depreciation</b>						
At 1 April 2020	4,442	2,996	79	461	183	8,161
Charged in year	378	763	9	14	78	1,242
Reclassifications	–	–	–	–	–	–
Disposals	–	(1,281)	(25)	(372)	–	(1,678)
Revaluation Adjustment*	(202)	(79)	–	–	–	(281)
<b>At 31 March 2021</b>	<b>4,618</b>	<b>2,399</b>	<b>63</b>	<b>103</b>	<b>261</b>	<b>7,444</b>
<b>Net book value</b>						
<b>At 31 March 2021</b>	<b>1,941</b>	<b>834</b>	<b>9</b>	<b>14</b>	<b>161</b>	<b>2,959</b>
<b>At 31 March 2020</b>	<b>1,368</b>	<b>1,147</b>	<b>18</b>	<b>28</b>	<b>177</b>	<b>2,738</b>
<b>Asset financing:</b>						
Owned	1,941	834	9	14	161	2,959
Finance lease	–	–	–	–	–	–
<b>Net book value at 31 March 2021</b>	<b>1,941</b>	<b>834</b>	<b>9</b>	<b>14</b>	<b>161</b>	<b>2,959</b>

All capital additions in the year were financed by government funding.

\* Revaluation of assets with a zero NBV introduced to consider value in use.

	Leasehold building improvements £'000	Information technology £'000	Motor vehicles £'000	Plant & machinery £'000	Furniture & fittings £'000	Total £'000
<b>Cost or valuation</b>						
At 1 April 2019	5,810	4,315	97	489	275	10,986
Additions	–	294	–	–	85	379
Reclassifications	–	–	–	–	–	–
Disposals	–	(466)	–	–	–	(466)
Transfers	–	–	–	–	–	–
<b>At 31 March 2020</b>	<b>5,810</b>	<b>4,143</b>	<b>97</b>	<b>489</b>	<b>360</b>	<b>10,899</b>
<b>Depreciation</b>						
At 1 April 2019	4,055	2,670	68	447	106	7,346
Charged in year	387	792	11	14	77	1,281
Reclassifications	–	–	–	–	–	–
Disposals	–	(466)	–	–	–	(466)
<b>At 31 March 2020</b>	<b>4,442</b>	<b>2,996</b>	<b>79</b>	<b>461</b>	<b>183</b>	<b>8,161</b>
<b>Net book value</b>						
<b>At 31 March 2020</b>	<b>1,368</b>	<b>1,147</b>	<b>18</b>	<b>28</b>	<b>177</b>	<b>2,738</b>
<b>At 31 March 2019</b>	<b>1,755</b>	<b>1,645</b>	<b>29</b>	<b>42</b>	<b>169</b>	<b>3,640</b>
<b>Asset financing:</b>						
Owned	1,368	1,147	18	28	177	2,738
Finance lease	–	–	–	–	–	–
<b>Net book value at 31 March 2020</b>	<b>1,368</b>	<b>1,147</b>	<b>18</b>	<b>28</b>	<b>177</b>	<b>2,738</b>

All capital additions in the year were financed by government funding.



**(ii) Depreciation and amortisation charges**

	<b>Note</b>	<b>2020–21 £'000</b>	<b>2019–20 £'000</b>
Depreciation charge for the year	8(i)	961	1,281
Amortisation and impairment charge for the year	9	2,147	1,821
<b>Total charge for the year</b>		<b>3,108</b>	<b>3,102</b>

## 9 Intangible assets

	Web costs £'000	Licences £'000	Software £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>	203	639	12,562	1,047	14,451
At 1 April 2020					
Additions	—	—	80	1,282	1,362
Reclassifications	—	—	—	—	—
Transfers	—	—	687	(687)	—
Revaluation Adjustment*	34	51	869	—	954
Disposals	—	—	(2,357)	(185)	(2,542)
<b>At 31 March 2021</b>	<b>237</b>	<b>690</b>	<b>11,841</b>	<b>1,457</b>	<b>14,225</b>
<b>Amortisation</b>					
At 1 April 2020	203	507	8,053	—	8,763
Charged in year	—	38	2,436	—	2,474
Revaluation Adjustment*	—	—	(327)	—	(327)
Disposals	—	—	(2,357)	—	(2,357)
<b>At 31 March 2021</b>	<b>203</b>	<b>545</b>	<b>7,805</b>	<b>—</b>	<b>8,553</b>
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>34</b>	<b>145</b>	<b>4,036</b>	<b>1,457</b>	<b>5,672</b>
<b>At 31 March 2020</b>	<b>—</b>	<b>132</b>	<b>4,509</b>	<b>1,047</b>	<b>5,688</b>
Externally generated	34	145	4,036	1,457	5,672
	34	145	4,036	1,457	5,672

\* Revaluation of assets with a zero NBV introduced to consider value in use.

	Web costs £'000	Licences £'000	Software £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2019	203	1,201	10,021	2,889	14,314
Additions	—	—	1,076	2,125	3,201
Reclassifications	—	—	—	—	—
Transfers	—	—	3,952	(3,952)	—
Impairments	—	—	—	—	—
Disposals	—	(562)	(2,487)	(15)	(3,064)
<b>At 31 March 2020</b>	<b>203</b>	<b>639</b>	<b>12,562</b>	<b>1,047</b>	<b>14,451</b>
<b>Amortisation</b>					
At 1 April 2019	203	1,031	8,676	—	9,910
Charged in year	—	38	1,783	—	1,821
Disposals	—	(562)	(2,406)	—	(2,968)
<b>At 31 March 2020</b>	<b>203</b>	<b>507</b>	<b>8,053</b>	<b>—</b>	<b>8,763</b>
<b>Net book value</b>					
<b>At 31 March 2020</b>	<b>—</b>	<b>132</b>	<b>4,509</b>	<b>1,047</b>	<b>5,688</b>
<b>At 31 March 2019</b>	<b>—</b>	<b>170</b>	<b>1,345</b>	<b>2,889</b>	<b>4,404</b>
Externally generated	—	132	4,509	1,047	5,688
	—	132	4,509	1,047	5,688

## 10 Financial instruments

As the net cash requirements of SQA are met through grant-in-aid provided by the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public-sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with SQA's expected purchase and usage requirements and SQA is therefore exposed to little credit, liquidity or market risk.

## 11 Financial assets

	Note	31 March 2021 £'000	31 March 2020 £'000
<b>Non-current assets</b>			
Investments for unfunded pensions	11(i)	—	—
<b>Current assets</b>			
Investments for unfunded pensions	11(i)	—	—
		—	—

### (i) Investments for unfunded pensions

	British government securities £'000	Investment deposit account £'000	Total £'000
<b>Market value at 1 April 2019</b>	112	—	112
Additions	—	—	—
Disposals	(112)	—	(112)
Revaluation	—	—	—
<b>Market value at 31 March 2020</b>	—	—	—
Additions	—	—	—
Disposals	—	—	—
Revaluation	—	—	—
<b>Market value at 31 March 2021</b>	—	—	—

## 12 Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	3,480	4,390
Other receivables	10	52
Prepayments and accrued income	18,805	17,250
	<u>22,295</u>	<u>21,692</u>

### **Amounts falling due after more than one year:**

Prepayments and accrued income	1,755	2,385
	<u>1,755</u>	<u>2,385</u>

Included within trade receivables are the following intra-government balances:

Other central government bodies	85	281
Local authorities	38	55
NHS body	5	7
	<u>128</u>	<u>343</u>

Included within trade receivables is a bad debt provision of £208,000 (31 March 2020: £202,000). During the year, £16,000 of bad debt was written off (31 March 2020: £89,000).

Included within other receivables are loans to staff (mainly travel pass loans) amounting to £7,000 (31 March 2020: £46,000).

## 13 Cash and cash equivalents

<b>Balance at 1 April 2020</b>	3,154	2,828
Net change in cash and cash equivalent balances	678	326
<b>Balance at 31 March 2021</b>	<u>3,832</u>	<u>3,154</u>

The following cash balances were held at 31 March 2021:

Government banking service	350	(257)
Commercial banks and cash in hand	3,482	3,411
	<u>3,832</u>	<u>3,154</u>

Included within cash and cash equivalents are funds held on behalf of a staff Christmas savings scheme of £85,000 (31 March 2020: £83,000). This is matched by a corresponding creditor balance recorded in note 14 within other payables, resulting in a nil impact in the financial statements.

## 14 Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
<b>Amounts falling due within one year:</b>		
VAT	5	3
Other taxation and social security	936	826
Trade payables	315	82
Other payables	954	697
Accruals and deferred income	8,246	7,006
	<hr/> 10,456	<hr/> 8,614
<b>Amounts falling due after more than one year:</b>		
Accruals and deferred income	768	-
	<hr/> 768	<hr/> -

## 15 Provisions for liabilities and charges

SQA unfunded pensions	408	437
	<hr/> 408	<hr/> 437

### (i) SQA unfunded pensions

	£'000
<b>Balance at 1 April 2019</b>	462
Provisions not required written back	-
Provisions utilised in the year	(25)
Unwinding of discount	-
	<hr/> 437
<b>Balance at 31 March 2020</b>	437
Provisions not required written back	-
Provisions utilised in the year	(26)
Unwinding of discount	(3)
	<hr/> 408
<b>Balance at 31 March 2021</b>	408

The provision for SQA unfunded pensions represents the current capital cost of future unfunded pensions payable to SQA, SEB and SCOTVEC pensioners who were granted early retirement. The value of the provision has been calculated on the basis of transferring the unfunded pension liability to a third party.

## 16 Government funding

	2020–21 £'000	2019–20 £'000
Scottish Government accreditation	1,025	1,025
Scottish Government development	–	5,452
	<hr/> 1,025	<hr/> 6,477
Grant-in-aid	16,079	28,978
Capital funding	1,643	3,800
	<hr/> 18,747	<hr/> 39,255

In addition to the amounts detailed above there is additional Notional Funding received of £2,218,000 (2020: £2,186,000) in relation to property rental for our Glasgow office.

## 17 Commitments under leases

### Operating leases

The Scottish Government (Scottish Ministers) entered into a 15-year lease in September 2005 with the owners of the Optima Building in Glasgow and has sub-leased part of that accommodation to SQA. This lease was subsequently extended to 26 March 2030 in September 2020. Included within the lease extension are two break options in 27 March 2027 and 27 March 2029 and a rent free period in year on up to the 26 August 2021. The Scottish Government pays the Optima rent and landlord's management charges for the Optima Building without recourse to SQA. The treatment of this arrangement shows the notional cost of the Optima rent included in property expenses (note 4).

Total future minimum lease payments under this operating lease are given in the table below for each of the following periods:

	31 March 2021 £'000	31 March 2020 £'000
Obligations under operating lease for the following periods comprise:		
Land and buildings:		
Not later than one year	1,769	667
Later than one year but not later than five years	7,075	–
Later than five years	7,075	–
	<hr/> 15,919	<hr/> 667

The Scottish Government entered into a 15-year lease in October 2011 with the owners of Lowden in Dalkeith. This lease was subsequently extended to 2035 in September 2016.

SQA is the tenant of the property, however, as there is no sub-lease in place, SQA pays the Lowden rent and service charges and is refunded in full by the Scottish Government. The treatment of this arrangement shows the cost of the Lowden rent included in property expenses (note 4) and the refund included in government funding (note 16).

Total future minimum lease payments under this operating lease are given in the table below for each of the following periods:

	31 March 2021 £'000	31 March 2020 £'000
Obligations under operating lease for the following periods comprise:		
Land and buildings:		
Not later than one year	1,043	1,043
Later than one year but not later than five years	4,172	4,172
Later than five years	9,921	10,964
	<hr/> 15,136	<hr/> 16,179

There are no other operating leases.

Charges in relation to leases are recorded within Note 4 to the accounts under Property Expenses.

## Finance leases

There are no finance leases in operation.

## 18 Contingent liabilities

A legal ruling in relation to the Goodwin equal treatment case in the Teachers' Pension Scheme may have an impact across other public service pension schemes. Scheme rules are to be amended to ensure the pension entitlement of male survivors within opposite-sex marriages and civil partnerships are treated in the same way as survivors of same-sex marriages and civil partnerships. The consequences may impact on future pension contributions rates but initial indications suggest that any impact would be immaterial.

There were no other known contingent liabilities at 31 March 2021 (31 March 2020: £nil).

## 19 Pension costs

The Local Government Pension Scheme (LGPS) is a group defined benefit scheme. Responsibility for the management of the fund rests with the Strathclyde Pension Fund administered by Glasgow City Council. The fund is administered in accordance with the Local Government Pension Scheme (Scotland) Regulations 2018 and the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008.

The Scottish Teachers' Superannuation Scheme (STSS) is an unfunded, multi-employer defined benefit scheme covering teachers and related occupations. It is the responsibility of the Scottish Public Pensions Agency. These arrangements comply with the guidance contained in *Non-Departmental Public Bodies: A Guide for Departments*.

Both schemes provide benefits based on final pensionable pay. Contributions during the year totalled £5,940,000 (31 March 2020: £5,666,000), consisting of £5,885,000 (31 March 2020: £5,608,000) to the LGPS Scheme and £55,000 (31 March 2020: £58,000) to the STSS Scheme. Included within other payables (note 14) are outstanding contributions of £660,000 (31 March 2020: £614,000) due to the LGPS Scheme and £7,000 (31 March 2020: £nil) due to the STSS Scheme at 31 March 2021. In 2021–22 total contributions to LGPS are expected to be £5,853,000.

Actuarial valuations for both schemes are prepared, with the last LGPS valuation to 31 March 2020 and the last STSS valuation being to 31 March 2016. Details of these valuations can be obtained from published reports.

Valuation of the Strathclyde Pension Fund assets and liabilities is assessed by an independent firm of actuaries (Hymans Robertson LLP). Annual valuations are dependent on a number of external variables, including projected rates of return on assets, projected rates of price and pay inflation, interest rates and mortality estimates.

(a) The SQA participates in the Scottish Teachers' Pension Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019, and an anticipated yield of 9.4% from employees' contributions.

(b) The SQA has no liability for other employers' obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d)

(i) The scheme is an unfunded multi-employer defined benefit scheme.

(ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the SQA is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from was 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

(iv) While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the



transitional protections provided as part of the 2015 reforms were unlawfully discriminatory on the grounds of age. The cost cap will be reconsidered once the final decision on a remedy and how this affects the Scottish Teachers' Pension Scheme is known, and its impact has been fully assessed in relation to any additional costs to the scheme.

(v) The SQA level of participation in the scheme is 0.02% based on the proportion of employer contributions paid in 2017–18.

The SQA is notified by LGPS of the employer's contribution rates for the scheme. The LGPS, following a separate modelling exercise, has frozen employers' contribution rates at the 2011–12 level of 19.3% of pay until 31 March 2023.

The following information relates to the Strathclyde LGPS.

The amounts recognised in the statement of comprehensive net expenditure are as follows:

	2020–21 £'000	2019–20 £'000
Current service cost	10,827	13,113
Past service cost	–	(1,011)
Interest on obligation	4,373	5,020
Expected return on plan assets	(4,022)	(4,265)
	<u>11,178</u>	<u>12,857</u>

The net expense is recognised in the following line items in the statement of comprehensive net expenditure:

Staff costs	10,827	12,102
Interest payable	351	755
	<u>11,178</u>	<u>12,857</u>

The amounts recognised in the statement of financial position are as follows:

	2020–21 £'000	2019–20 £'000
Present value of funded obligations	(254,506)	(185,675)
Fair value of employer assets	212,830	172,887
Net (under) funding in funded plans	<u>(41,676)</u>	<u>(12,788)</u>
Present value of unfunded obligations	–	–
<b>Net (liability)</b>	<u>(41,676)</u>	<u>(12,788)</u>
Amounts in the statement of financial position:		
Defined benefit liability	(41,676)	(12,788)
<b>Net (liability)</b>	<u>(41,676)</u>	<u>(12,788)</u>

	31 March 2021 £'000	31 March 2020 £'000
Movement in present value of defined benefit obligation		
Opening defined benefit obligation	185,675	202,952
Current service cost	10,827	13,113
Past service cost	–	(1,011)
Interest cost	4,373	5,020
Actuarial loss from change in demographic assumptions	–	–
Actuarial loss from change in financial assumptions	58,795	(24,541)
Actuarial loss from change in demographics	(3,340)	(7,537)
Other experience	(186)	(1,333)
Contributions by members	1,999	1,917
Benefits paid	(3,637)	(2,905)
<b>Closing defined benefit obligation</b>	<b>254,506</b>	<b>185,675</b>

	31 March 2021 £'000	31 March 2020 £'000
Movement in fair value of plan assets		
Opening fair value of plan assets	172,887	175,008
Contributions by employer	5,853	6,408
Interest income on plan assets	4,022	4,265
Contributions by members	1,999	1,917
Expected return on plan assets	39,829	(11,806)
Other Experience	(8,123)	–
Benefits paid	(3,637)	(2,905)
<b>Closing fair value of plan assets</b>	<b>212,830</b>	<b>172,887</b>

The major categories of the plan assets and their fair values were as follows:

	31 March 2021				31 March 2020			
	Quoted prices in active markets £'000	Prices not quoted in active markets £'000	Total £'000	%	Quoted prices in active markets £'000	Prices not quoted in active markets £'000	Total £'000	%
Equity securities	48,263	255	48,518	23	39,881	105	39,986	23
Debt securities	–	–	–	–	5,425	–	5,425	3
Private equity	–	39,195	39,195	18	–	20,659	20,659	12
Real estate	–	17,315	17,315	8	–	15,653	15,653	9
Investment funds and unit trusts	1,954	101,868	103,822	49	56,749	16,934	73,683	43
Derivatives	(15)	–	(15)	–	4	–	4	–
Cash and cash equivalents	3,883	112	3,995	2	8,900	8,577	17,477	10
<b>Total</b>	<b>54,085</b>	<b>158,745</b>	<b>212,830</b>	<b>100</b>	<b>110,959</b>	<b>61,928</b>	<b>172,887</b>	<b>100</b>

The amounts recognised in the statement of changes in taxpayers' equity are as follows:

	<b>2020–21</b>	<b>2019–20</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial gain/(loss) arising on the defined benefit obligation	(55,269)	33,411
Actuarial (loss)/gain arising on the fair value of the plan assets	31,706	(11,806)
<b>Actuarial gain/(loss) recognised in the statement of changes in taxpayers' equity</b>	<b>(23,563)</b>	<b>21,605</b>

Principal actuarial assumptions, expressed as weighted averages, are as follows:

	<b>2020–21</b>	<b>2019–20</b>
	<b>%</b>	<b>%</b>
Pension increase rate	2.85	1.9
Salary increase rate	3.55	3.0
Discount rate	2.00	2.3

The assumptions relating to longevity underlying retirement benefit obligations at the statement of financial position date are based on a bespoke set of mortality rates that are specifically tailored to fit the membership profile of the Fund. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current pensioners	19.8 years	22.6 years
Future pensioners	21.2 years	24.7 years

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Change in assumptions at 31 March 2021:</b>	<b>Approximate % increase to employer</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in real discount rate	12%	30,168
0.5% increase in the salary increase rate	1%	3,748
0.5% increase in the pension increase rate	10%	25,720

The discount rate is derived from a corporate bond yield curve constructed from yields on high quality bonds. The discount rate is then set based on SQA's weighted average duration of 22 years.

The salary increase assumption is 3.55% pa, which is set relative to the retail price index (RPI)/consumer price index (CPI) assumption at the reporting date.

The pension increase assumption is in line with the CPI.

## 20 Events after the end of the reporting period

The Cabinet Secretary for Education and Skills made a statement to the Scottish Parliament on 3 June 2021 noting that the Scottish Government would be considering the role, remit, and purpose, together with the functions and governance arrangements, of both Education Scotland and the Scottish Qualifications Authority (SQA) as part of a wider commitment to education reform. In a further update to Parliament on 22 June, the Cabinet Secretary for Education and Skills announced that Professor Ken Muir, CBE has been appointed to provide advice to the Scottish Government and the Cabinet Secretary for Education and Skills on aspects of education reform. This will include designing the implementation of the OECD's recommendations for structural changes to Education Scotland and the replacement of SQA. Professor Muir will begin work in August 2021, and this is expected to last around 6 months.

## 21 Related-party transactions

SQA is a non-departmental public body (NDPB) sponsored by the Scottish Government Learning Directorate.

The Learning Directorate is regarded as a related party. During the year, SQA has had various material transactions with the Directorate (note 16). At the year-end, there were no balances outstanding (31 March 2020: £nil). In addition, SQA has had material transactions with other Scottish Government Directorates. At the year-end, there were no balances outstanding (2020: £nil).

SQA is a member of the Scottish Credit and Qualifications Framework, a company limited by guarantee with company number SC311573. The other members of the company are: Colleges Scotland (formerly the Association of Scotland's Colleges); Scottish Ministers; the Quality Assurance Agency for Higher Education and Universities Scotland. The SCQF is a related party as SQA Chief Executive, Fiona Robertson, holds the position of Board member there. In the period to 31 March 2021 SQA levied charges of £13,000 (31 March 2020: £nil) to the SCQF. At the year-end, £nil (31 March 2020: £nil) remained outstanding. In addition £nil (31 March 2020: £nil) of charges were incurred by SQA. At the year-end, £nil were outstanding.

In addition, SQA has had various material transactions with the following related parties, which were all made in the normal course of business.

Related party and reason	Entry charges levied by SQA		Charges incurred by SQA		Amounts due (to)/from SQA at 31 March	
	2020-21 £'000	2019-20 £'000	2020-21 £'000	2019-20 £'000	2021 £'000	2020 £'000
<b>Forth Valley College</b> SQA Board Member, Ken Thomson, holds the position of Principal and Chief Executive there	314	347	–	1	11	6

**Glasgow Caledonian University**

SQA Board Member, Wendy Mayne, holds the position of lecturer there

7                  6                  –                  –                  –                  –

**JISC\***

SQA Board Member, Ken Thomson, held the position of Trustee and Board Member there

–                  –                  1                  1                  –                  –

**Newbattle Abbey College Trust**

SQA Board Member, Hamish McKay, holds the position of part-time secretary there

8                  10                  –                  –                  –                  –

**Scottish Council for Development & Industry**

SQA Board Member, Grahame Smith, holds the position of non-executive director there

–                  –                  –                  1                  –                  –

**Skills Development Scotland**

SQA Board Member, Grahame Smith, holds the position of non-executive director there

17                  22                  –                  1                  –                  21

**STUC Training Ltd**

SQA Board Member, Grahame Smith, holds the position of director there

–                  –                  –                  2                  –                  –

**St John's RC Academy**

SQA Board Member, Seán Hagney, holds the position of headteacher there

69                  70                  –                  5                  –                  –

\*Ken Thomson left his position as trustee and board member on 26 November 2020

Apart from the above, none of the Board members or key managerial staff of SQA has undertaken any material transactions with SQA during the year.



**SCOTTISH QUALIFICATIONS AUTHORITY**

**DIRECTION BY THE SCOTTISH MINISTERS**

1. The Scottish Ministers, in pursuance of Section 16 of the Education Scotland Act 1996, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 4 October 2002 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 31 January 2006

# Appendix 1

## Outcomes and Deliverables

We provide a credible qualifications system

We are flexible in meeting customer needs

We have a sustainable business operating model that is appropriately resourced in order to deliver our remit now and in the future

We are a thriving organisation with quality jobs and a fair work environment for all our people

We are trusted, respected and valued by our customers, stakeholders and partners



### Perform

National Qualifications delivery to plan	Higher National, Vocational & International delivery to plan
Deliver Contracts in line with Service Level Agreements	Continue to develop and improve our portfolio of qualifications
Ensure high levels of colleague engagement	Meet financial targets for (i) income and (ii) expenditure
Ensure SQA is compliant with all legislative, statutory, and regulatory requirements (including qualifications regulators)	



### Plan

Develop a data strategy that determines the data SQA keeps, uses and shares	Deliver SQA's Environmental Impact strategy
Develop a Research Strategy	Deliver a People Strategy
Develop a delivery plan to support the 2020 Capital Spending Review submission	Develop our Promotional Media Strategy
Develop SQA's Service Design strategy	Implement a reviewed and refreshed Brand Strategy
Deliver the Strategic Change Programme	Develop and embed a Stakeholder Management Strategy



### Progress

Implement the duty of Best Value in line with the Scottish Public Finance Manual	Provide 'Values Led Leadership' learning opportunities for all staff
Commence delivery of full organisation-wide ISO 9001 certification	Deliver the Assessment Futures project
Review available third-party accreditations and determine which will bring SQA most benefit	Review and update all policies to ensure they are both up-to-date and consistently applied
Strengthen our relationships with key Scottish stakeholders and institute more cross-organisational activity	Deliver the Product Portfolio Futures project
Implement an operational excellence methodology for SQA	Pilot a comprehensive team-based approach to measuring the perception of SQA's

