

BOARD OF MANAGEMENT – 9 AUGUST 2006

Minutes of the thirty-seventh meeting of the Board of Management held at 10 am on Wednesday 14 June 2006 in the Optima Building, Glasgow.

Members		Officers	
*	Mr J McCormick (Chairman)	*	Ms M Cahill
*	Mr A Cassidy	*	Mr T Drake
*	Mr A Colella	*	Mr M Haggerty
*	Mrs J Gillespie	*	Ms J Ross
*	Prof A MacLennan	*	Mr R Sylvester
*	Mrs L McKay	*	Mr J Young
*	Mr I McMillan		
*	Mr J Mitchell		
*	Mrs M Nicol		
*	Mr G Rodgers	*	In attendance
*	Prof J Simmons	*	Mrs J Blair (for item 37/7)
		*	Mr J McDonald (from item B37/9)
		*	Mrs V Muir (up to Item B37/4)
			Observer
			Ms C Carlin, Scottish Executive
			Mr N Hex, Manager, Audit Scotland

* indicates present

37/1 WELCOME AND APOLOGIES

The Chairman welcomed Mr N Hex, Audit Scotland, to the meeting. Mr Hex advised that Audit Scotland had attended a number of internal SQA and committee meetings as part of the ongoing Section 23 Review and this engagement would be extended to SQA stakeholders over the following weeks.

There were no apologies.

37/2 PREVIOUS MEETING**i Minutes of meeting held on 19 April 2006**

The minutes were approved as an accurate record of the meeting.

ii Action Grid**28/8 Development of strategies in the Skills for Scotland agenda**

Mr Young reported that work was progressing well in co-ordinating a strategy that provided a framework for SQA to build on existing activities and maximise opportunities to SQA and Scottish learners. SQA's UK Skills Strategy would be discussed at the June meeting of the Qualifications Committee.

Commercially SQA had a number of business development plans that would offer potential entry into the UK market. Commercial engagement would be reviewed by the International and Commercial Committee, possibly at its September meeting. There would be scope for the Board to become involved in the work of this strategy following discussion at these committees.

iii **Workplan 2006**

It was noted that the report on the UK Skills Strategy would be repositioned to the September meeting in order to match the committee schedules.

37/3 **MATTERS ARISING**

i **SQA's Strategy for the Highlands and Islands**

It was noted that the joint launch of the strategy and workplan would take place in August 2006.

ii **Trading Subsidiary**

Mr Sylvester reported that further to submission of the business case to the Scottish Executive, clarification had been sought on a number of issues including risk analysis and state aid. A response was being compiled.

It had been confirmed that the transfer of company profits to SQA by means of a Gift Aid Scheme, still remained within the financial regulations of the trading subsidiary. It was noted however, that SQA would lose its charity status at the end of this fiscal year.

iii **Overseas Travel to the Middle East**

The Board was assured that any new business opportunities within the Middle East would not counter SQA's policy on equality opportunities.

37/4 **CHAIRMAN'S REMARKS**

Mrs V Muir, who attended to present item B37/4, was welcomed to the meeting. The Chairman presented a number of recommendations arising from the review of Board effectiveness.

Members welcomed and supported the principal recommendation that the Board should explore ways of developing a more strategic approach to the agenda of the Board, incorporating greater engagement with the corporate plan and focussing more on long-term significant issues rather than short term administrative matters.

The proposals were approved and it was agreed that the Chairs' Committee would consider a draft workplan for 2007 at its meeting in August, for presentation and discussion at the Board in September. This work would include a review of committee standing orders.

37/5 **CHIEF EXECUTIVE'S REPORT**

Dalkeith Accommodation

Mr Sylvester reported that the Scottish Executive had advised that there would be no requirement to undertake a Relocation Policy Review. Meetings had been scheduled with Jones Lang LaSalle, and following approval from the Board, a full Business Case would be submitted to the Scottish Executive based on the recommendations of the report.

Headcount / Funding

Ms Cahill advised that the dialogue with the Scottish Executive had resulted from a more in-depth interrogation of management information data by officers, specifically the classification of funded posts. It was clarified that permanent staff engaged on projects did not attract funding. Instead, the funding was allocated against the temporary employee backfilling the permanent role of the person engaged in the project.

HR and Finance were finalising the detail of headcount and funding classification and would include any potential funding shortfall in the Q1 review, which should also take account of recruitment, training and redundancy costs. It was anticipated that there would not be a significant impact on SQA's total 2006/07 budget, and that this would be focussed more in those business area forecasts where there was significant funded activity. A detailed update and report would be presented to the August meeting of the Board.

Year End Annual Accounts

Mr Sylvester confirmed that the restated annual accounts for the year ended 31 March 2005 would clearly indicate that this had been consequential to the Actuary having calculated the FRS17 accounting entries under the incorrect discount rate.

It was confirmed that there would be no impact on the capital sum previously paid in relation to the transfer of unfunded pension liabilities.

Customer Satisfaction Survey

The Board was pleased to note that the overall 80% satisfaction index represented an above average performance and placed SQA in the third quartile of suppliers.

In response to the finding that Colleges remained SQA's most sceptical customers, it was acknowledged that working relationships had improved greatly with the College sector and that it should be recognised that colleges had a more diverse range of operational interactions than SQA's other customers.

Staff recognition

The Board commended the marketing team for its work directed towards the success of the HN80 Anniversary celebrations, and the Project Electris team for the partnership work in introducing an online system to link the paper-based claim process with SQA's candidate database.

NQ Certification Communications Plan

Mr Haggerty presented the communications plan, which would centre media activity on the achievements of the young people of Scotland. SQA corporate activity would be kept to a minimum. It was noted that the Scottish Executive should be involved in the development and finalisation of this plan.

The Board was advised of the recent press coverage on the alleged rise in incidences of cheating in examinations. Mr Haggerty contextualised the matter in question and the Board was assured that any potential cases of malpractice were routinely reported by Chief Invigilators and that SQA investigated each case on an individual basis.

37/6 HUMAN RESOURCES

i **Staff Satisfaction Survey**

Ms Cahill presented an overview of the process that had been followed for the design, marketing and follow up of the 2005/06 staff survey, which had received a favourable 80% response rate. A series of workshops had been arranged to support staff in developing key areas of action for individual business areas. There would also be a SQA corporate action plan which would focus on no more than four key points, allowing a more focussed approach and performance tracking method in addressing the views of staff.

The Board acknowledged the valuable findings of the report and noted that quarterly progress reports tracking progress would be received.

37/7 FINANCE AND CORPORATE PERFORMANCE

Ms Jean Blair was welcomed to the meeting.

i **Proposed Revisions to Corporate and Business Plans for 2007/10**

Following a review of SQA's high-level objectives in the first phase of the development of the Corporate and Business Plan for 2007/10, the Executive Team had identified a number of new themes for inclusion. The next stage would involve a revision of the objectives to reflect, for example, SQA's increasing ambition for modernisation of its services and commercial ability. Ms Blair provided a detailed overview of the six new themes and how these would be integrated into further iterations of the Corporate and Business Plans. In the course of discussion, the Board suggested that officers should also take account of the:

- wider economic development of Scotland;
- employer focus;
- current customer network;
- role of SQA in bridging the training gap and how this could be achieved, considering current practice in schools and colleges, progression paths to employment and how to clarify this for users.

The Board approved the direction of the changes proposed.

ii **Annual Review**

A digital proof of the Annual Review was distributed for information.

The Review highlighted the main success stories of 2005/06 and outlined SQA's aspirations to continue moving forward in the spirit of continuous improvement.

37/8 OPERATIONS AND QUALITY ASSURANCE

i **Report from Certification Planning Group**

Mr Drake presented a review of the report from the Certification Planning Group and reported that satisfactory progress was being maintained. Board members were invited to attend or participate in any of the SQA activities relating to certification 2006.

ii **SQA's Modernisation Programme (SQA 2010) - Update**

Mr Drake opened the discussion by advising the Board that there had been an increase in the overall cost of the five strands from c. £9.5m to £10.2m. This would impact on the investment requirement sought through the business case, raising it from £4.9m to £5.6m. He explained that this change stemmed from the plan to consider development, with partners, of SQA's own e-assessment delivery platform.

It was recommended by the Board that as this work was supported by the Scottish Executive efficient government agenda, it should be clearly defined as such in the supporting documentation.

The Board endorsed and supported the ongoing work across the various strands.

37/9 **QUALIFICATIONS REPORT – VQ DEVELOPMENT PLAN**

Mr McDonald presented the SVQ strategy, as approved by the Qualifications Committee in April 2006. Mrs McKay, in her capacity as Convenor of the Qualifications Committee, acknowledged the good progress and clarity on the direction of these awards. She also noted the importance of being cognisant of changes in the educational environment, and in particular how the change in the funded training route could impact on the future direction of this strategy.

The Board acknowledged and welcomed the positive work that was being progressed in this area.

37/10 **COMMITTEE REPORTS**

i **Accreditation Committee held on 23 March 2006**

The Board noted the contents of the minutes.

ii **Approval of Standing Orders for the Accreditation Committee and the Accreditation Coordination Group**

Professor Simmons opened the discussion by commending the work that had been directed towards completion of this major piece of work. It was observed that the Accreditation Committee was referenced in the Education (Scotland) Act 1996 and that the standing orders conformed to this legislation.

The Board approved the standing orders for the Accreditation Committee and the Accreditation Coordination Group.

iii **Advisory Council held on 26 March 2006**

The Board noted the contents of the minutes.

iv **Advisory Council held on 2 June 2006**

The second public meeting of the Advisory Council had taken place at Dundee College. The meeting had centred on the work and direction of vocational pathways. In addition to the formal meeting of the Advisory Council, there had been a residential event the evening before, where a number of stakeholders from the local community had joined members of the Advisory Council for dinner.

The opportunity to hold the meeting beyond SQA offices had been well received, with very positive feedback and the general view that such an occasion should be repeated in the future.

Continuing on the business of the Advisory Council, Mrs McKay reported that work was progressing towards recruitment of new members onto the Advisory Council and that nominations had been received for consideration.

The Board was also informed of the first joint meeting of the Advisory Council and Qualifications Committee that had taken place on 17 May 2006. It had proven to be a very successful event with valuable contribution to the discussion on the possible impact of ACfE on qualifications.

v **Audit and Performance Committee held on 11 May 2006**

Mr Cassidy highlighted the significant areas of work that had been considered at the last meeting of the Committee:

The PwC review to assess the governance arrangements surrounding the China Project had identified a number of areas of good practice. Although the report had contained two Category 1 recommendations, PwC had acknowledged the appropriate action that had since been taken to address these findings.

Mr Cassidy advised that the Committee had endorsed the proposal to postpone implementation of the revised SQC until December 2006, following completion of the 2006 Diet. Mr Drake explained that this decision had been grounded on the risk attached to implementation before full user testing acceptance had been completed. Mr Colella commended officers on their ability to manage and assess this risk in an effective and appropriate manner.

Mr Cassidy advised that the Risk Assessment Workshop, co-hosted by PwC, had taken place on 22 May. The Chairman added that he had initial discussions with PwC on how the balanced scorecard and risk register could be developed to provide more emphasis on strategic challenges for the Board, and that this would be addressed regularly by the Board.

The Board noted the contents of the minutes.

vi **International & Commercial Committee held on 23 May 2006**

Mr McMillan informed the Board that the Committee had considered a number of matters, including:

- potential partnership and business opportunities in India and Pakistan;
- a progress update on the work to develop collaborative working, principally with the University of Strathclyde Graduate School of Business; and
- a detailed examination of the PwC internal audit report on the China Project.

Considerable time had been dedicated to discussion around the proposal to introduce an agreement with the Interactive University (IU) whereby IU would have the responsibility to identify overseas centres for awarding National Courses in other countries. Initially this would link into work in China, Dubai, Egypt and Indonesia.

The Committee had stressed that the financial appraisals linked with the project would require to be robust and profiled over time.

Whilst in full support of the principles supporting the project, the Committee had requested that further exploratory work should be undertaken. It had been agreed to convene an extraordinary meeting of the Committee, and to consider a full analysis of risk, financial viability and resource commitment associated with the project.

At this juncture, Professor Simmons asked for the links between Heriot-Watt and IU to be noted. Mrs McKay also identified a conflict of interest in relation to IU developments in Dubai.

vi **International & Commercial Committee held on 14 June 2006**

Mr McMillan reported on the outcome of the extraordinary meeting that had convened prior to the meeting of the Board. He stated that a new model had been developed to manage international awarding in association with partners including Scotland's Colleges International (SCI) and IU. This model provided SQA with the responsibility for invoicing of centres and candidate registration fees, with payment being made directly to SQA. Following interrogation of the paper, the Committee had endorsed the proposal. The detail of the matter would be distributed to members of the Board for information.

The Board was content with the decision as communicated.

37/11 **ANY OTHER BUSINESS**

There were no matters raised for any other business.

PAPERS FOR NOTING

PFN1 Financial Report to 30 April 2006

The Board noted the contents of the report.

PFN2 Update on Business Continuity Planning

The Board noted the contents of the report.

37/12 **DATE OF NEXT MEETING**

The next meeting of the Board of Management would be held on Wednesday 9 August 2006, in the Boardroom, Dalkeith.