

BOARD OF MANAGEMENT – 9 OCTOBER 2019

Minutes of the one hundred and twenty-fifth meeting of the Board of Management held at 10.00 am on Wednesday 21 August 2019, in Lowden.

Members

- * Mr D Middleton (Chair)
- * Ms F Robertson (Chief Executive)
- Ms E Craig
- * Ms A Davis
- * Mr S Hagney
- Mrs J Handley
- Dr W Mayne
- * Mr H McKay
- * Mr G Smith
- * Mr R Stewart
- * Dr K Thomson

Officers

- * Ms J Blair
- Ms M Cahill
- * Mr L Downie
- * Ms L Ellison
- * Mr J McMorris
- * Ms J Ross
- * Dr G Stewart

Observers

- * Ms A Kerr, SQA
- * Mr M McVicar, Scottish Government

* indicates present

125/1 OPENING REMARKS**1.1 Welcome and Apologies**

The Chair extended a welcome to all members of the Board, in particular SQA's new Chief Executive, Fiona Robertson, to her first meeting.

Murray McVicar from the Scottish Government was welcomed as an observer.

Apologies had been received from:

- Eleanor Craig
- Jane Handley
- Wendy Mayne
- Maidie Cahill

1.11 Declaration of Any Conflicts of Interest

There were no conflicts of interest declared on the agenda.

1.12 Minutes of meeting held on 19 June 2019

The minutes of the meeting held on 19 June 2019 were approved as an accurate record subject to a small amendment in the concluding section.

1.13 Matters Arising

There were no other matters arising that would not be covered in the course of the agenda.

1.14 **Action Grid**

The contents of the action grid were noted.

1.15 **Workplan 2019**

The Board noted the contents of the workplan.

1.2 **CHAIR'S REPORT**

The Chair opened with an update on Results Day activities. As part of his time in SQA that day, he had visited SQA colleagues in Optima who were manning the Candidate Advice Line, a service staffed by SQA volunteers to provide guidance and information to candidates on their results and certification. He had attended the Results Day Celebration event hosted by Who Cares? Scotland and MCR Pathways in Glasgow alongside the Chief Executive, some members of the Board and the First Minister Nicola Sturgeon. As always, it had been a very successful and inspiring event which both the young people and other attendees had enjoyed immensely.

The Chair's other SQA commitments had included attendance at Audit Committee, Accreditation Committee and Performance Committee meetings. The Chair had also had an introductory meeting with Graeme Logan, the new Director of Learning for the Scottish Government.

The Board noted the update.

1.3 **CHIEF EXECUTIVE'S REPORT**

The Chief Executive presented a full update on her activities since the last meeting of the Board, starting with an update on a successful Results day and a progress update on industrial relations.

The Board welcomed the update on the current position with the unions, commending all who had been involved in bringing the dispute to a resolution.

The Chief Executive highlighted her invitation to appear before the Education and Skills Committee on Wednesday 11 September at the Scottish Parliament. She would be accompanied at the Committee by John McMorris, Director of Business Development and Robert Quinn, Head of English, Languages and Business from the Qualifications Development Directorate.

The Chief Executive drew the Board's attention to the proposal for the award of the SQA Fellowship contained in Annex A of her report. The proposal was made to the Board that the Fellowship be awarded to Dr Paul Thomson, Rector of Jordanhill School and former SQA Board member. The Board approved the proposal, commenting that the award of the Fellowship to Dr Thomson would be thoroughly deserved.

The Board warmly welcomed the new Chief Executive to the SQA and the range of activities, including staff and Board engagement and communications.

The Chair highlighted to the Board a change in the running order of the meeting in that papers for approval would be taken before the papers for discussion. This would be to accommodate a request from Audit Scotland to bring forward consideration of the accounts due to commitments immediately following their appearance at the SQA Board meeting.

125/3 PAPERS FOR APPROVAL

3.11 Public Services Reform Act 2010 2018-19

The Public Services Reform Act (PSRA) requires public bodies to publish financial information as soon as practical following the end of each financial year. The report before the Board had been presented to, and considered by, the Audit Committee at the end of July.

Subject to one minor query regarding Appendix 2, the Board noted and approved the contents of the report and that, as part of the public reporting framework, it would be published concurrently with the Annual Report and Accounts.

3.12 Audit Scotland Annual Report 2018-2019

Mr David Richardson, Senior Audit Manager and Mr Brian Gillespie, Lead Auditor, both of Audit Scotland, joined the meeting to observe the presentation of the Annual Report and Accounts.

The Board was presented with Audit Scotland's proposed Annual Audit Report based on their audit covering 2018-19. The report from Audit Scotland serves to provide the Board and the Auditor General with an assurance on SQA's financial statements and governance matters.

Mr Richardson began by noting the highlighted section within the report that had been subject to change due to a judgement handed down from the Supreme Court in relation to a key pension issue: the McCloud case. The Court's judgement meant that SQA's pension liability had to be recalculated and a new report obtained from the pensions scheme's actuaries.

Mr Richardson went on to highlight the sections within the report that reflected discussion and changes from the Audit Committee and expressed his thanks to Ms Ellison and all involved for a good set of accounts, only evoking one action, which is very positive.

The Board noted the Audit Scotland Annual Report, expressing that they were content.

3.13 SQA Audit Committee Annual Report 2018-19

Annually the Convenor of the Audit Committee reports to the Board on the discharge of the Committee's duties during the previous financial year. This was presented as an annual report, prepared in accordance with the Audit Committee Handbook guidance and compliant with Scottish Government requirements. The report was offered to the Board in support of both the previous Accountable Officer's letter of representation, and the Board's consideration of the Annual Accounts.

Mr McKay, as Convenor of the Audit Committee, advised that the Audit Committee at its last meeting had formally considered the report, which clearly validated the scrutiny and rigour of the auditing function. He went on to detail the various reports and assurances that had been considered by the Committee during 2018/19 and that members had been satisfied with the professional integrity of SQA's staff deployed to undertake internal audits and had drawn similar validation of the outsourced internal audit service and the external audit function.

The Audit Committee had also found comfort that any matters that had required attendance, were in hand and under investigation.

The Board acknowledged the encouraging and positive assurances in relation to SQA's governance, risk management and control environment and duly noted the report.

3.14 Letter of Representation

As part of its annual audit, Audit Scotland seeks written assurances from SQA's Accountable Officer on the Annual Report and Accounts. The various assurances required of SQA were presented in the form of a letter of representation to Audit Scotland from Dr Brown as accountable officer during the 2018/19 financial year. The assurances contained in the letter of representation from Dr Brown also allowed Fiona Robertson, as new Chief Executive, to sign the Annual Report and Accounts for 2018/19.

The Board noted the contents of the letter, and queried the reference to the going concern accounting principle. Mrs Ellison highlighted that this was covered within the Annual Report and Accounts and Mr Richardson confirmed Audit Scotland's opinion on the principle was based on the position set out in their Annual Report.

Mrs Ellison assured the Board that detailed financial information submissions continued to be made to the Scottish Government each month in addition to regular meetings with Scottish Government finance colleagues. She also highlighted the forthcoming spending review which had the potential to allow SQA to agree a more sustainable financial model with Scottish Government.

The Board accepted these assurances and noted the letter of representation.

3.15 Annual Report and Accounts

The Board noted that the Annual Report and Accounts, which had been circulated by email, was now provided in hard copy.

Mrs Ellison, Director of Finance, introduced the final draft of the Annual Report, which presented a high level and factual account of SQA's progress and achievements against its strategic goals during 2018/19.

Mrs Ellison continued with an overview of the accounts, highlighting those points of note, particularly the changes to the pension position as a result of the Supreme Court ruling in the McCloud case that Mr Richardson had previously explained.

Mr McKay, as Convenor of the Audit Committee, indicated that the Committee had considered and undertaken an extensive review of the accounts at its last meeting and could commend the accounts for approval.

The Board approved the Annual Report and Accounts for signature and submission to Ministers and Parliament. The documents were then signed by the Chief Executive and the Chair and presented to Mr Richardson and Mr Gillespie.

At this juncture, Mr Richardson and Mr Gillespie left the meeting.

3.21 Audit Committee Standing Orders

Mr McKay, as convenor of the Audit Committee, presented to the Board the final version of the Audit Committee standing orders noting that they had been considered and amended by the Committee on two separate occasions.

The final version now before the Board would reflect the deliberations of the Committee, and also ensure alignment to the Audit Committee Handbook.

The Board noted the standing orders and approved them as final.

3.22 Board of Management Standing Orders

The Chair presented to the Board the final draft of the Board of Management standing orders that had been reviewed and discussed at the meeting of the Board in May.

The Board considered and approved the final draft of the standing orders, content that discussions and feedback had been accurately reflected.

2019 NQ CERTIFICATION PRESENTATION

Returning to the original running of the agenda, the Chief Executive led on a presentation on the activities and successful delivery of 2019 NQ Certification, results and associated media reporting.

The Chief Executive was pleased to report that all results had been delivered on schedule, noting that:

- 133,000 certificates had been delivered by post;
- 1,112,749 external assessments had been undertaken;
- 30,000 HNC/D entries had been certificated; and
- 1,300 calls had been handled by the candidate advice line.

Dr Stewart highlighted key changes and trends this year.

Ms Blair, Director of Operations, detailed next steps which would include:

- Post results services;
- Undertaking a detailed operational lessons learned exercise; and
- Development of a detailed operational plan for 2020.

The Board welcomed the presentation and congratulated the organisation on another successful year of delivery.

125/2 PAPERS FOR DISCUSSION

2.1 2019-20 Financial Performance to 30 June 2019

Mrs Ellison, Director of Finance, presented the Period 3 Finance Report which had been included in the Board papers. Mrs Ellison highlighted that as, in the time since print, the Period 4 report to end July had become available she had tabled this to members at the meeting.

Mrs Ellison invited the Board to note the P3 report, and then discuss the more current P4 report, showing the year to date position compared to the Quarter 0 (Q0) forecast.

The Board welcomed both updates, noting the forecast savings associated with the Voluntary Early Retirement (VER) scheme suggested a positive outcome in terms of 'spend to save'.

2.2 Spending Review Update

Mrs Ellison went on to provide a verbal update to the Board on the approach that the Executive Management Team would be taking to the Scottish Government Spending Review, which had been commissioned for multiple years, covering the period 2020/2024.

Mrs Ellison noted that the commissioning of a multiple year review would present an opportunity for the Executive Management Team to provide a more strategic response to the Scottish Government. The submission would set out SQA's funding requirements over the period and provide options for establishing a sustainable funding model that would address commercial and operational risk.

The response would also set out opportunities for improving and streamlining the provision of SQA's products and services and for enhancing the learner experience, whilst continuing to deliver outcomes that make a significant contribution to the National Performance Framework.

The Board welcomed the update and noted that a further update would be provided at the October meeting, once timelines were confirmed.

2.3 Draft Corporate Plan 2020-2023

Mrs Ellison went on to present the initial draft of the 2020-23 Corporate Plan, based on the work carried out to date on the development of SQA's new performance framework, highlighting that the version was an initial draft for consultation.

In efforts to align with the newly developed performance framework, it was noted that the plan:

- Aims to communicate SQA's purpose, mission, vision and values;
- Explains how SQA's future plans are driven by the Scottish Government's National Performance Framework;
- Outlines the range of statutory and legislative drivers that SQA must take into account, and;

- Provides a showcase for SQA's new Strategic Goals – which are the outcome statements we have developed through the performance framework activity.

The Board welcomed sight of the draft plan, discussing the importance of SQA maintaining a forward looking agenda and plan of delivery. The Board commented that the draft was a strong starting point for further engagement.

It was agreed that the draft Corporate Plan would be brought to each subcommittee of the Board for discussion and consultation, noting that the deadline for comments would be Friday 11 October 2019.

125/4 PAPERS FOR INFORMATION

4.1 Qualifications Delivery

4.1.1 NQ Certification Programme

The Board noted the contents of the National Qualifications Certification Programme Group report.

4.1.2 HN, Vocational and International Certification Programme

The Board noted the contents of the HN, Vocational and International Certification Programme Group report.

4.1.3 RNQ Programme Report

The Board noted the contents of the RNQ Programme report and that the programme was sitting at green.

It was agreed that, going forward, this report would no longer be brought to the Board as it would be reported in the Qualifications Committee minutes.

4.2 Cash Position

The Board noted the position for the year based on the 2019-20 Q0 accruals forecast, accepting it as an assurance on the current position.

4.3 Modern Slavery Statement

The Board discussed the Modern Slavery and Human Trafficking Statement. Following discussion it was agreed that the Corporate Office would re-circulate an updated version to the Board.

4.4 Committee Reports

4.41 Performance Committee – 20 May 2019

The Board noted that the business of the meeting had previously been reported to the Board verbally and highlighted that the minutes of the meeting had now been included in the papers for Board review.

4.42 Advisory Council – 27 May 2019

The Board noted that the business of the meeting had previously been reported to the Board verbally and highlighted that the minutes of the meeting had now been included in the papers for Board review.

4.43 Audit Committee – 3 June 2019

Mr McKay noted that the business of the meeting had previously been reported to the Board verbally and highlighted that the minutes of the meeting had now been included in the papers for Board review.

4.44 Accreditation Committee – 25 June 2019

Mr Stewart noted that the business of the meeting had previously been reported to the Board verbally and highlighted that the minutes of the meeting had now been included in the papers for Board review.

4.45 Audit Committee – 29 July 2019

Mr McKay provided the Board with a verbal update of the business of the Audit Committee at their recent meeting, noting the most significant outcome from the meeting was the recommendation of approval of the Annual Report and Accounts by the Board. Mr McKay reported that work on assurance mapping was ongoing and would come to the Audit Committee following further discussion by Executive Management Team. The Board noted that a copy of the full minute would be included in the papers of the following Board meeting.

4.46 Remuneration Committee – 5 August 2019

The Chair provided the Board with a verbal update of the business of the Remuneration Committee at their recent meeting.

4.47 Performance Committee – 5 August 2019

In Ms Craig's absence Mr Stewart, as Deputy Convenor, provided the Board with a verbal update of the business of the Performance Committee at their recent meeting, noting that a copy of the full minute would be included in the papers of the following Board meeting.

125/5 ANY OTHER BUSINESS

The Chair took the opportunity to acknowledge that this was Mrs Ellison's last meeting of the Board and thanked her for her years of service and contribution to SQA. The Board thoroughly endorsed the sentiment and expressed their great appreciation for Mrs Ellison's committed and valued contribution

There were no other matters raised under any other business.

125/6 DATE OF NEXT MEETING

The next meeting of the Board would take place on Wednesday 9 October 2019 at 10am in Lowden.