

BOARD OF MANAGEMENT – 24 AUGUST 2018

For approval

Minutes of the one hundred and eighteenth meeting of the Board of Management held at 11am on Wednesday 22 August 2018 in Spey/Tay, Optima.

Members

- * Mr D Middleton (Chair)
- * Dr J Brown (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
- * Mr S Borley, item 118/3.7 only

Observers

- * Ms A Stansfield, Scottish Government
- * Ms L Smith, Scottish Government
- * Mr D Richardson, Audit Scotland, items 118/2.11 to 118/2.15 only
- * Mr B Gillespie, Audit Scotland, items 118/2.11 to 118/2.15 only
- * Ms A Kerr, SQA

* indicates present

The formal meeting had been preceded by a meeting with members of the Qualifications Committee, who joined the Board that day to receive a presentation on the activities and delivery of 2018 NQ Certification, results and associated media reporting.

118/1 OPENING REMARKS**1.1 Welcome and Apologies**

The Chair extended a welcome to all members of the Board, including newly appointed Board members Anna Davis, Grahame Smith and Ken Thomson. Introductions were made around the table.

Anna Stansfield and new colleague Lynne Smith were in attendance from the Scottish Government

Apologies were noted from Maidie Cahill.

1.11 Declaration of Any Conflicts of Interest

There were no conflicts of interest raised.

1.12 Minutes of meeting held on 20 June 2018

The minutes were approved as an accurate record subject to the removal of an accidentally included note under Chair's Report.

1.13 Matters Arising

There were no matters arising.

1.14 **Action Grid**

The contents of the action grid were noted.

1.15 **Workplan 2018**

The Board noted the workplan for 2018 and that at some point in the next six months, it would be beneficial to undertake a fuller discussion around the SQA Change Programme. SQA had submitted a proposal to the Scottish Government seeking investment to support changes to SQA's business systems and processes in line with the SQA Change Programme. It was noted that the Executive had intended to present that Investment Proposal to the next meeting of the Board. This was supported by the Board.

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. In the afternoon, he had attended the Results Day Celebration event hosted by Who Cares? Scotland and MCR Pathways in Glasgow. He and the Deputy First Minister had presented several care experienced young people with their exam result certificate. It had been a successful and very inspiring event.

The Chair's other SQA commitments had included various meetings with the Chief Executive, observation of a Grade Boundary meeting and attendance at the International and Commercial, and Audit Committee meetings. Various communications had also been taking place with the new Board members following their appointment announcements at the beginning of July. These discussions had included committee memberships, of which the Chair provided an outline.

Scottish Government engagements had included a meeting with Fiona Robertson.

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 beginning with an update on the successful delivery of the 2018 Certification for more than 135,000 candidates.

The Chief Executive also presented consideration of the award of SQA's Honorary Fellowship, which recognised sustained outstanding work and commitment to education and training in Scotland. It was proposed and agreed to award the fellowship to Mr Walter Patterson, Education Consultant and former HMIE Inspector.

The Board also received an update on the work SQA had been undertaking in collaboration with Young Scot as part of the SQA Change Programme. This work had highlighted how young people interact with and understand SQA, and how better to support these young people both internally and externally.

As part of a response to the report received from the Young Scot's #SQAFutures Panel, SQA was considering development of a strategy for Young People, through which it would be able to engage effectively with young people and for SQA to take this into account as it developed its vision. It was noted that the finalised report and response would be presented to the Advisory Council at the end of August 2018.

Referring back to the earlier discussion around the workplan, the Chief Executive explained that the Investment Proposal set out SQA's requirements over the next five years in terms of investment in infrastructure, customer experience and process efficiencies, the associated costs, and anticipated benefits. She, and members of the Executive, had recently met with and discussed the Investment Proposal with the Scottish Government Sponsor Team, Finance Business Partner, and Chief Information Officer, where it had been received positively. There were ongoing conversations taking place with the Scottish Government and as mentioned, the Proposal would come before the Board in October.

The Board noted the content of the Chief Executive's Report.

118/2 PAPERS FOR APPROVAL

2.1 Reports and Accounts

2.11 Public Services Reform Act 2017-18

The Public Services Reform Act (PSRA) required public bodies to publish certain 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 point of presentation at appendix 3, 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.

2.12 Audit Scotland Annual Audit Report 2017-18

Mr David Richardson, Senior Audit Manager and 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 2017-18. The report from Audit Scotland served to provide the Board and the Auditor General with an assurance on SQA's financial statements and governance matters.

In line with governance arrangements and in the presence of Audit Scotland, the report had been considered by the Audit Committee at its last meeting.

Mr Richardson prefaced the presentation with a short update detailing issues - outwith the control of SQA and Audit Scotland - regarding the pension liability statement. The balance sheet showed the liability for future pension payments based on the estimated valuation provided

by Strathclyde Pension Fund's actuaries; however, unusually, the actual valuation at the year-end was significantly different from the estimated figure. Audit Scotland regarded the change in valuation as material and therefore asked SQA to adjust the annual report and accounts to reflect the actual valuation figure.

Mr Richardson tabled the proposed amendments to the Annual Report and Accounts in respect of the change in the valuation of the pension liability.

It was noted that these amendments in the associated figures would cause no change to the shape of the accounts or the narrative of the report. The Board acknowledged that the report retained the approval of the Audit Committee subject to the required updates.

Mr Richardson went on to draw attention to the positivity of the key messages at the introduction of the report with spending contained within budget and systems of internal control operating effectively throughout the year. The Board was encouraged to hear that any minimal concerns had been addressed in the Accounts and reflected in the final report.

The Board noted the contents of the report and approved, subject to the required amendments.

Mr Richardson recorded his thanks for the patient and courteous assistance from SQA staff in preparing the Accounts and bringing the Audit to a satisfactory conclusion.

2.13 SQA Audit Committee Annual Report 2017-18

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 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 2017-18 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.

2.14 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. In practice this is presented to the Board in the form of a letter of representation, however, due to the amendments required as a result of the pension liability changes, the Letter of Representation was not presented or signed at the meeting.

The Board did note the contents of the letter, and approved that it could be signed following the discussed changes being made and the amended report reissued.

2.15 Annual Report and Accounts for year ending 31 March 2018

The Board noted that that the report had been transferred into a separate bound set of papers.

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 2017-18. The Board noted the slight change in requirements from 2017 and was encouraged by the assurance that SQA had adapted to all changes and would continue to do so as required.

It was agreed that a small modification should be applied to the governance diagram on page 44 of the Report.

Mrs Ellison continued with an overview of the accounts, highlighting those points of note. Mr McKay, as Convenor of the Audit Committee, indicated that the Committee had considered and undertaken an extensive challenge of the accounts at its last meeting and could commend the accounts for approval.

The Board approved the Annual Report and Accounts for later signature and submission to Ministers and Parliament, subject to the aforementioned required amendments relating to the pension liability statement.

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

2.2 Printing and Dispatch of Question Paper Materials

Dr Stewart, Director of Qualifications presented to the Board the Tender Evaluation Report for the printing and dispatch of Question Papers.

The awarding of the contracts would cover the secure printing and packing of question papers and mapped together with the collation and preparation for the dispatch of materials to centres. With the existing contracts for these services due to expire on 31 August 2018, the new contracts would commence on 1 September 2018 for a period of three years. Due to the value of the contract, it required approval from the Board.

It was noted that following agreement with Scottish Government Finance in 2014, contract approvals did not require to be submitted to the Scottish

Government. This was grounded on the view that there was sufficient oversight of SQA financial activities given the presence of a Scottish Government observer at all Board meetings, Scottish Government access to all Board papers and the regular detailed discussions on the financial position. This position was acknowledged by the Board, on the understanding that there would be a written record of the Scottish Government approval.

In discussion, it was suggested that going forward, these contract recommendations should perhaps include references to SQA's commitment to the Fair Work Convention. It was also agreed to provide an offline clarification on the delivery/transportation costs.

To provide reassurance to the Board, it was confirmed that SQA had used this compendium of suppliers over a number of years. The suppliers also had considerable experience in working with Awarding Bodies across the UK, supported by the associated quality, security and contract monitoring process requirements.

The Board approved the award of the contract to Page Bros and Stephen Austin as detailed in the Tender Evaluation Report.

2.21 Proposed Changes to Committee Remit

This item had been a late addition to the Board agenda, and referred to a paper provided to the Board by email, which had outlined the proposal to revise the remit of the International and Commercial Committee to that of a Performance Committee.

Following detailed discussions, the Chair and Board had agreed that from the start of the current financial year 2018-19, the Audit Committee would no longer undertake the role of monitoring SQA's performance through a review of the Quarterly Performance Report (QPR) and that an alternate mechanism be put in place. To that end, changes had already been made to the Board agenda to incorporate discussion on the QPR, but on reflection, it was suggested to create a committee that monitored and tracked SQA's progress towards a successful delivery of its corporate objectives. This had come to fruition in the proposal to introduce a Performance Committee to both replace the International and Commercial Committee and create a committee to undertake the performance monitoring role, with quarterly reports to the Board indicating areas of importance or concern and/or areas that would benefit from wider debate, challenge and guidance.

The Chair introduced the item for discussion, highlighting its founding on a recent Audit report on SQA's need to challenge and articulate performance and consider high level deliverables.

In discussion, the Board agreed that as a group, its role was to be able to understand delivery of SQA's objectives and that a sub-Committee to undertake this commitment was both apposite and reasonable. The Board was not to consider detail, but to concentrate on strategy.

The proposal was agreed on the principle that a further update would be provided to the next meeting after further discussions involving the Chair, the Chief Executive and the current Chair of the International and Commercial Committee.

118/3 PAPERS FOR DISCUSSION

3.1 Quarterly Performance Review

The Chief Executive presented this to the Board and was pleased to advise that everything was fundamentally on track. The Board was assured that whilst there were some areas reported at amber, it posed nothing critical to SQA's customers, and was being closely managed.

The Board noted the update.

3.2 Financial Performance Report to 30 June 2018

Mrs Ellison, Director of Finance, tabled the year to date position and forecast outturn for the period ending 31 July 2018, providing some background for the benefit of new members.

Highlighting an additional requirement of £14.385m at Q0, it was clarified that this was in the main due to appointee costs and increased invigilator costs. In response to the Board, it was clarified that this had been a late increase due to a review on invigilator fees at the beginning of the financial year following feedback from invigilators. It was also clarified that the increased costs relating to CBS Phase 3 had related to a rise in license costs.

The Board noted the financial position as presented.

3.3 NQ Certification Programme Group Report

Ms Blair, Director of Operations, presented an update on the National Qualifications Certification Programme Group and was pleased to report, that overall the programme for certification 2018 was on track.

Having successfully completed certification 2018, aside from tying up Post Result Services, work was already underway in relation to the candidate certification for 2019

The Board noted the contents of the report.

3.4 HN, Vocational and International Certification Programme Group Report

The Board noted that the NQ Certification Programme Group the HN, Vocational and International Certification Programme was on track and reporting business as usual.

The Board welcomed and noted the contents of the report

3.5 RNQ Programme Report

The Board noted the update on the RNQ Programme, and was pleased to report that the status of the overall programme was at green.

Dr Stewart reported that the 2019 exam timetable had been finalised and published. Due to the revisions to Highers and the extension of coursework demands, the exam timetable for 2019 has been extended by one day to compensate.

It was also reported that as a result of the longer times needed for National 5 and Higher examination papers, it was expected that there would be an increase in Alternative Assessment Arrangement requests and SQA recognised this as a point to be monitored.

The Board noted the contents of the report and was pleased to note that the phased publication of revised Higher documents continued as planned.

3.6 Corporate Risk Register

In Ms Cahill's absence, the Chief Executive presented the status of the Corporate Risk Register (CRR), as discussed at the recent meeting of the Audit Committee.

The Board noted the contents of the Corporate Risk Register.

3.7 SQA Corporate Plan 2019-22

Mr Steve Borley, Head of Strategic Planning and Governance was welcomed to the meeting.

The strategic goals had been discussed at the last meeting of the Board, and the latest iteration was presented to the Board. Work was ongoing to link in NPF referencing and all SQA Committees would be invited to make comment, with the final draft intended for submission to the November meeting of the Board. An online facility for Board members would be provided soon.

Again, it was suggested the SQA should reflect its commitments to the Fair Work principles, perhaps in Goal 6?

The Board noted the update, and at this juncture, Mr Borley left the meeting.

118/4 PAPERS FOR INFORMATION

4.1 Business Development Report

The Board noted the business development activity in all key markets as at 30 June 2018 against Q0 forecasts.

4.2 Cash Position

The Board noted the position for the year based on the 2018-19 Q0 accruals forecast, accepting it as an assurance on the current position

4.3 Change Programme Highlight Report

The Board noted the report on progress against the various workstreams of the SQA Change Programme

4.4 Annual Reports

4.41 SQA's Internal Audit Annual Report 2017-18

The Board noted the contents of SQA's Internal Audit Annual Report and that the report had been discussed and approved at the Audit Committee on 30 July.

4.42 Health and Safety Report

The Board noted the Health and Safety Report 2018 understanding that under the Health and Safety at Work Act 1974 there was a requirement that Health and Safety was considered at senior management level.

4.5 Committee Reports

4.51 Accreditation Committee – 19 June

The minutes of the Accreditation Committee were noted by the Board.

4.52 International and Commercial Committee – 30 July

The draft minutes of the International and Commercial Committee were noted by the Board.

4.53 Audit Committee – 30 July

Mr McKay highlighted to the Board that the minutes of the Audit Committee of 30 July would be available for the Board to note at the next meeting.

118/5 ANY OTHER BUSINESS

The Chair closed the meeting with a reminder to the Board that the next meeting of the Board of Management will take place externally and that Mr Grant Ritchie, Principal of Dundee and Angus College had kindly agreed to accommodate this. Further details are to follow by email to members once confirmed.

There were no other matters raised under any other business.

118/6 DATE OF NEXT MEETING

The next meeting of the Board would take place on Wednesday 24 October 2018 in Dundee and Angus College. Timings yet to be confirmed to allow for travel to the venue.