

BOARD OF MANAGEMENT – 28 JANUARY 2015

For approval

Minutes of the ninety-second meeting of the Board of Management held at 10 am on Wednesday 3 December 2014 in Lowden.

Members

- * Mr G Houston (Chairman)
- * Dr J Brown (Chief Executive)
- * Mr J Edgar
- Mr K McKay
- * Mr R O'Hare
- * Mr R Stewart
- * Dr P Thomson
- * Mrs S Walsh
- * Ms C Wilkinson

* indicates present

Officers

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

Observers

- * Mr K Wyeth

92/1 **WELCOME AND APOLOGIES**

The Chairman welcomed members to the meeting, including Mr K Wyeth from the Scottish Government. Apologies were received from Mr McKay.

92/2 **DECLARATION OF ANY CONFLICTS OF INTEREST**

There were no conflicts of interest declared.

92/3 **PREVIOUS MEETING**i **Minutes of meeting held on 8 October 2014**

The minutes were approved as an accurate record.

ii **Action Grid**

The contents of the action were noted.

92/4 **MATTERS ARISING**

There were no matters arising.

92/5 **CHAIRMAN'S REMARKS**

The Chairman had attended the recent Qualifications Committee and Advisory Council meetings, as well as attending the Star Awards and Long Service Awards ceremonies.

The Chairman also advised that Angela Constance, who had been recently appointed to the position of Cabinet Secretary for Education and Lifelong Learning, would be invited to a forthcoming Board meeting.

92/6 CHIEF EXECUTIVE'S REPORT

The Chief Executive referred to her recent engagements and advised of the positive and useful engagement with the Unions following on from feedback around the new qualifications. The core of these discussions had been varied, but in the main related to the support provided to teachers and the transition for both the existing and new Highers into the new Advanced Higher. She added that there continued to be close engagement with partners and the Scottish Government on CfE.

92/7 DELIVERING SCHOOL QUALIFICATIONS

i CfE Update

Dr Stewart presented the update on SQA's progress against CfE milestones, based on SQA's highlight reports for September and October 2014.

The Board was reassured that there was ongoing review and planning to manage the issues that contributed to the overall programme status of amber. This was as a result of continued challenges around the availability of appropriate resources and conflicting demands on those same resources for additional activities being undertaken that were outwith the original plan. To highlight the impact of the additional development activity in the CfE plan, reference was drawn to the report from the Certification Programme Group (paper 92/7 ii referred) and that question paper production for the new Highers was significantly behind schedule. It was noted, naturally, that this was being closely monitored to ensure that critical milestones due in February 2015 would be met.

The Board noted the current position.

ii Report from the Certification Programme Group

Ms Blair presented the Certification Programme Group report, highlighting the particular challenges ahead around dual running of both Intermediates and Nationals and the new and existing Highers. She provided a detailed update on those critical success factors reported at amber status and assured the Board that all issues were being carefully managed.

The Board noted the contents of the report.

iii Certification 2014 – Lessons Learned

The Board received a presentation on the outputs of the cross organisational lessons learned workshops, and was encouraged by the significant amount of time and effort that had been attributed to this exercise. In summary, the ensuing discussion highlighted:

- The additional support that had been provided during certification 2014 and the challenges this had placed on both people and financial resource.
- The planned increase in communication and engagement activities, with a greater focus on employer groups, especially in light of the Wood Commission.

- The ability to exemplify unit and course assessment with ‘real’ candidate materials as part of the Understanding Standards programme this session.
- The financial implications for 2015-16 in light of the impact of the continuation of the fixed cost agreements with Local Authorities, and static pricing in Scotland. It was again likely that there would be increased costs to SQA as a result of entry numbers higher than the levels included in the agreed assumptions that informed the fixed cost model. Additional costs were also being incurred on the maintenance of standards and quality assurance in response to stakeholder requests to ensure that the new qualifications were safely delivered.

The Board engaged in discussion on the fundamental requirement to discuss and clarify – at an Education System level - the allocation of tasks and responsibilities across the system over the longer term; the implications of presentation patterns; associated workload; and the delivery of CPD and the challenge placed on teachers. The Board urged that this dialogue should take place as a matter of priority, and was reassured to learn of a forthcoming meeting between Scottish Government, Education Scotland and SQA to cover the longer-term and system wide reflections on lessons learned. The Board was reminded that SQA had an extensive and detailed delivery plan in place.

It was also noted that SQA would prepare a background report to inform the OECD evaluation of CfE (as commissioned by the Scottish Government). At this point, Mr Wyeth assured the Board that the Scottish Government was acutely aware of the scale of the challenges being faced by SQA.

In closing, the Board recorded its confidence in the actions and approaches being taken by SQA officials. There was clearly an understanding of the lessons learned and the application of that for the future, and members recorded their confidence in SQA’s commitment to continue working in partnership with the wider system in order to address the continuing challenges in the year ahead.

92/8 CORPORATE

i SQA Corporate Plan 2015-18

Ms Cahill presented the corporate plan for approval, advising that it had now been presented to and considered by each of SQA’s Committees, the Advisory Council, and the Scottish Government. Ms Cahill advised of the latter’s feedback, which whilst generally content with the draft, had requested two amendments:

- 1 Within the strategic context and drivers, to include reference to the Modern Apprenticeship programme and new emerging activity such as foundation apprenticeships; and
- 2 Within strategic goal number 2, to amend such that it included the text “qualification development”.

These suggestions were considered, debated and finally approved by the Board. During discussion, it was also suggested and agreed to:

- amend the reference to “children and young people” under the strategic drivers and make it more embracing of all people;
- amend the references around being trusted, and for this to be more aspirational and replaced with “seek to be” trusted;
- add a reference to universities within the Approach section;
- add reference to SQA’s commitment to equalities within the final section covering Responsive Delivery.

Subject to these revisions, the Board approved the Corporate Plan 2015-18 for remit to the Scottish Government sponsor department.

ii **SQA Corporate Risk Register**

Ms Cahill presented the current status of the Corporate Risk Register that had been reviewed in detail by the Audit Committee in the previous week. The Board noted the Audit Committee’s endorsement of:

- the amalgamation of the previous risks 2 and 4 into a new risk (presented as number 22 in the risk register before the Board);
- the amalgamation of the previous risks 1 and 5 into a new risk (presented as number 23 in the risk register before the Board); and
- the de-escalation of two risks to departmental level (risks 12 and 8).

In light of that day’s earlier discussions, it was agreed to review the causes of risk 23 (people resources) and to include the impact of *external* pressures on SQA’s staff and appointees.

The Board noted the contents of the risk register.

At this point, it was recorded that the recommendations of a recent audit review had included the need for the Board to articulate clearly its risk appetite, and that this would be considered further at the next meeting of the Board.

92/9 **FINANCE**

i **Financial Performance to 31 October 2014**

Ms Ellison presented the financial position for the period ending 31 October 2014, and reported no overall significant deviation from the Q2 full year forecast.

The Board noted the contents of the report, commenting favourably that the improved forecasting practices were evidenced by programme grant expenditure being overall in line with forecast.

ii **Budget 2015-16**

Ms Ellison presented the draft budget for 2015-16, and provided a detailed overview of the major assumptions, issues and risks associated with the submission. The overall draft deficit position was significantly higher than originally anticipated, in the main due to CfE and the higher levels of activity expected to support robust development and implementation of the new qualifications for diet 2015. During the discussion, it was highlighted that:

- There was continuing uncertainty around candidate entry presentations – both for the second year of CfE and for the new Highers.
- N5 entries had increased considerably over the levels anticipated in the fixed cost model, resulting in significantly increased costs. In 2014-15 this would have resulted in additional entry income for SQA of £750k had the arrangement between Scottish Government, COSLA and SQA not been agreed. SQA's entry charges did not cover the cost of developing, delivering and assessing its qualifications, and prices had been static since 2010.
- While SQA endeavoured to grow its commercial income, there was a corresponding increase in staff, development, and systems costs.
- The costs of some CfE activities were transitioning from grant funding to core funding as they become part of 'business as usual'. This was reflected in salary costs and other operational expenditure within the core budget.

The Board engaged in discussion around the matters raised, and agreed that in summary, there were three main issues in hand – the level of funding, the level of pricing and the level of income. Noting its concern, the Board was resolute on how this emphasised the criticality of securing an appropriate and viable financial model. The Board would be kept abreast of developments in this area, and was advised that a model was currently being developed for a future discussion with the Cabinet secretary.

The Chief Executive left the meeting, owing to an external diary commitment.

92/10 **BUSINESS DEVELOPMENT REPORT**

Mr McMorris provided the Board with a full and comprehensive update on the performance of business development in all key markets to end October 2014.

Again, the Board noted the encouraging contents of the report.

92/11 **SQA ACCREDITATION**

Mr Brown, Head of SQA Accreditation, was welcomed to the meeting and led on a presentation of the regulation challenges currently being faced by SQA Accreditation in Scotland.

The Board engaged in a wide ranging and very useful discussion, during which the following points were covered and raised:

- 2015 would see the 25th anniversary of the introduction of SVQs, which the SQA Accreditation function was keen to promote and celebrate.
- The Commission for Developing Scotland's Young Workforce had recommended for young people in the senior phase to have an opportunity to undertake a first year of apprenticeship.

Industry Related Vocational Qualifications (IRVQs) would be delivered in the senior phase of secondary school.

- The Board expressed concern that SQA Accreditation had not been fully involved in assisting to determine the criteria for IRVQs, with the risk that

young people could undertake qualifications that had not been accredited and that would not provide progression or be transferable.

- It was noted that clarity was needed on the definition of a 'first year of apprenticeship'; without which there was potential for distortion of the current apprenticeship frameworks.

Implications of Apprenticeship developments in England

- The Board expressed concern that these did not recognise Scottish qualifications, and instead only GCSE and Functional Skills qualifications.
- This issue was being raised by SQA at the upcoming UK VQ Forum in London.
- Larger cross-border employers may choose to use the English Apprenticeships and this may have an impact on learners in Scotland.

Four Country Regulation

- The Board noted that there would be significant consequences for Scotland if the approach to regulation followed the qualification, notwithstanding the different legislations in place and the lack of understanding in the RoUK.

In closing the discussion, the Board noted with concern that SQA Accreditation had been operating in the absence of a policy lead for Accreditation at the sponsor department for almost three years. This presented numerous challenges, aside from the day to day undertakings such as handling the changing vocational qualification landscape, and the transition into the implementation phase of the recommendation from the Commission for Developing Scotland's Young Workforce. The Board recognised that this could not be sustained, and supported the proposal for SQA to pursue the opportunity for discussions with the Scottish Government to explore potential solutions.

The Board had been grateful for the opportunity to engage in the work of the Accreditation function and commented on how helpful the session had been.

Mr Brown left the meeting.

92/12 **STAFF SURVEY UPDATE**

Due to time restraints, and on the agreement that this item warranted full review and discussion by the Board, it was agreed to defer the update to the next meeting of the Board.

92/13 **COMMITTEE REPORTS**

i **Accreditation Committee – 2 December 2014**

The Accreditation Committee had met the day previous to the Board meeting, and Ms Wilkinson provided an update on the matters pertinent to the Board, namely concerns with National Occupational Standards (NOS) linked to Universal Services and the extensive time and effort being attributed to this work, along with the ongoing uncertainty around funding. There was also growing concern around the capacity and capabilities within SSCs and the direct impact on the resources of the Accreditation function.

ii **Advisory Council – 10 November 2014**

Dr Thomson advised that the Advisory Council had focussed on SQA's digital agenda, and had undertaken a very useful and interactive discussion session.

iii **Audit Committee – 4 August 2014**

The Board had received an update of the meeting at its previous meeting and noted the content of the formal minutes of the meeting held on 4 August 2014.

iv **Audit Committee – 24 November 2014**

Mr Edgar reported that the Audit Committee had undertaken its usual review of the QPR, and considered a number of audit reports.

v **International and Commercial Committee – 5 November 2014**

Mr O'Hare advised that there had been a noticeable development in reporting on those areas of focus for SQA going forward.

vi **Qualifications Committee – 17 September 2014**

The Board had received a verbal update at the previous meeting and noted the formal minutes of the meeting held on 17 September 2014.

vii **Qualifications Committee – 19 November 2014**

Mrs Walsh provided an update of the business covered, which had included updates on standards activities and the outputs of the first meeting of the awarding expert group. The Committee had also received reassurances around the National Literacy Unit, and Mrs Walsh commended the work of Mrs McDonald and her team in reaching this positive outcome.

92/14 **ANY OTHER BUSINESS**

i **Development Event for Non-Executive Directors (NEDs)**

Mr Stewart updated members on the recent event that had brought together Non-Executive Directors from Executive Agencies, Non-Ministerial Departments, Executive Non-Departmental Public Bodies (NDPBs) and the Scottish Government. Key themes arising from the discussions had included:

- The challenging role of NEDs, with a clear distinction between NEDs in the Scottish Government and NDPBs.
- The ambition to improve diversity on Boards.
- The aspiration to convene more and future developmental events.

There were no other matters raised.

92/15 **DATE OF NEXT MEETING**

The next meeting of the Board would be held on Wednesday 28 January 2015 in the Optima Building, Glasgow.