

SCOTTISH QUALIFICATIONS AUTHORITY

B167/1.4ii

BOARD OF MANAGEMENT – 29 JANUARY 2025

Minutes of the meeting of the Board of Management held at 10.00am on Wednesday 27 November 2024 by video conference.

Members

- * Ms S Rogers (Chair)
Ms F Robertson (Chief Executive)
- * Ms A Davis
- * Mr S Hagney
Mr J Morton
Mr G Smith
- * Professor K Thomson
- * Ms M Wailes

Officers

- * Ms J Blair
- * Mr J Booth
- * Mr M Campbell
- * Mrs D Mahmoud
- * Mr J McMorris
Ms D Stewart
- * Mr M Ware

- * Indicates present

In attendance

Mr S Borley, Head of Chief Executive's Office, SQA

Mr A Dickson, Head of Finance, SQA

[REDACTED], SQA

[REDACTED], SQA

Ms L McGrath, Head of Qualifications Portfolio Management

[REDACTED], Audit Scotland (B166.3 only)

1 OPENING REMARKS

1.1 Welcome and Apologies

The Chair welcomed members to the meeting, in particular the three new Board members and ran through which Committees they would be joining within the organisation.

Apologies had been received from Mr Smith, Ms Robertson and Ms Stewart.

1.2 Declaration of Any Conflicts of Interest

There were no conflicts of interest raised in relation to the agenda.

1.3 Minutes of the previous meetings

The minutes of the meetings on 28 August, 18 September and 16 October 2024 were all approved as accurate records of the meetings, subject to small amendments to the minute of 28 August.

1.4 Matters Arising

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

2 UPDATES

2.1 Chair's Update

The Chair provided a brief update to the Board on recent key events including the publication of the *Prospectus for Change*, highlighting its significance and role in shaping the organisation's future.

She reported that the Education Scotland Bill was progressing through Parliament and was scheduled for debate during the week commencing 6 December.

The Transition Board has made significant advancements, and she would provide a further update on this topic later in the meeting.

The Chair recognised the extensive effort involved in producing the Annual Report and Accounts (ARA) that the Board had the duty to sign off at the meeting.

The Chair referenced work being done to produce Terms of Reference (ToRs) for the new People Committee. She referenced and thanked Ms Davis for a very useful conversation about how to separate People issues from the existing Performance Committee and thanked the People Director for all her work in leading the creation of the ToRs with our recognised Trade Unions. The Chair asked that the ToRs should be brought to the next Board meeting for consideration and approval.

In closing, she highlighted the success of the recent risk workshop held with the Audit Committee and the Board, commenting that the session facilitated discussions on dynamic risk management which were well-centred, well-conceived, and well-informed.

The Board noted the update.

2.2 Chief Executive's Update

The Board noted that, in her absence, the Chief Executive had provided her update to the Board by email.

Mr Booth provided an update on the launch of the *Prospectus for Change*, highlighting that positive media coverage and strong engagement on social media platforms had been observed. New panels for learners, teachers, and stakeholder groups had been announced the previous day, these panels mark another step forward in fostering key stakeholder engagement. Several engagement sessions were planned for the new year to maintain momentum and ensure continued collaboration.

Mr Dickson provided a brief update on the 2023-24 budget, noting that a confirmation communication had been received from the Scottish Government that morning. A fuller update would be provided to the Board once colleagues had worked through the detail.

The Board noted the update.

3 PAPERS FOR APPROVAL

3.1 Report and Accounts 2023-24

The Board were joined by [REDACTED] from Audit Scotland.

3.11 *Public Services Reform Act (PSRA) 2010 2023-24*

Mr Dickson presented the PSRA report, noting that it had been presented to and approved by the Audit Committee at its last meeting and would be published on the SQA website along with the Annual Report.

The Board approved the PSRA report.

3.12 *Audit Scotland Annual Audit Report 2023-24*

[REDACTED] presented the Annual Audit Report from Audit Scotland, reporting that it represented another strong outcome and a positive position for SQA.

Ms Wailes, as convenor of the Audit Committee, highlighted the key recommendations outlined in the report, noting that they reflected the robust nature of the audit process and outcomes.

The Chair extended thanks to the Finance team for their hard work and dedication in supporting the audit process.

A delay in the implementation of the cyber security programme was discussed, attributed to awaiting confirmation from the Scottish Government regarding the required funding for new infrastructure. The Board noted that SQA was working with a recognised security partner to evaluate the next steps and ensure compliance with Cyber Essentials criteria.

Mr Campbell reported that digital capability and security are foundational to the transition to Qualifications Scotland, and the *Prospectus for Change* provided a longer-term framework for planning these improvements.

The Board noted that the transition to Qualifications Scotland would require SQA and Qualifications Scotland to maintain separate reporting structures. The Board noted that reporting cycles for accounting periods were yet to be confirmed.

The Board approved the report.

3.13 *SQA Audit Committee Annual Report 2023-24*

Ms Wailes presented the SQA Audit Committee Annual Report, as Convenor of the Committee. Ms Wailes noted the importance of the report which recognised the work of the Committee throughout the year in providing challenge and scrutiny across all

business areas, highlighting in particular the positive assurances from both internal and external audit programmes.

The Board noted the assurances provided by the report.

3.14 Letter of Representation

Mr Dickson presented the Letter of Representation, noting that, as part of the completion of the annual audit, the letter provides Audit Scotland with written assurances from the Accountable Officer on aspects of the Annual Report and Accounts and the judgements and estimates made. The letter that would be issued to Audit Scotland with SQA's signed Annual Report and Accounts.

The Board noted the letter of representation from SQA's Accountable Officer.

3.15 Annual Report and Accounts 2023-24

Mr Dickson presented the ARA 2023-24 noting that the Audit Committee had considered the ARA at its meeting on 18 November 2024 and recommended approval to the Board.

The Board approved the ARA, noting that arrangements had been made for the electronic signatures of the Chief Executive, Chair and Audit Scotland to be added following the Board before they would go on to be submitted to Ministers and Parliament.

The Board thanked [REDACTED] and colleagues at Audit Scotland for all their work in producing the 2023-2024 Audit Report. Mr Gardner then left the meeting.

3.2 Standing Orders

3.21 Qualifications Committee Standing Orders

Prof Thomson, as convenor of the Qualifications Committee presented the reviewed standing orders, noting that they had been approved by the Committee at their meeting in August. The Board approved the standing orders.

3.21 Audit Committee Standing Orders

Ms Wailes, as convenor of the Audit Committee presented the reviewed standing orders, noting that they had been approved by the Committee at their meeting the previous week. The Board approved the standing orders.

3.3 Prospectus for Change: Strategic Outlook & Medium-Term Financial Position

Mr McMorris and Mr Borley delivered a presentation providing an update on SQA's strategic overview and medium-term financial position following the previous session on 28 August 2024.

The presentation outlined the financial position for 2024-25 and set the wider policy context for SQA and Qualifications Scotland, discussing the drivers, ambitions, and risks associated with the *Prospectus for Change* and proposed actions for synthesising ambitions with challenges.

The Board discussed the impact of the vacancy factor on cost savings and performance. Key considerations included whether vacancies were affecting service delivery, the necessity of filling vacant positions and identifying the proper headcount for the organisation.

In discussing International operations, exchange rate risks were highlighted, particularly for operations overseas. Mr McMorris noted that these risks were mitigated through pricing strategies such as pricing beyond the five-year average.

The Board discussed the importance of clarity on grant-in-aid (GIA) coverage from the Scottish Government and whether fee adjustments might reduce GIA funding.

Emphasis was placed on aligning cost-based pricing models with customer needs, while being mindful of potential displacement impacts on the customer base.

The Board discussed whether transition to Qualifications Scotland could affect SQA's well-recognised international brand. Mr McMorris reported that communication strategies for the transition program were underway, with no significant concerns reported from international business partners.

Board members emphasised incorporating lessons from the pandemic to improve operations, particularly through collaboration and partnership working with other organisations.

The Board noted that building relationships and trust with stakeholders remained a priority under the Prospectus for Change. Improving engagement with end users (learners and teachers) will be essential for enhancing public perception and overall regard for SQA and Qualifications Scotland.

The Chair requested that the discussion points be considered and worked into the plan and its identified actions. The Board would continue to consider this work on an ongoing basis with the key priorities of addressing financial challenges and shaping the organisation to adapt to evolving demands.

4 PAPERS FOR DISCUSSION

4.1 Financial Performance Report

Mr Dickson provided an update on the financial position, highlighting that month-end reviews had shown a consistent financial position. Significant effort had been made to accommodate savings and efficiency requirements resulting from the funding allocation provided by the Scottish Government (SG).

Official funding confirmation had been received from SG that morning and the team would assess the financial position in line with this confirmation and report back to the Board.

The Board discussed offsetting pension underspend against spending in other areas, with Mr Dickson confirming that this was permitted and had been implemented.

Mr Dickson reported that, as part of meeting funding requirements, the decision had been made to pause internal change initiatives under the change programme. This approach, while effective in the short term, is not a long-term solution and the programme will be reinstated in the next financial year to address necessary improvements to systems and other areas within SQA.

4.2 Transition Board Update & Cabinet Secretary's Commission

The Chair provided an update on the work of the Transition Board, outlining the progress made within the group's three primary workstreams. During the discussion, Board members raised questions about the accountability framework for the Transition Board, particularly concerning areas where the SQA may not have direct control. The Chair clarified that the co-chairing arrangement of the group ensures accountability is shared among SQA, the Scottish Government (SG), and all other stakeholders involved in the process.

The Chair presented an update on the Cabinet Secretary's Commission, focusing on the development of the Schools Unit, the further separation of awarding and accreditation functions going forward and governance arrangements for Qualifications Scotland.

Several core components have been identified to support the creation of the Schools Unit. These components are designed to be implemented independently and are not mutually exclusive. At this stage, proposals for leadership structures have not been included. Once agreement is reached on the Schools Unit components, a broader organisational design process will commence. This process will involve extensive stakeholder consultation, and further engagement to ensure its effectiveness and will be conducted in line with the organisations existing OD / HR practices.

In terms of governance and leadership, the Commission requested further advice on strengthening the relationship between the Awarding and Accreditation functions at an operational level. The recommendations include introducing additional oversight mechanisms, such as escalation procedures and external reviews, to ensure a clear separation of powers. It was proposed that leadership of the Accreditation function should transition to a new senior Director role, such as a Chief Regulator or Chief Accreditation Officer, with an enhanced Accreditation Committee. This Committee would have direct access to the Board, as proposed in the Bill.

The Chair explained that while there was an option to separate the Accreditation function entirely from the new organisation, the Chair's proposition confirms the Board's previous position that the function remains within the new qualifications body with enhanced separation as set out.

In closing the Chair thanked those Board members who are involved in the Transition Board along with those who had provided oversight to the Commission work and those members of the Executive and staff, in particular the OD team, for their work in bringing the work to a conclusion. The Board noted the update.

4.3 Developing the Values for Qualifications Scotland

Ms Mahmoud provided an update on the progress of the values development work. She explained that this initiative had brought a renewed sense of pace and purpose,

addressing the extended period since the announcement that SQA would be replaced.

The work aims to produce a clear set of organisational values. Once these values are validated in the New Year, efforts will shift toward embedding them into the organisation's culture. Feedback from colleagues has been broadly positive, with many expressing their satisfaction in being part of a tangible initiative that directly relates to the future of the organisation.

Ms Mahmoud reported that clear themes and a degree of consistency have already emerged from engagement workshops conducted across the organisation. The outcomes of these workshops have been captured through various methods, and the analysis will be presented to the Executive Team.

The finalised set of values will be circulated to the Board in December for review and approval, following which they will be signed off by the Chair. The validation process is expected to conclude by early 2025.

The Board agreed the importance of organisations owning their values and noted that the values must be developed through internal engagement to ensure they genuinely reflect the deeply held beliefs and principles of SQA colleagues.

5 PAPERS FOR INFORMATION

5.1 SQA Framework Agreement

The Board noted the updated Framework Agreement.

5.2 Committee Reports

Qualifications Committee

Prof Thomson presented the minute of the Qualifications Committee meeting on 25 September and provided a verbal update on the meeting of the Committee on 6 November, which the Board noted.

Accreditation Committee

The Board noted the minute of the Accreditation Committee meeting on 24 July, noting in particular that, in response to a reduction of available funding for reviewing and developing SVQs, SQA Accreditation had worked with Skill Development Scotland to produce a process which allows NOS, SVQs and Modern Apprenticeships to be reviewed in a single year rather than sequentially as SDS funding previously dictated, meaning that SQA are able to get products to market quicker.

Audit Committee

Ms Wailes presented the minute of the Audit Committee meeting on 26 August and provided a verbal update on the meeting of the Committee on 18 November, which the Board noted.

6 ANY OTHER BUSINESS

There was no other business raised.

7 DATE OF NEXT MEETING

The next meeting of the Board would take place on Wednesday 29 January 2025.