

S T U D E N T L O A N S  C O M P A N Y L I M I T E D

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS  
HELD AT 10.00AM ON TUESDAY, 26<sup>th</sup> FEBRUARY 2008  
100 BOTHWELL STREET, GLASGOW G2 7JD**

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<b>Present:</b>	Mr Keith Bedell-Pearce	Chairman	KBP
	Mr Ian Dickson	Non-Executive Director	ID
	Mrs Barbara Duffner	Non-Executive Director	BD
	Ms Angela McCusker	Non-Executive Director	AMcC
	Mr Christian Torkington	Non-Executive Director	CT
	Mr Ralph Seymour-Jackson	Chief Executive	RSJ
	Mr Chris Andrew	Company Secretary	CA
<b>Assessors:</b>	Mr Michael Hipkins	DIUS	MH
	Mr Stephen Kerr	Scottish Government	SK
<b>By Invitation:</b>	Mr Derek Ross	Deputy CEO	DR
	Mr Les Campbell	Finance Director	LC
	Mr Wallace Gray	ICT Director	WG
	Dr Martin Herbert	Customer Services Director	MHerb
	Ms Gill Lambert	Welsh Assembly Government	GL
	Mr Graeme Duncan	SLC (Minutes)	GD
<b>Apologies:</b>	Ms Tanvi Davda	Non-Executive Director	TD
	Mr Simon Brindle	Welsh Assembly Government	SB
<b>Distribution:</b>	As Above		

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### 1. Directors' matters

The Chairman noted apologies as above. He then advised that the search for an additional Non-Executive Director was continuing as well as the post being re-advertised.

#### 2.1 Minutes of the last meeting held on 29<sup>th</sup> January 2008

The minutes of the meeting held on 29<sup>th</sup> January 2008 were approved.

#### 2.2 Matters arising from the last meeting held on 29<sup>th</sup> January 2008

A full list of actions will be held with these Minutes. The majority of actions were closed with those remaining outstanding, due at a later date. MH advised that MB50 was still ongoing and DR stated that with regard to MB92, it was likely that the Strategic Commission required from DIUS in relation to the Corporate Strategy would be unavailable until April 2008 at the earliest. The Chairman then informed the Board that a discussion would take place in relation to MB93 with RSJ and WG following this Board meeting.

#### 3.1 CEO Report

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The discussion then focussed on the recent Ministerial visit made to SLC by Baroness Morgan, the Parliamentary Under Secretary of State, and RSJ provided a background to the topics discussed with her during the visit, \*.

#### 3.2 Context Review

RSJ introduced the Context Review and highlighted the key issues contained within including:-

- The substantial increase in Parliamentary Questions from Westminster in recent months;
- The significant increase in University applications which was expected for the 2008/2009 academic year following a preliminary report published by UCAS. He stated that this could mean a busy summer for the Company in terms of processing applications should this report be accurate, and;
- Local press activities in and around Darlington which had carried several positive items in response to the Company's media campaign to announce the launch of the first phase of recruitment for Lingfield Point.

ID then referred to a paragraph in the report which provided details of an article that had appeared in a national newspaper relating to credit referencing. RSJ advised that proportionate steps are applied throughout the Mortgage Style Loan repayment process when students defaulted on payments. He added that the Company were committed to building relationships with these customers and working with them in order to create suitable repayment plans.

### **3.3 Remuneration Committee Report**

BD advised that a meeting of the Remuneration Committee had taken place on 29<sup>th</sup> January and referred Board members to the Minutes of the meeting which were enclosed in the Information Reports section of the Board pack. She stated that the main focus of the meeting had been on senior staffing matters, the revised Remuneration Committee Terms of Reference and the recruitment of a manager to lead on ICR debt sale activity. BD concluded by stating that she was pleased with the progress that had been made by the Company in these areas since the appointment of the current Head of Human Resources.

### **3.4 Audit Committee Report**

ID confirmed that a meeting of the Audit Committee had taken place on 29<sup>th</sup> January to discuss the items which had not been covered at the December 2007 meeting due to it being inquorate. He provided a summary of the matters discussed and advised that the Minutes of this meeting were enclosed in the Information Reports section of the Board pack. \* **Action MB11 - GD.** \* **Action MB12 – GD.**

### **4.1 Draft Corporate Plan and Financial Plans**

LC presented the draft Corporate Plan for FY08-09 and the draft Financial Plans for FY's 08-11 which, for the first time, had been prepared separately for each of the four funding bodies. He advised that good progress had been made to date with only a few outstanding issues remaining. \* The Chairman advised that he had made some small changes to the 'Chairman's Foreword' and he passed these changes to CA in order that they could be incorporated into the Final Corporate Plan **Action MB13 – LC.**

The Chairman then queried why no reference was made to the Customer Portal under KPI1 in the draft plan and DR advised that this was because it had never been requested by the funding bodies. The Chairman then asked the representatives from the Devolved Authorities whether they were content with the information contained in their respective Financial Plans. SK, GL and MH agreed that the Financial Plans were as expected. A discussion then followed on the analysis of the budgets for FY 07-08 and 08-09 and ID queried whether the figures for pay were correct. DR advised that a large proportion of the budget for FY 08-09 would be utilised at the new site in Darlington but LC agreed to check these figures and send out a clarifying e-mail to the Board members prior to the next Board meeting **Action MB14 – LC.**

### **4.2 Expenses Policy for Staff**

The Chairman introduced the new Expenses Policy for Staff which had been submitted to the Board for information. He confirmed that expenses arrangements for Non-Executive Director's were not covered by this policy: the current arrangements for reasonably incurred expenses being reimbursed against receipts was more appropriate for non-executive directors than a system of various allowances BD queried whether a paragraph in the report which stated that an employee, who is not entitled to overtime and travels to the office outside their normal working hours, would be entitled to claim travelling expenses to and from work was correct. LC advised that this was the case as some staff did get called in

to work in an emergency in both evenings and at weekends and they were entitled to receive expenses for these journeys.

ID then queried whether the Procurement Department were obtaining the best travel prices available and RSJ informed that although the Company did seek to book travel as far in advance as possible, the use of an agency was required due to the essential late notification of some travel arrangements.

#### **4.3 Provision of Banking Services**

LC presented this report which provided a background to the evaluation process that had been carried out for the Provision of Banking Services to SLC and advised that this was a matter that was reserved for the Board. He added that although there were clearly risks associated with changing to the recommended supplier, he would seek to successfully manage them. ID then queried how much the Company would actually save from changing its banking supplier and LC informed the Board that it would be somewhere in the region of £65K. CT asked how often the Company should go through this process and LC advised him that it was recommended that this review was carried out every four years to try and reduce transitional costs.

The Chairman then queried whether there would be a formal risk register for this review and LC advised that it would be reported regularly as a Corporate Risk to the Audit Committee. MH stated that it would be helpful for the DIUS to be provided with regular updates in relation to this process **Action MB15 – LC.**

#### **4.4 Tender for Contact Centre Technologies section of Customer First Programme**

DR presented the Contact Centre Technologies report and provided a summary of the evaluation process for the provision of Agent Desktop and CIM/IVR software which was required in order to enhance current technologies to meet Customer First service requirements. He then detailed the background to both procurement exercises and confirmed the recommended suppliers for Agent Desktop and CMI/IVR software respectively. The Chairman then queried whether SLC had any existing links with the Agent Desktop supplier and DR advised that they had carried out various projects for the Company over the previous years and he was comfortable they would be able to deliver the requirements of the Company in terms of this software. The Chairman asked when this software was likely to be implemented and DR advised that the key deliverables for the Customer First programme were not dependent on the implementation of this software and the projections showed an anticipated date at some point during 2009.

WG then informed the Board that he had not been closely involved in this procurement evaluation process in order that it could be as transparent as possible since he had experience of working on previous projects with the recommended supplier for Agent Desktop. \*, John McLelland, an independent procurement expert, had reviewed the procurement exercise at the Company's request and had been satisfied with the process that had been followed. CT raised the issue of high licence costs for this software and WG advised he would become involved in the post-tender process if required to analyse concurrent usage and ensure the Company were receiving best value.

#### **5.1 Corporate Programme Board Report**

DR presented the Corporate Programme Board report and highlighted that the programme was currently assessed as having a 'Green' RAG status and that it was on track to meet the revised delivery dates. DR advised that the biggest dependency for the programme was the Separation of Services and WG and his team had been working on its implementation over the past few days and to date it appeared to have been successful. He highlighted that after over three years worth of planning and activity this was a significant step forward for the Company. The Chairman agreed with this summary and stated that he felt this was an important and powerful example of strategic vision as this new architecture had been identified as being vital to the future operations of the Company more than three years ago.

SK then advised that in relation to the Loan Repayment for Overseas Students project, the Scottish Government were awaiting a business case to be submitted before any final decision could be made on whether the Scottish Government would contribute funding to this project.

## **5.2 Customer First Update**

DR presented the Customer First Update report and advised that work at Lingfield Point was ahead of schedule and that some of the ICT facilities would be passed to the Company's ownership from the 28<sup>th</sup> February. He advised that the recruitment of staff was also slightly ahead of schedule and that a family open day was being held at Lingfield Point on Sunday, 30<sup>th</sup> March to allow staff who are being transferred from Mowden Hall as well as prospective staff to see the new working environment. He then informed the Board that during the previous month the Company had for the first time successfully made a submission (on service branding) directly to Ministers, which was one of the skills transfer elements the Company had targeted to achieve.

A discussion then followed on the recent strategic assessment of the Customer First programme which had been carried out by the Office of Government Commerce. DR advised that the feedback which had been received was positive and although it focussed mainly on SLC, the programme processes involving DIUS and HMRC were also reviewed. The Board congratulated DR and the Company on this positive outcome, which reflected the hard work of all involved.

## **5.3 Quarterly Update on SLC/DIUS Performance Review Meeting held on 6<sup>th</sup> February 2008**

RSJ advised that this meeting had been led by Ruth Thomson from the DIUS and had focussed on the KPI's which were showing as having an 'Amber' or 'Red' year end forecast. He informed the Board that the issue of NINO's and Mortgage Style Loans had been discussed and that although the funding bodies survey responses provided some form of measurability, there was still a significant amount of work to be carried out in identifying the best way forward.

## **6.1 KPI Report FY07-08 – Part 1**

RSJ presented the KPI report and highlighted that although KPI9 had changed to an 'Amber' year end forecast, focus for the remainder of the year would be placed on improving these figures to obtain a 'Green' year end status. The Chairman then asked for clarification on the 'doorstep campaign' referred to in the report. RSJ advised that this was essentially another way of engaging and building relationships with those customers who been unable to set up arrangements and this process is triggered when no response is received to correspondence the Company has sent the customer.

## **7.1 Company Secretary Report**

CA introduced the quarterly Company Secretary report and highlighted the recent BFI review as an important project as it allowed the Company to ensure that the income checking procedures currently in place were sufficient. He advised that meetings would now be held with the National Audit Office, the Department of Work and Pensions and HMRC to gain experience of their methods and level of expertise in relation to reducing fraud and error in this area. The Chairman stated that this matter was currently of considerable interest to the Board and Ministers and noted that this was an area where the Company had made significant progress and achieved a great deal of success. He requested that a report be collated and made available to Ministers showing a summary of the work the Company had undertaken towards reducing fraud **Action MB16 – CA**. ID suggested the annual fraud overview report which was submitted to the Audit Committee could form the basis for this. A discussion then followed on obtaining P60 related evidence directly from HMRC and ID stated that he felt an early introduction of this type of link, which was targeted to be fully operation for AY 10/11, could help greatly in clarifying the income that households were actually receiving. RSJ stated that this link would be a good step forward but informed the Board that HMRC were careful about sharing personal information and although they could currently verify income, this would not help to identify any non declared income a household may be receiving.

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The Chairman then raised the issue of the downturn in the complaints processed figures and CA responded that the volume of complaints had risen since last year but a review of the process and of the independent assessor's role was underway. He provided a breakdown of the main reasons customers were complaining in higher numbers and stated that the team were working hard to raise the performance figures by the end of the financial year. MHerb then advised that the objectives of the new 3i team would include working with the Customer Assistance team to gain a better picture of the reasons why customers were complaining. BD stated that although more information had been submitted regarding complaints, she felt more information was required to help understand the underlying reasons for these complaints. The Chairman requested that CA distribute an e-mail to the Board members providing this information prior to the next Board **Action MB17 – CA.**

A discussion then followed on the changes to Director's responsibilities and potential conflicts of interest following changes to the Companies Act and CA advised that a report on this subject was already on the Board schedule and would be submitted to the March Board.

## **7.2 ICT Directorate Report**

WG presented the quarterly ICT directorate report and summarised the key issues contained within. He also advised that all Company laptops and Blackberrys were now fully encrypted. He then explained that the average batch processing time had increased due to the payment of second instalments and the recent prisoner investigation. CT queried why the report showed the hours available as having fallen despite more hours being used throughout the month. WG advised that this could be due to there being extra working days available this month but agreed to investigate whether this could be reported differently in the future to help make the details clearer to the Board **Action MB18 – WG.**

## **7.3 Monthly Financial Update**

LC presented the monthly financial update and reminded Board members that he was submitting this for the next two months in order to keep the Board informed of activity in the lead up to the end of the financial year. He highlighted that the format of the report had been amended to allow Board members to see how the forecasted full year variances had moved during the month. He provided an update on the current value of the pension scheme and also stated that he would be submitting a paper to the Audit Committee in March in relation to the appointment of external auditors for FY 08-09 **Action MB19 – LC/GD.**

## **7.4 National Student Jury Update**

MHerb introduced the update from the National Student Juries held in Bristol and Sheffield throughout February, where SLC had given a presentation on the Company and taken questions from a panel of students. He stated that these sessions had been well received and had provided an interesting insight into the experiences of students at the present time with a variety of important issues raised that would now be placed on the agenda for the forthcoming National Student Forum. The Chairman then asked MH what his views were on this subject and MH agreed that it had been a valuable session and thanked SLC for their input.

The Chairman then informed the Board that UCAS had recently published a 'Future Leaders' report which was an analysis of a survey of 25,000 students and their attitudes to the future. He agreed to pass the link to this report to the Board members for their information **Action MB20 – KBP.**

## **7.5 Student Support Overpayments Issue Update**

CA presented the student support overpayments issue update, and advised that the sample analysis that had been carried out showed that the bulk of the delays experienced in the Company receiving notification of student withdrawals could be attributed to HEIs. He advised that clear guidance had been given to HEIs on this process but this required to be reinforced as the definition of attendance varied throughout the different institutions. The Chairman queried whether HEIs would be reminded of this issue at the HE conference scheduled for March and CA advised that Company representatives would be present to address this issue. RSJ then highlighted the significant savings in student support payments which could be achieved if progress was made in cutting these delays and the Chairman noted that

students not completing their course had both a reputational and a financial impact for HEIs. MH then added that there was a varied approach to this matter within HEIs due to the different technological methods and processes available to them and that the propensity of students failing to complete their course varied greatly between HEIs.

## **8 AOB & Key Actions Review**

MHerb informed the Board that the Company had been shortlisted as finalists in three of the ContactCentreWorld awards categories being 'Best Trainer', 'Best Outsourcing Partner' and 'Best Technology Innovation'. He stated that it was a significant achievement for the Company to be nominated in these global award categories. The Board congratulated the Company on this achievement.

CA then outlined the key action points arising from the meeting.

## **9 Date of Next Meeting**

The Board noted that the next Board meeting would take place on Tuesday, 25<sup>th</sup> March 2008 at 10.00am.

**The meeting closed at 12.45pm.**

## **Annex - Main Board Information Papers**

The Board were invited to review the Board Information reports and raise any queries direct with the authors.

**NB: Where asterisks appear these items have been excluded from the minutes before placing on the website as the subject under discussion falls within one or more of the exemptions contained in Part II of the Freedom of Information Act, 2000 and can be reasonably withheld.**