

**FOI MINUTES OF MEETING OF THE BOARD OF DIRECTORS
HELD AT 10.30AM ON TUESDAY, 24th NOVEMBER 2009
LINGFIELD POINT, DARLINGTON**

Present:	Mr John Goodfellow	Chairman	JG
	Mr Ralph Seymour-Jackson	Chief Executive	RSJ
	Mr Ian Dickson	Non-Executive Director	ID
	Mrs Barbara Duffner	Non-Executive Director	BD
	Mr David Edelman	Non-Executive Director	DE
	Mrs Sally Smedley	Non-Executive Director	SS
	Mr Chris Andrew	Company Secretary	CA
Assessors:	Mr Michael Hipkins	BIS	MH
	Mr Stephen Kerr	Scottish Government	SK
		(by telephone conference)	
	Mr Simon Brindle	Welsh Assembly Government	SB
		(by telephone conference)	
By Invitation:	Mr Derek Ross	Deputy CEO	DR
	Mr Wallace Gray	ICT Director	WG
	Mr Les Campbell	Finance Director	LC
	Mr Daniel Mayo	Principal Analyst, Ovum	DM
		(item 6.2 only)	
Apologies:	Mr Graeme Duncan	SLC (Minutes)	GD
	Mr Christian Torkington	Non-Executive Director	CT
	Dr Martin Herbert	Marketing & Customer Services Director	MHerb
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors' Matters

The Chairman welcomed the Board and noted apologies from CT. He also noted apologies from MHerb who had been called for jury duty.

1.1 Strategic Away Day Update

The Chairman provided an update on the outcome of the strategic Board Awayday which had taken place at the start of November advising that the governance lessons learned report had now been finalised and would be included in the final set of lessons learned reports which would be passed to the external review team for their information.

2. Minutes of Last Meeting & Matters Arising

2.1 Minutes of meeting held on 27th October 2009

The minutes of the meeting held on 27th October 2009 were approved.

2.2 Matters Arising from meeting held on 27th October 2009

A full list of actions will be held with these Minutes. RSJ provided an update on MB084 advising that a procurement exercise would be undertaken with a view to securing the services of a Company who could assist in the development and execution of a media handling strategy. The Chairman then referred to MBAD6 and queried whether a date had been identified when the Board could expect a full list of changes for AY10/11 to be available. RSJ advised that an outline plan was in place but this could not be finalised until the outcome of the Hopkin review was known. MH advised that the Minister was seeking to conclude all matters relating to the review by the end of 2009. The Chairman

then noted that the Board members had been informed that a supplementary Board meeting was likely to be called for 7th December to discuss the outcome of the review before the Minister concluded this matter and requested that an outline list of changes for AY10/11 be submitted to this meeting **Action MB108 – RSJ.**

In relation to MBAD7, RSJ advised the Board that should the income evidence request letters be issued as planned as part of the fraud prevention checks, there was a danger that these could be misinterpreted in the current climate. He added that this had been brought to the Minister's attention and that the Company were awaiting guidance on whether they could proceed with the issue of these letters. DE queried whether the date of issue could be delayed and RSJ advised that if the letters are issued now, it would be possible to amend the next instalment due early in 2010 where necessary, which would be the easiest way to reclaim any overpayments that are identified. SS queried the costs and potential savings of the project and RSJ advised that as an estimate, the total costs were expected to be in the region of £0.5M, of which the majority had already been paid to the supplier, with savings expected to be around £5M.

ID then thanked LC for the additional mid year review information which had been distributed to the Board and had been included in the papers as he felt this provided clarity on the issue which he had raised at the October Main Board meeting.

3. Board Directors' Reports

3.1 CEO Monthly Information Report

RSJ introduced his monthly CEO Report. BD asked how the number of applications for student support in AY 2009/10 compared to the forecasts and DR advised that there had been a 10-12% increase this year due to a number of factors. RSJ advised that a similar increase should be expected next year were there to be no major change in the economic situation and MH added that early indications from UCAS were that applications to higher education were 10% higher than the comparable point last year, though it was still early in the application cycle and the figures had not yet stabilised. RSJ advised that this would need to be built in to forecasts for AY10/11 and would increase the amount of funding required, which was a significant issue in the current funding environment.

ID then sought clarification on issues mentioned within the report in relation to the recovery of debts from former employees and the introduction of a new internal fraud prevention procedure which enhanced the Company's ability to identify staff that are, or have been, customers of SLC. RSJ advised that these were separate non-related matters and proceeded to provide the Board with further information in relation to each.

BD then sought further information on the timing of the Government Administrations Relationship Survey and CA advised that the survey had been issued in September with the deadline for responses being 20th October. SS then queried the reasons behind the 29.3% turnover figure for the Darlington Call Centre compared to the figure of 14.9% for Bothwell Street and RSJ advised that this was in part a reflection of the length of time each location had been functioning and the length of service of staff employed at each. SS acknowledged the influence of these factors but stated that she believed that training and recruitment savings could be made in the future, as well as service standards being improved, should further effort be made to reduce the Darlington turnover figure.

4. Formal Notings and Approvals

4.1 Financial Position FY10-11

LC provided a verbal update on the Company's financial position for FY10-11. * **Action MB109 – RSJ.**

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4.3 Lessons Learned & External Review Updates

RSJ provided a verbal update on the Lessons Learned reports advising that they had been finalised and submitted to the Hopkin Review team who had worked to an extremely tight deadline. CA advised that the information which had been submitted to the Hopkin review would be re-used by the NAO during their review. MH then informed the Board that BIS had submitted evidence to the Hopkin Review which he would ensure was circulated to the Board via e-mail following the meeting **Action MB110 – MH/GD.**

* **Action MB111 – JG/RSJ.**

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4.4 National Audit Office Review Update

RSJ provided a verbal update on the NAO review which he advised was an intensive data gathering exercise that the Company were working hard to support. CA added that he had attended a fortnightly KIT meeting with the NAO and Marion Maddox from BIS the previous day when it had emerged that as part of the review, an independent organisation would be used to survey students on their views. He added that the review team would be visiting the Glasgow office for four days where a range of senior managers would be interviewed.

MH advised that he had met with them the previous week where a number of Governance related issues were discussed. He added that the data gathering exercise was due to complete by the end of 2009, the report would be drafted in January 2010 and checked in February with the final report due to be published in March. He then advised the Board that the NAO Review had a broader outlook than the Hopkin Review and was focused on value for money, efficiency and customer service. The Chairman queried whether the NAO had asked MH about the savings due to be made as a result of Customer First and MH advised that this had been discussed.

4.5 Scanning/Workflow Management System Monthly Update

WG provided a verbal update on the scanning/workflow management system and advised that the Company were now faced with the choice of launching in two steps – in December followed by a second related deployment in late January/February; launching a full service in late January/ February (with manual processes in place until this stage); or having a manual process only for AY10/11. He added that on the basis of the risk averse attitude now being adopted in relation to the system, he recommended that the system be launched in full in late January/ February to allow time for guarantees to be put in place by the supplier that the system would meet the Company's requirements. He informed the Board that a fully documented contingency plan would also be in place and that the previous risks identified had been heavily mitigated with the Company's own IT staff now involved in the process to provide additional reassurance. MH queried what work had still to be carried out to the system prior to this single launch and WG advised that the work related to the Taskspace module which was currently operating at 70-80% of the required capacity. He added that the supplier had provided assurance that the module would operate at 100% by the time of the single launch but as a contingency, the Company had developed their own solution which if required would assist in achieving this target.

The Board then discussed the two step launch option which would commence in December and RSJ highlighted the added risk and problems which could occur with this option as it would not have been completely tested at the required volumes for the first stage.

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The Board then noted the position.

4.6 Contact Centre Technologies Update

In the absence of MHerb, DR provided a verbal update on the current status of the Contact Centre Technologies project advising that progress on fixing the defects which had been identified was taking longer than had been anticipated and the launch date had now been put back until March at the earliest. RSJ added that the decision to delay the launch was vindicated as implementing a new system with known defects whilst there was a contact system in place that was meeting the needs of the Company would not have been the correct decision to take. The Board noted the position.

4.7 Freedom of Information Policy

The Chairman introduced the Freedom of Information Policy which the Board were asked to note. DE queried who was responsible for auditing the FOI responses which the Company were providing and CA advised that the process was overseen by the Legal & Compliance Manager who consulted with the relevant departments who were responsible for supplying the information. The Chairman suggested that Internal Audit could carry out an audit in this regard and it was agreed that this matter should be discussed in more detail at the December Audit Committee **Action MB112 – ID.**

4.8 Customer Segmentation Model Analysis

The Chairman advised that this item would be discussed at a later date as a result of MHerb's unforeseen absence from the meeting.

5. Company Performance Reports

5.1 Balanced Scorecard Report - Summary

CA introduced the Balanced Scorecard summary report and highlighted the heat map that had been included for the first time to provide the Board with a more in-depth view on how the YTD status was calculated. The Board noted the introduction of the heat map but they highlighted that the Scorecard did still not appear to provide the overall picture that they were seeking of the current issues affecting the Company. ID acknowledged that the introduction and overview pages were useful and suggested that the figures in the overview pages should be compared to the target figures rather than being solely compared to figures from the same point last year. It was agreed that this suggestion should be given consideration when creating the December Scorecard report **Action MB113 – CA.**

6. Strategic Overview

Daniel Mayo joined the meeting.

6.2 ICT Strategy (Benchmarking Update)

WG introduced DM to the Board who proceeded to provide a presentation on the IT benchmarking exercise carried out on behalf of the Company against the activities of peers, the majority of which were from the banking sector. Following the conclusion of the presentation RSJ noted that it was reassuring that the exercise had shown that the Company appeared to have a high IT intensity as it raised the question of whether excessive change work had been carried out in recent times and whether or not maximum value had been obtained through this work. DE then stated that the location of the IT operation within the UK should be considered when looking at the labour costs referred to in the presentation. MH then noted the difference between 2007 and 2008 in terms of the increase in staff numbers and queried the value of the total assets of the Company which had been used in the analysis as he felt that based on his understanding these may have been significantly overstated. LC and WG then agreed to clarify the value of the assets in response to MH's query **Action MB114 – LC/WG.**

Daniel Mayo left the meeting.

7. Any Other Business

No other business was discussed.

8. Date of Next Meeting

The Board noted that the next scheduled Board meeting would take place on Tuesday, 15th December 2009 at 10.00am in Glasgow.

The Board also noted that there was a possibility that there would be an additional Board meeting in Glasgow on Monday, 7th December, subject to confirmation by the Chairman.

The meeting closed at 1.15pm

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 within a numbered item, these sections 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.