

STUDENT LOANS  COMPANY LIMITED

**FOI MINUTES OF MEETING OF THE BOARD OF DIRECTORS
HELD AT 10.00AM ON WEDNESDAY, 30th JULY 2008
100 BOTHWELL STREET, GLASGOW G2 7JD**

Present:	Mr Ian Dickson	Non-Executive Director (Chair)	ID
	Ms Tanvi Davda	Non-Executive Director	TD
	Mr Christian Torkington	Non-Executive Director	CT
	Ms Angela McCusker	Non-Executive Director	AMcC
	Mr Ralph Seymour-Jackson	Chief Executive	RSJ
	Mr Chris Andrew	Company Secretary	CA
Assessors:	Mr Michael Hipkins	DIUS	MH
By Invitation:	Mr Wallace Gray	ICT Director	WG
	Mr Les Campbell	Finance Director	LC
	Dr Martin Herbert	Customer Services Director	MHerb
	Mr David Stephen	SAAS	DS
	Mr Simon Brindle	Welsh Assembly Government	SB
	Mr Graeme Duncan	SLC (Minutes)	GD
	Mr Nick Mellis	Senior Change Analyst	NM
	Ms Karen Winfield	DIUS	KW
	Ms Ali Hewison	Senior Customer Insight Manager	AH
Apologies:	Mr Keith Bedell-Pearce	Chairman	KBP
	Mrs Barbara Duffner	Non-Executive Director	BD
	Mr Derek Ross	Deputy CEO	DR
	Mr Stephen Kerr	Scottish Government	SK
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors Matters

The Chair welcomed the Main Board and noted apologies. He then thanked TD and AMcC, whose terms of appointment were due to end on 31st July 2008, for their contributions over the six years which they had spent in office. He reminded the Board that the new Non-Executive Director's would commence their terms on 1st August 2008.

1.1 Board Performance Review for FY2007-08

The Chair introduced the final Board Performance Review for FY2007-08 which the Board subsequently noted. CA advised that, in line with normal practice, this would be placed on the Company's corporate website for information once it had been finalised by the Chairman. The Chair then explained that a similar review had recently commenced on the operations of the Audit Committee and that the findings would be available in the near future.

2. Minutes of Last Meeting and Matters Arising

2.1 Minutes of meeting held on 30th June 2008

The minutes of the meeting held on 30th June 2008 were approved subject to the following amendments:

It was agreed that all references to 'employment' in relation to Non-Executive Director's be amended to 'appointment' as appropriate and that certain sections of the minutes should be excluded from the FOI minutes which would be made publicly available.

LC then requested that MB54 be re-allocated to Mherb as it was a Customer Service matter.

2.2 Matters Arising from meeting held on 30th June 2008

A full list of actions will be held with these Minutes. In relation to MB50 and MB40, MH advised that the Terms of Reference and the initial information pack for the Student Finance Strategic Group had been circulated to Board members prior to the meeting. CA advised that MB38 was complete as the new Non-Executive Director's induction day would take place on 3rd September. He also stated that, in relation to MB48, a written procedure was now in place in relation to the BFI pilot which detailed the processes in place to prevent the misuse of sponsors' personal information.

RSJ then detailed a summary of the current position with regard to ICR over-payments (MB42) and provided the Board with copies of correspondence which were currently issued to customers in relation to this matter.

3. Board Directors' Reports

3.1 CEO Monthly Information Report

RSJ presented his monthly CEO report for information and advised that an online link with UCAS was now active which allowed information to be sent direct to SLC. He stated that the Company were receiving around 500 applications a day via this method and that it could be an important online channel for the Company to utilise in the future.

* **Action MB55 – LC.** * **Action MB56 - LC.** * **Action MB57 – LC.**

A discussion then took place on Local Authority application processing and RSJ advised that, thanks to the work carried out in 2007, there had been a greater understanding in relation to processing for 2008. MH advised that he had recently attended a LA conference and it appeared that the LA's were determined and keen to ensure that application processing targets were met. DS informed the Board that SAAS were just over the halfway point in processing Scottish applications and everything appeared to be going to plan at the current time. The Chair queried whether much consideration was being given at this stage to processing in 2009 and MH responded that he felt it would be beneficial to revisit this to ensure the planning was as accurate as possible.

3.2 Context Review

RSJ presented the Public Relations Context Review paper providing an overview of news and developments over the last month. He advised that a recent item which was attracting a lot of publicity was the announcement that the interest rate applied to student loans would be dropping from 4.8% to 3.8% from 1st September 2008. He then reminded the Board that although this appeared to be a good news story and would work to the student's advantage this year, the rate could easily go back up again in 2009 as it is based on RPI in March each year.

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RSJ then highlighted the positive coverage in the press of the Company's success at the Contact Centre World Awards where it won two categories in the Europe, Middle East and Africa section.

4. Formal Notings and Approvals

4.1 Health & Safety Committee Annual Report FY2007-08

ID introduced the annual Health & Safety Committee Report and advised that issues which had been identified in last year's report appeared to have been addressed. RSJ advised that no major incidents had occurred during FY2007-08. The Board then subsequently approved the report.

4.2 Quarterly Update on SLC/DIUS Performance Review Meeting held on 28th July 2008

RSJ advised that discussions between SLC and DIUS had mainly focussed on KPI's and that he would provide further information on the outcome of the discussions at item 6.1.

4.3 Best Companies Update

RSJ presented the Best Companies update to the Board and provided details the Company's progress in the second year of commissioning the survey. He advised that although the Company's overall score had increased slightly, there was a further progress required in order to move into the 'ones to watch category'. AMcC then queried what the overall target was for the Company and the reasons behind the survey being commissioned. RSJ responded that the survey provided a robust benchmark against other organisations and it was an effective means of tracking the progress of the Company in terms of employee engagement. He explained that progress year on year was the Company's goal and that this was not the type of activity where a 'final' target would be set. The Chair then queried the next steps in relation to this matter and RSJ advised that the scores were being cascaded to team level with guidance as to the plans the Company would like to see put in place to help improve the overall score.

4.4 Measurement Criteria for FY2008-09 KPIs for Bonuses

RSJ introduced the paper proposing targets and tolerances for assessing performance against KPIs for FY08-09 and advised that approval was being sought by the Board due to the postponement of the June Remuneration Committee.

RSJ gave an overview of the proposals for weightings across the KPIs highlighting that they were broadly similar to the previous year but with the different measures incorporated for FY08-09. AMcC queried how the measures had felt to the Executive over the previous year and RSJ responded that although there were no negative comments in relation to the majority of levels, KPI10 had caused a concern. WG agreed with RSJ and stated that he felt that the effect of missing the KPI10 score led to an inaccurate reflection of the level of performance achieved overall by the Company. RSJ then stated that it was important to find a way of obtaining an honest, considered view from stakeholders for FY08-09 and TD concurred that there had been a real variation in the quality of responses from the stakeholder survey and that this had been taken on board by the Remuneration Committee.

The Board then agreed the weightings, tolerances and criteria for FY08-09 as presented in the report.

4.5 Code of Best Practice & Revised Briefing Note on Directors Duties

CA introduced the Code of Best Practice which had been reviewed in light of the Companies Act 2006 and requested that, subject to some minor amendments which he highlighted to the Board, the document be approved. CT queried whether an independent view had been obtained on whether the document was consistent with the Companies Act 2006 and CA advised that both the in-house legal team and the Company's external legal advisors had provided input to the document. The Board subsequently approved the Code of best Practice.

CA then informed the Board that the Articles of Association would be submitted to a future meeting once they had been reviewed in line with the Act. MH stated that the Articles would require to be submitted to a General Meeting as they required approval by shareholders and CA agreed to try and review them in early course to allow them to be submitted to the September 2008 AGM **Action MB58 – CA.**

CA also noted that the revised briefing note on Directors duties, which contained a definition of an SLC Director, required more work and undertook to bring this back to a future meeting **Action MB59 – CA.**

5. Strategic Overview

5.1 08/09 Programme Board and Customer First Report

WG presented the 08/09 Programme Board and Customer First reports and summarised the key activities in relation to each. In relation to 08/09, he advised that systems were working well in terms of processing

applications and June saw the delivery of the Repayment Portal which allowed customers to calculate their balance online, update contact information and make online payments. In terms of Customer First, WG stated that although the launch date of 09/10 had slipped by two weeks, the new date would now sit alongside the availability of the UCAS tracker system which had been confirmed as acceptable.

MH then queried whether Completion Testing for AY09/10 was progressing as expected and WG stated that he was not aware of any issues but he would check and report back to the Board **Action MB60 – DR**.

A discussion then followed on data sharing with HMRC and the Chair queried whether this was still on track for delivery. RSJ responded that HMRC were still re-platforming their systems, however, the Company were working closely with them to deliver the new data sharing proposals. He then advised the Board that should other activities require higher priority, this project could take longer than first anticipated.

RSJ then advised that an interim Customer First Programme Manager was in place and WG added that a number of candidates had been identified for the permanent position with interviews due to take place shortly.

6. Performance Reports

6.1 KPI Report FY07-8

CA presented the monthly KPI report and provided an overview of the key issues contained within. The discussion then focussed on KPI1 and WG advised that (a) and (d) had an ‘Amber’ status due to the time lost through network issues. He stated that it was a known fault which would be rectified in the near future to ensure a similar situation did not arise, however, this loss of time would make it extremely difficult to now achieve the year end targets. The Chair advised WG that the Board would continue to pay particular attention to this KPI throughout the year.

The Chair then requested an update in relation to KPI9 and Mherb advised that the sample size of the customer satisfaction survey had increased to 50% and now focussed on ICR repayment customers which explained the drop in the KPI9 figure which had been steadily decreasing since the interest rate announcement in 2007. The Chair suggested that for the purpose of the Board’s own understanding, an alternative way of presenting this KPI should be investigated as the current figures did not appear to provide a wide ranging view of the overall service. Mherb agreed to liaise on this action with CA and report back to a future Board **Action MB61 – MHerb/CA**. Mherb then advised that in relation to KPI9b, a non-telephone contact team were ready to begin answering e-mails and providing webchats to offer a multi-channel communication service.

In relation to KPI10, CA advised that the figures for Northern Ireland were not yet available but he would seek to have these in time for the next monthly report **Action MB62 – CA**.

A brief discussion then followed on each of the KPIs with the Chair seeking views from the Executive as appropriate.

7. Management Reports

7.1 Complaints and Appeals Process Review Consultation

CA introduced NM and KW who proceeded to give a presentation on the recent review of the Company’s complaints and appeals processes highlighting the proposed changes which had been identified from the review in order to improve the service to customers under Customer First. A discussion then followed on various aspects of the process and CA concluded the presentation by advising that it was intended that the new complaints and appeals processes be implemented by the end of 2008. MH then stated that it was important to realise that complaints and appeals were very different issues and required different skills in

order to deal with each effectively. NM advised that specific training was being developed for staff who would be dealing with appeals, which was a new area of responsibility for the Company.

The Board confirmed that it was content for further engagement to take place with the various stakeholder groups on the basis of the proposals presented at the meeting and the Chair expressed his thanks to CA, NM and KW for an excellent presentation.

7.2 Value for Money Strategy

LC provided an update on the Value for Money (VFM) strategy which the Company were in the process of developing and advised that a further report would be submitted to the September Board on the initiatives being undertaken within the VFM programme which he would lead **Action MB63 – LC**. MH then advised that he required to have further discussions with LC on this matter and stated that it was important that the PwC Benchmarking report was analysed to ensure the company acted on the recommendations contained within. CT then stated that he felt that more detail was required in relation to the processes involved in the strategy and LC agreed to revisit the PwC report and add in further information as appropriate **Action MB64 – LC**. CT then stated that he felt having VFM information available was valuable to the Board in order to provide Members with confidence that the Company was being run efficiently.

7.3 Quarterly Financial Update

LC summarised the quarterly financial update, highlighting the main areas of interest to the Board. *

7.4 ICT Directorate Report

WG introduced his quarterly ICT directorate report and highlighted that a number of success had been achieved throughout the month of June including the Data Centre relocation which was successfully completed with all live systems and storage now located outside of the Bothwell Street office. He advised that this issue could now be removed from the Corporate and Strategic Risk Register.

WG then asked the Board to note the contribution of Steve Dickson who was leaving the Company after 10 years of service. The Board acknowledged the significant contribution Steve had made to the technical development and culture of the Company throughout his tenure.

7.5 Customer Services Directorate Report

MHerb presented his quarterly Customer Services directorate report and highlighted the key matters contained within, which were:-

- The final permanent member of the Customer Services senior management team had now been appointed;
- The training of new recruits in Darlington had been praise by participants and had played a significant part in setting operational standards;
- The successful transition to the Memphis building at Lingfield Point which allowed staff to move sites and be fully productive within an hour of arrival at the new building, and;
- The launch of the repayment portal allowing customer to make online payments towards the repayments of their loans which had recouped over £1.5 million since the launch on 25th June 2008.

7.6 New Measurement Frameworks for Customer Satisfaction

Mherb introduced Ali Hewison, Senior Customer Insight Manager, who provided a presentation outlining the new and improved methods the Company were undertaking to measure customer satisfaction. AH advised that a review of the ways in which customer satisfaction is measured had been carried out in line with the requirements of the Customer First Programme and that the new process would run concurrently with the existing KPI9 process during 2008-09.

CA then advised that a presentation on the pilot SLC Balanced Scorecard, which linked to the new measurement process, would be provided to the September Board **Action MB65 – CA**.

7.7 Driving Online Take-Up Amongst Sponsors

MHerb presented the update on driving online take-up amongst sponsors which highlighted the current barriers to online sponsor take-up and recommended how these barriers could be overcome. He advised that flyers had been sent out promoting the online channel with loan application packs and that online tutorials were being provided to assist the process, however, no significant increase in take-up was being experienced.

DS then advised that SAAS were currently experiencing an online application level of 79% and that the biggest increase in take-up at SAAS had occurred when the requirement for a paper signature was removed. He added, that from his experience, online applications were more secure and that it was generally sponsors who took the lead in making an application for student finance. *

The Chair then requested that a further update on plans to drive up online take-up should be submitted to a future Board meeting **Action MB66 – Mherb.**

7.8 Quarterly Report on SF08-09 Application Cycle

Mherb introduced the quarterly SF08-09 application cycle update and advised that the figures for this year for both registration and approvals were currently at an increased level than those of the previous year. The Chair then requested information on the number of Local Authorities who were utilising the contingency which had been allocated to assist them with processing applications. MHerb informed the Chair that only a small number had made use of this resource, however, four LA's who were currently showing a 'Red' status as identified by DIUS would be actively encouraged to utilise this contingency.

MH then queried whether an update on the outstanding tuition fee system issues would be submitted to a future meeting and RSJ advised that it had already been agreed that an update would feature at the September Board **Action MB67 – RSJ.**

8. Any Other Business and Key Actions Review

CA referred to the proposed Board and Committee Meeting dates for 2009 which had been circulated to the Board prior to the meeting and requested that Members should contact GD should they identify any issues with these dates.

The Chair then reiterated the comments that he had made at the start of the meeting in relation to the contributions TD and AMcC had made in their time as Non-Executive Director's.

RSJ advised that the final draft of the Company's response to the Strategic Commission was now available and that it had been sent to Baroness Morgan for approval.

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, 30th September 2008 at 10.00am.

The meeting closed at 1.00pm

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.