

STUDENT LOANS  COMPANY LIMITED

**FOI MINUTES OF MEETING OF THE BOARD OF DIRECTORS  
HELD AT 10.45AM ON TUESDAY, 28<sup>th</sup> OCTOBER 2008  
THE BOARD ROOM, LINGFIELD POINT, DARLINGTON**

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<b>Present:</b>	Mr Keith Bedell-Pearce	Chairman	KBP
	Mr Ian Dickson	Non-Executive Director	ID
	Mr David Edelman	Non-Executive Director	DE
	Mr Christian Torkington	Non-Executive Director	CT
	Mrs Sandra Arkle	Non-Executive Director	SA
	Mrs Sally Smedley	Non-Executive Director	SS
	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 <b>(via teleconference)</b>	SK
<b>By Invitation:</b>	Mr Derek Ross	Deputy CEO	DR
	Mr Wallace Gray	ICT Director	WG
	Mr Les Campbell	Finance Director	LC
	Dr Martin Herbert	Customer Services Director	MHerb
	Mr Graeme Duncan	SLC (Minutes)	GD
	Ms Charlotte Cornish	FDS <b>(item 5.3 only)</b>	CC
<b>Apologies:</b>	Mrs Barbara Duffner	Non-Executive Director	BD
	Mr Simon Brindle	Welsh Assembly Government	SB
<b>Distribution:</b>	As Above		

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**1. Chairman's Opening Remarks and Directors Matters**

The Chair welcomed the Board to the meeting.

**2. Minutes of Last Meeting and Matters Arising**

**2.1 Minutes of meeting held on 30<sup>th</sup> September 2008**

The minutes of the meeting held on 30<sup>th</sup> September 2008 were approved.

**2.2 Matters Arising from meeting held on 30<sup>th</sup> September 2008**

A full list of actions will be held with these Minutes. In relation to MB73, MH stated that DIUS were happy to look at propositions for the adoption of accepting electronic signatures and advised that he would take this forward using the normal process **Action MB73 – MH.**

**3. Board Directors' Reports**

**3.1 CEO Monthly Information Report**

RSJ introduced his monthly report for information. \***Action MB79 – RSJ.**

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DR advised that although the new building at Lingfield Point had been shortlisted at two separate award ceremonies, unfortunately, the Company had not been successful at either. MH stated that the Minister

would still be interested in hearing about this good news story and it was agreed that he should be notified  
**Action MB80 – MH.**

### **3.2 Context Review**

RSJ presented the Public Relations Context Review paper providing an overview of news and developments over the last month. The Board noted the report.

### **3.3 Audit Committee Report**

ID provided the Board with a verbal update from the September Audit Committee highlighting the key points discussed and items reviewed. These were noted as being the Appointment of External Auditors, the Bentley Jennison report on the Company's Fraud Management arrangements, the draft Audit Committee annual report and a presentation on debt sale activity. The Board noted the update.

## **4. Formal Notings and Approvals**

### **4.1 Risk Management Policy**

CA introduced the Risk Management Policy which had been approved at the September Audit Committee and advised that at that meeting, the discussion had focused on the Company's Risk Appetite level and that he would be bringing a further report on this matter to the December Audit Committee. The Chairman then invited comments on the document and MH stated that he felt the Executive Board was a key part of the process as risks discussed here could escalate both upwards and downwards. SK added that he felt it was important for the Company to be aware of any emerging risks which were on the horizon and the Chairman agreed with this view, stating that it may be appropriate to undertake a wider risk assessment of the business to look at extreme eventualities bearing in mind the recent crash of the financial markets. He also suggested that an Internal Audit review to check that risk management operating systems were working as intended should also be carried out **Action MB81 – CA.** ID then stated that he felt risk within the Company was managed well and that it was monitored by the Audit Committee but he agreed that the risks which caused the most problems were those which were least expected. The Board then approved the updated Risk Management Policy.

### **4.2 Provision of Data Storage Estate**

WG presented the provision of data storage estate report which sought approval for the award of the data storage tender to IBM. He advised that this was a good news story as the benefits of the move in supplier were both environmental and financial as this would mean a reduction in power which would save £120,000 annually in power costs alone. He added that the cost saving which would be achieved over the three year lease would total be substantial and that the low price which had been obtained was due to the current competitive market for this service. WG then commented on the excellent work carried out by the Company's Procurement Team on this project and both ID and LC agreed whilst LC added that this was a great example of value for money for the rest of the business. The Chairman acknowledged this result and commended WG for his record in achieving these types of savings.

## **5. Strategic Overview**

### **5.1 08/09 & 09/10 Programme and Customer First Report**

DR presented the joint Programme and Customer First report and summarised the key activities in relation to each. In terms of the programme, he informed the Board that the FFHE debt sale migration had been implemented on time and without any major problems. \*

CT then sought more information on the underspend which had been reported for the non customer first programme. DR advised that this was due to over-forecasting and that he had asked Internal Audit to investigate programme budget forecasting as there appeared to be some programmes which were being significantly over-forecasted. WG then added that although it was important to have a contingency in place, this should be released as soon as it became apparent that it would not be required.

The discussion concluded with RSJ providing a background to Project Recharge expenditure.

## **5.2 Final SLC Delivery Strategy**

DR presented the final SLC Delivery Strategy which he advised was a response to the Strategic Commission set out by Baroness Morgan in April 2008, and informed the Board that it had been approved by Baroness Morgan prior to the cabinet reshuffle. RSJ stated that the aim of the November Away Day for the Board was to bring this document to life with an in-depth discussion between the Non-Executive Directors and the Devolved Authorities. He added that DIUS may look for assistance from the Non-Executive Directors when setting targets, particularly with regard to the Enablers, after which the Chairman acknowledged the importance of the Away Day and the opportunity it provided for Non-Executive Directors to improve their understanding of the future direction of the Company.

*CC joined the meeting.*

## **5.3 FDS Benchmarking Presentation**

CC from FDS provided a presentation on the results of the measurement of the Company's customer experiences during 2007-08 and advised that there had been little change from the previous year's results. She highlighted that the Company remained among the best performers in terms of complaints but overall, less improvement had been made from the previous year compared to other public sector organisations. MHerb then advised that the customer service changes which had recently been implemented had yet to have a material impact but the issues which had been identified were being tackled. He added that it was likely that it would take another two years before these changes filtered through to an improvement in the benchmarking score. CC then answered questions from the Board in relation to the survey after which the Chairman stated that the Company should take comfort in the low level of complaints which were being reported. He then asked where the Executive felt the impact of Customer 1<sup>st</sup> would be most felt in the survey and MHerb responded that he felt the multi-channel communication methods now available and also the joined up working which was now taking place with HMRC and IPS would help improve the scores in the future. ID then queried whether this survey would affect the thinking behind the direction the Company wanted to move in and MHerb advised that this was only a macro level survey and that the new monthly customer satisfaction survey which had been undertaken in the last two months would give the Customer Insight team more information to move forward with.

*CC left the meeting.*

## **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 Board noted the report.

## **7. Management Reports**

### **7.1 Company Secretary Report**

CA introduced the quarterly Company Secretary report and highlighted the work the Special Investigations Unit had carried out in combating fraud as well as the progress which was being made in relation to the Balanced Scorecard. \*

### **7.2 Update on Charges**

CA introduced the update on charges and the Chairman noted that this was of particular interest to the Board. \* **Action MB82 – CA.** \*

### **7.3 Income Verification Pilots Update**

The Chairman referred to the income verification pilots update and asked MH what the current level of interest in this matter was from the Secretary of State. MH advised that the Secretary of State was still

very interested and understood the delays which had occurred in relation to the letters being sent out to the selected sponsors. He added that it would be useful for a revised timetable to be distributed and queried whether there had been any early indication of findings. CA advised that from the selected sponsors, there were only a couple so far which had led to a reassessment and of these, nothing material had been identified. \* The Chairman then requested that an updated timeline for the pilot projects be distributed to the Board and to the Secretary of State **Action MB83 – CA.**

#### **7.4 ICT Directorate Update**

WG introduced his quarterly ICT directorate update and advised that the customer portal issues which had been experienced last year had been solved by means of the service architecture which had been put in place. He also provided a brief summary in relation to the improvements in online transaction times and stressed his disappointment with regard to the KPI system usability figure despite around 95% of customers still being able to access the system. CT then queried whether WG felt there was a risk in having data centre hardware located in Bothwell Street. WG advised that this was just a temporary measure due to the data centre at Verison nearing capacity, however, additional space had now been created at Verison which would address this issue.

#### **7.5 Quarterly Financial Update**

LC presented the quarterly financial update and highlighted the main areas of interest contained within the report. He then advised that the quarterly pension summary had recently been received and it showed an FRS17 deficit of around £16m and that a separate valuation of the pension scheme would be carried out as at 5 November which would likely show an increased deficit that would be required to be made up by the Company. He added that the results of the valuation would be submitted to the Board when they were available which was expected to be around May/June 2009 **Action MB84 – GD.**

SK then queried why there was no explanation as to the overspend in relation to the programme budget for Scotland. LC advised that he would investigate this matter and report back to SK with his findings **Action MB85 – LC.**

MH highlighted the quarterly write off figure for ‘deceased’ ICR loans as it appeared to be unusually high and LC advised that a system change had led to a backlog of loans being written off and that he did not expect to see such a high figure being reported again in the future.

#### **7.6 Final Mid Year Review**

LC introduced the final mid year review which was required under the terms of the Financial Memorandum of the Company and provided a background as to the information contained within each separate stakeholder review. The Chairman then requested an update on the slippage issue which had been discussed at the last Board meeting and LC advised that discussions with the Treasury were ongoing but that should they fail to approve this slippage, real pressure would be applied to the capital budget. An update will be provided to the Board in due course **Action MB86 – LC.**

ID then sought more information with regard to the delay in the expected £500,000 of efficiency savings within the operating budget and LC responded that although this saving would not be met in FY08-09, the Company would reduce spending during this period which should help to compensate for this delay.

#### **7.7 Value for Money Strategy Update**

LC introduced the value for money strategy update and highlighted the key aspects of the report. CT then queried how the savings from the strategy were being measured and whether any benchmarking exercises had been carried out. LC advised that the savings which were being experienced year on year were as a result of this strategy and that PwC had carried out a benchmarking exercise on behalf of DIUS earlier in the year. The Chairman then queried whether DIUS were content with the momentum and focus of this exercise and MH confirmed this by highlighting the excellent collaborative working which had taken place between the Company and DIUS.

The discussion then focused on the ICT Strategy, a draft of which had been approved by the Board earlier in the year, and MH queried whether any savings would be achieved through the implementation of this strategy. \* **Action MB87 – WG.** \*

#### **7.8 Quarterly Report on SF08-09 Application Cycle**

DR presented the quarterly report on the SF08-09 application cycle noting that this had been the best processing year so far and that there would be one further report which would be submitted to the Board which would provide the final figures for 08-09. MH added that the outcome for 08-09 was a result of good collaborative working by all parties involved.

#### **8. Any Other Business**

MH raised the matter of the recent Ministerial changes and advised that all duties relating to the Company which were previously undertaken by Bill Rammell and Baroness Morgan would now solely be the responsibility of David Lammy.

The Chairman then advised that an agenda for the November Away Day would be finalised and distributed to the Board shortly in draft form for comment.

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> November 2008 at 10am.

**The meeting closed at 1.25pm.**

#### **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.**