



**Minutes of Meeting of the Board of Directors
Held at 11.00am on Tuesday 29 July 2014
Lingfield Point, Darlington**

Present:	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Mr Michael Yuille	Non-Executive Director (by phone)	MY
	Mr David Edelman	Non-Executive Director	DE
	Mr Willie Gallagher	Non-Executive Director	WG
	Mr Rob Kennedy	Non-Executive Director (by phone)	RK
	Mr John Brown	Interim Company Secretary	JB
In Attendance:	Mr Ben Coates	BIS	BC
	Mr Stephen White	Scottish Government (by phone)	SW
	Mr Chris Jones	Welsh Government (by phone)	CJ
By Invitation:	Mr David Wallace	Deputy Chief Executive	DW
	Mr Chris Airey	Interim Chief Digital Officer	CA
	Mr Mark Cassidy	Interim Transformation Programme Director	MC
	Ms Heather Miller	BIS	HM
	Mr Stuart Stevens	PwC	SS
			GB
Apologies:	Prof Dame Glynis Breakwell	Non Executive Director	MH
	Mr Matthew Hilton	BIS	NS
	Mr Neil Surman	Welsh Government	DR
	Mr Derek Ross	Director of Operations & Customer Services	
Distribution:	As Above		

1/2. Board Closed Session (Non Executive Directors only)

The Board meeting commenced at 11.45am

3. Chairman's Opening Remarks and Directors' Matters

The Chairman welcomed everyone to the meeting and noted apologies from GB, MH, NS and DR. He introduced Chris Airey as the Interim Chief Digital Officer. The Chairman then noted that this would be David Edelman's last Board meeting. He thanked David for his contribution to the SLC Board as a Non-Executive Director and on behalf of the Board, offered David their best wishes for the future.

4.1 Minutes of the meeting held on 24th June 2014

ML pointed out that the paragraph in the CEO Report referring to Student Finance applications from EU Nationals didn't allocate responsibility for producing accurate and detailed management information to a named individual. The Board discussed the difficulty and potential costs around moving away from ad-hoc reporting to building and monitoring a MI system and agreed that a report should be prepared to make recommendations on the way forward. This report would consider the

costs and benefits of building a MI system to provide this information. The report would be brought to the September Board. **Action MB032 - DR**

The Board approved the minutes of the meeting of 24th June 2014.

4.2 Matters arising from previous minutes

The Board noted the written update issued with the Board papers.

BC provided an update on MB011, advising that although progress has been made some issues around the respective responsibilities of BIS, the Board and the Accounting Officer had yet to be resolved. DW expressed concerns over the time being taken to bring this to a close and offered to work with BC to resolve the outstanding issues. BC accepted this offer and committed to reporting progress to the September Board meeting. **Action MB011 - BC/DW**

BC presented a paper on the SLC Pension Scheme. The Board noted the progress being made and CB asked that BC and DW ensure that the Trustees are kept fully informed of the developments. **Action MB028 – BC/DW**

MY provided an update on the review of the SLC Contract Register. He reported significant progress and proposed that the issue now be taken forward by the Audit Committee with a final report being considered at their September meeting. **Action MB029 - MY**

MY advised the Board that he had reviewed the Internal Audit report on open audit actions and the reasons why they remained outstanding. He has asked for comments from the ELT and these would be considered at the September Audit Committee meeting. **Action MB022 - MY**

5.1 CEO report

ML introduced the report. He provided an update on the replacement of the Transformation Programme Director and the decision to appoint Mark Cassidy to this role on an interim basis. The Board went on to discuss the challenges presented by the Transformation Programme and the work required to update the Business Case and re-calibrate the Programme. This will be informed by the root and branch review being undertaken. WH offered to support the new Programme Director and the Board agreed that ML/WG/CA/MC would provide an update on the re-calibration of the Programme for the Board by the end of August. **Action MB033 – ML/WG/CA/MC**

The work on the developing IT system support for loan interest calculations continues and the Board discussed the options being proposed to deliver this functionality.

ML went onto to advise the Board of the latest initiatives around information security. He described the new Information Security Programme that is being introduced. This Programme would be subject to SIRO/CDO oversight and would address the issues raised by the CESG report and the concerns expressed by the CTO following his visit to the SLC. MY would be joining the IS Programme Board as the Board's Cyber Security Champion. Once the Programme scope and detailed plans have been agreed any additional costs would be identified and discussed with BIS.

ML made reference to the Transformation Scorecard in the Board papers and suggested the delivery of the Programme be considered further as part of the PwC presentation of their review of the Transformation Programme at item 5.6 of the agenda.

ML highlighted the successful delivery of the SLC Mission in relation to the 2014-15 Application Cycle. He was pleased to report that the increase in the volume of applications was being handled within existing resources. This was due to realising the benefits of SLC's work to re-engineer processes and introduce improvements to the on-line application process, including the changes to the password re-set function. Additionally, despite an increase in the overall numbers of complaints received, the percentage of complaints accepted has dropped. This reflects the improvements in the quality of customer service provided by the SLC.

BC & DW were then invited to give an update on the potential sale of the ICR Loan Book. ML advised that this initiative would be taken forward by the newly-appointed Head of Loan Assets & Sales in the Repayments and Fraud Directorate.

ML went on to provide an update on the recruitment of the ELT/SMT group. The Board noted the progress and formally approved the appointment of Ms Jacqueline Steed as Chief Digital Officer. CB also noted the Company's success in achieving the top banding of Investors in People Silver Status. He then asked that the Board's congratulations be passed on to those individuals and the teams that recently received recognition awards.

ML then provided the Board with an update on the work to implement the decision to stop using secondary branding (Smith Lawson). The requirements set out on the written ministerial statement of 8 July 2014 were being addressed and the lessons learned were being taken forward as part of the Corporate Governance Programme.

5.2 Corporate Governance Programme & Board Effectiveness Review

CB introduced this item with an update on the Board Effectiveness Review. He stressed the need for this to be aligned with the BIS led review of the Frameworks Document. BC agreed and would work with JB to ensure this happened. **Action MB034 – JB/BC**

JB then presented the paper on the Corporate Governance Programme. The Board accept the recommendations and MY & WG agreed to be members of the Programme Board that CB will chair. BC will represent BIS on the Programme Board. WG reminded the Board that the outcomes of the Referendum on Scottish Independence should be considered when developing the approach to Corporate Governance. MY asked that the Head of Commercial confirm that the proposed involvement of Deloitte LLP in this Programme does not contravene any procurement rules.

Action MB035 – JB

5.3 Risk Report

JB confirmed that the top ten issues/risks were all being discussed as part of the agenda. He also advised that one of the objectives of the review of risk management being undertaken as part of the Corporate Governance Programme is to improve the flow of information around risks to the Board. This includes reputational risks and follows on from the lessons learned from the Smith Lawson experience. The Board noted this report.

5.4 FY 14-15 Business Plan – 1st Quarterly Report

ML introduced this topic and following a short discussion on the role of the Board in overseeing SLC performance, the Board noted this report.

5.5 Corporate & Business Planning Process 2015/16

DW presented this paper and invited the Board to consider how they would like to be engaged in the process of reviewing and further developing plans over the coming months, in advance of formally reviewing the 2015/16 plans. He asked for a response by email. **Action MB036 – Board Members** Following this input DW will summarise the Board's suggestions and will agree the way forward with the Chair. **Action MB037 – DW/CB**

5.6 Review of Transformation Programme

CB welcomed Mark Cassidy, Transformation Programme Director to the meeting. He congratulated Mark on his new role and thanked him for his contribution to the successful delivery of the SLC Operations in his previous job. ML was accompanied by Stuart Stevens and David Brown from PwC (QA Partners for the Transformation Programme).

SS & DB presented a summary of their Programme Mandatory Assessment dated 21st July 2014. This assessment provides an update of the progress made to deliver the six recommendations in their earlier report dated 29th May 2014. (This report describes the end-to-end assessment of the Transformation Programme's delivery capabilities). The Board discussed the latest report and reviewed the progress being made with introducing the new governance arrangements. WG questioned the timescales around implementing the new structure.

CB added that while the re-calibration of the Transformation Programme would help the Programme team concentrate their efforts on what was to be done, it will be important not to lose sight of the work required to secure buy-in from the people in the organisation. DW agreed and confirmed work was continuing to improve internal communications and this would be better focused after the re-calibration exercise was complete.

MC then questioned the impact of the re-calibration on the SLC's suppliers and the Board agreed it was vital that the Programme is clear about the requirements that the suppliers are expected to meet.

CB advised that WG would work with him to oversee the re-calibration of the Programme and the October Board meeting would present an opportunity for this to be reviewed by the full Board. **Action MB038 – CB/WG**

ML then advised that as the new Programme SRO, he was reviewing the flow of information from the Programme's QA Partners. He expects to revise and update the QA Programme and will share this with the Board. The new QA Programme will then be included in Board's Schedule. **Action MB039 – ML /JB** ML also confirmed that an action plan to implement the PwC recommendations would be shared with the Board. **Action MB040 – ML/MC**

5.7 24+ ALL Expansion

Heather Miller, Deputy Director, BIS (Pathways to Higher Skills) joined the meeting to present the latest thinking on expanding and simplifying loans in further education. She described the existing 24+ Advanced Learning Loans System as a very good example of BIS and the SLC working together to implement policy and went on to explain the opportunities for the expansion of loans in vocational education.

Heather concluded by confirming that the SLC is vital to the ongoing development of the vocational education policy, particularly building pathways to higher skills to help meet the UK's technical skills gap. CB thanked Heather for this update and confirmed that, following the implementation of the Transformation Programme, the SLC would be in a good position to help take forward this important work.

5.8 Stakeholder Engagement Strategy

The Board noted this report.

5.9 Managing People Report

CB advised that although that there were still a number of key posts filled on an interim basis, the Board had confidence in ML's plans to resolve this. He went on to add that the new structure and the recruitment (including the interim appointments) had strengthened the senior leadership team and he was optimistic about the leadership capability the Company was now building.

RK noted that SLC had turned the corner on absenteeism and the HR team should be commended for the successful re-launch of the attendance management system.

5.10 Central Document Services Update

The Board noted this report.

5.11 Remuneration Committee Report

DW provided an update on discussions with BIS concerning the 2014/15 pay settlement.

5.12 Commercials Approvals

The proposal on the extension of the SCC contract was approved.

The proposal on the extension of the Lockheed Martin PMO contract was also approved.

The Board reviewed the paper on the Contact Centre contract extension and discussed the risk assessment prepared by DR and the Head of Commercial. The business risks and the other issues involved were examined and the timescale required for re-tendering the contract were confirmed. The Board decided that given the timescales, mitigating the business risk should be the priority and approved the proposal to extend the Call Centre Contracts.

5.13 Finance Report

The Board noted this report.

5.14 Group Income Protection

The Board approved this report.

6. AOB

There were no items of any other business.

7. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Tuesday, 9th September at 09.30 am.

The Board meeting closed at 2:30 pm

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.