



**Minutes of Meeting of the Board of Directors
Held at 9.30m on 9th September 2014
Bothwell Street, Glasgow**

Present:	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Mr Michael Yuille	Non-Executive Director	MY
	Mr Willie Gallagher	Non-Executive Director	WG
	Mr Rob Kennedy	Non-Executive Director	RK
	Prof Dame Glynis Breakwell	Non Exec Director	GB
	Mr John Brown	Interim Company Secretary	JB
In Attendance:	Mr Ben Coates	BIS	BC
	Mr Stephen White	Scottish Government	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 Jacqueline Steed	Chief Digital Officer	JS
	Mr Derek Ross	Director of Operations & Customer Services	DR
	Mrs Lorna Brown	Head of Commercial	LB
Apologies:	Mr Neil Surman	Welsh Government	NS

Distribution: As Above

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

The Board meeting commenced at 10.15am.

3. Chairman's Opening Remarks and Directors' Matters

The Chairman welcomed everyone to the meeting and noted the apology from NS. He introduced Jacqueline Steed as the newly-appointed Chief Digital Officer.

4.1 Minutes of the meeting held on 29th July 2014

The Board approved the minutes of the meeting of 29th July 2014.

4.2 Matters arising from previous minutes

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

CB provided an update on MB014, advising that accompanied by BC, he had met with the chair of the Pension Scheme Trustees. They had discussed the Trustees latest thinking on the SLC pension

arrangements and the options being considered by BIS to support the scheme in future. CB confirmed that, as part of the overall company transformation, a more strategic view was required on how the SLC pension arrangements were being taken forward. He also suggested that all the issues currently being discussed should be communicated to staff and trade union representatives at the same time. This would be consistent with adopting a more strategic, rather than a tactical approach.

MY advised that the Audit Committee had received adequate assurance on the SLC approach to contract management from the Internal Audit Team. He confirmed that the IA review included all existing contracts, other than those required in support of the Transformation Programme. CB confirmed that the Transformation Programme contracts should be considered as part of the review of the Transformation Programme that was currently being undertaken by the CEO.

MY also confirmed that the issue of long-standing open audit action points had been considered by the Audit Committee at their meeting on 8th September 2014. It had been agreed that the CEO would provide the October Main Board meeting with an action plan detailing the steps being taken to implement any long-standing open audit recommendations. **ACTION MB041 - ML**

RK questioned when the issue of the protocol between the Accounting Officer and BIS would be resolved. It was agreed that this should be in place before the PAC hearing on the financing of Alternative Providers. ML suggested that it would be better if the protocol was finalised before the NAO had completed their review of Alternative Providers. The Board agreed and asked that an update be brought to the October Board. **ACTION MB042 – DW/BC**

5.1 CEO report

ML introduced the report. He advised the Board of the issues discussed during the Ministerial visit on 20th August. These included a demonstration of the 2014/15 application process and an update on information security.

ML went on to provide the Board with a progress report on the 2014/15 application cycle. Once again, SLC has delivered a year-on year improvement with over 95% applications received to date, 88% of which have been processed. The first payments would be made in September. Work has started on preparing for the 2015/16 year and a presentation to the Board on this has been prepared.

ML also commented on the increase in the number of complaints and the reasons behind this but confirmed that the downward trend in the percentage of complaints accepted. This is against a background of improving customer feedback via the Customer Insight Survey.

The Board were pleased to note the continuing use of the Recognition Awards Scheme and CB asked that their congratulations be passed on to the individuals and teams that received awards in August.

ML advised the Board of the two issues that had emerged since the last Board meeting, the erroneous payment of student finance to residents of the Channel Islands and the Isle of Man, and the issue of letters to students' future term-time addresses. Both these issues had been resolved and the necessary actions taken to prevent any reoccurrence.

ML also advised the Board of his discussions with BIS colleagues on the current guidance of the verification of household income.

The Board thanked ML for bringing these issues to their attention and requested they be kept informed of any future developments or media interest. In particular, CB asked that the Board be updated on the discussions around the verification of household income as this issue is taken forward. **ACTION MB043 – ML/BC**

The latest update from the Security Programme including the work on PSN accreditation was discussed and ML reported that good progress was being made.

5.2 Repayment Strategy Update

ML advised that the advert for the Executive Director for Repayment and Fraud post was being published on 10th September 2014. In the meantime, work continued to develop and implement the Repayment and Fraud Strategy to ensure the PAC concerns were addressed. The review of repayment processes following the Ministerial Statement on SLC's use of secondary branding also continues and progress on this initiative will be reported to the Board as part of the Corporate Governance Programme update.

5.3 Corporate Governance Programme Review Update

The Board noted this report.

5.4 Board Effectiveness Review Update

The Board noted this report and agreed that a separate meeting should be arranged to discuss the findings and recommendations of this review. CB asked that an induction programme be developed to support the appointment of the new Non-Executive Directors. **ACTION MB044 – JB/BC**

5.5 Transformation Programme Update

CB welcomed Mark Cassidy, Transformation Programme Director to the meeting.

ML and MC jointly presented the outcomes from the Transformation Programme Review. The presentation described the background and the approach taken; seeking Board approval for a recommended course of action to: redefine the Programme scope; review the CLAM delivery plan and contracted arrangements with HCL/Deloitte; revise the Business Case and benefits profile; and revise the Roadmap and delivery approach. These activities have been endorsed by BIS, DfES and GDS and will be completed under a formal change control process.

The key messages from the review were described as:

- Benefits are already being delivered and the outlook is positive.
- All the challenges from the Programme have been identified.
- The biggest challenges are around building a Digital team and the review of the HCL/Deloitte contract.
- The Programme can be delivered within the budget but the phasing of the expenditure is an issue that needs to be addressed.
- The current Roadmap needs to be better aligned with the Full Business Case and the benefits profile.

The Board went on to discuss the review findings and recommendations in detail.

This included the scope, the approach and the overall governance arrangements - including the Programme Delivery structure and the arrangements for Quality Assurance of the Programme by PwC. It was agreed that future QA reports produced by PwC will be brought to the Board for review.

The proposal concerning the technology (including information and security) required to deliver the Programme were then reviewed by the Board. This included a discussion on the resources required to deliver the changes. The role of suppliers in supporting the in-house resource was also discussed.

The discussion focused next on the costs and benefits of the Programme, including a review of the arrangements for formal sign off of the costs and benefits in terms of the return on the investment. This was agreed as important information when determining future expenditure over the Programme's twelve year lifecycle.

The Board then agreed the priorities proposed for taking the Programme forward.

These included the need to continue with work on the Security Programme, CLAM, SAM, the Near Term Benefits Programme and the work to build the SLC's internal Digital capability. This will take place while the Programme is re-set, with the re-prioritisation of Backlog and End-to-End Design, the re-phasing of the CLAM Programme delivery, and any revision of the HCL/Deloitte contractual arrangements being completed. The work on BCF will be paused and resources will move onto higher priority projects.

The revised Programme plan, the re-baseline of the Programme Business Case and the reconfigured QA deliverables will be brought back to the Board for further discussion.

The Board also agreed to delegate authority to the Chairman and CEO to revise contractual arrangements with HCL/Deloitte, if necessary.

CB asked for confirmation of BIS support for the recommendations of the Programme Review and BC confirmed that BIS welcomed and supported the approach but emphasised that more work was required to confirm the funding requirements. ML confirmed that GDS were also on board with these proposals and would be actively involved in the re-phasing and re-design work. WG emphasised the need to have a clear audit trail to support decisions on this.

CB then raised the issue of when the CLAM Programme would deliver the expected benefits. DW explained that having recently taken on the CLAM SRO role, an in-depth delivery and commercial review of the programme and the projects that support its delivery was required and would be undertaken as part of the wider Transformation review. As this point, he noted that based on what he had seen/heard so far, he did not have confidence in the previous delivery timescale. He noted that in due course it was highly likely that a revised delivery plan would be required aligning the key issues of integration, migration, phasing, and business requirements (including management information). This work will drive out a revised view of costs and timescales and will be necessary to inform future discussions with HCL/Deloitte. Until this work has been fully completed DW would not be able to give the Board details of the revised delivery schedule for the CLAM Programme. GB expressed some concerns over how the situation had arisen and looked for reassurance that steps would be taken to ensure that the Programme has the capacity and capability to deliver the plans being developed following the specific CLAM and wider detailed Programme Review. ML responded with reference to the new governance arrangements being put in place and the re-prioritisation of Programme. By continuing to go ahead with the high priority areas of the Programme while the re-planning continues, ML expects to greatly reduce the risks to the delivery of SLC Transformation.

The Board agreed to continue to closely monitor the Transformation Programme and CB and WG would continue to meet with the CEO and the Programme Board to provide advice and support.

ML agreed to provide the Board with interim reports on the work to implement the Programme Review at the Board meetings in October and November. A final report would be presented at the December meeting. **ACTION 045 - ML**

5.6 Risk Management Update

JB confirmed that nine of the top ten issues/risks were being discussed as part of the agenda. CB asked that the other risk (Disaster Recovery/Business Continuing Planning) be added to the Board Schedule for discussion at a future meeting. He suggested this could be linked to the update on Cyber Security already on the schedule. **ACTION MB046 - JB**

5.7 Commercial Strategy Update

CB welcomed Lorna Brown, Head of Commercial in SLC to the meeting.

LB presented her paper on the SLC Commercial Strategy. She explained the background and context to her work to transform and modernise procurement within SLC. Good progress had been made with improvements in procurement policy, process and controls. There had also been some success in building capability in this area. Now that the basic approach to procurement had been brought to a good standard, the Commercial Strategy had been developed to set out the focus for the next stage of the improvement journey. The aim of the Strategy is to become a 'centre of excellence' on procurement, supplier and control management, driving a more commercial culture across the organisation through embedding professionals into lines of business and programmes.

The Commercial Strategy describes where SLC wants to be, what needs to change, what it will cost and the next steps required to move the strategy forward. The intention is to finalise the strategy and present it to the October Board for sign off. LB asked the Board members to provide any comments on the latest draft (attached to the Board paper) by 10th October. **ACTION MB047 – Board Members**

CB Invited Board Member to comment on the presentation. BC asked about the link between the SLC Strategy and the Cabinet Office and BIS approach to shared services. LB advised that the SLC approach takes the shared services agenda into account but would ensure that the BIS Commercial team had the opportunity to comment on the final draft. **ACTION MB048 – LB**

CB advised that he would like to see the strategy include metrics that described the current situation, levels of investment and target savings. **ACTION MB 049 – LB**

WG asked for an update on the review of the existing contracts and LB confirmed that a review of the high volume/high risk contracts had been completed.

RK confirmed his support for the Strategy and emphasised the need for a stable team of people to deliver the level of change required. LB advised that she had started to address the issue around capability and stability in her team through investing in the development of existing team members and the recruitment of new staff with the necessary skills and experience. RK then raised the issue

of procurement within the Transformation Programme and how they could be integrated with the rest of procurement activity in SLC. ML agreed that there was an issue which was being considered as part of the current review of the Transformation Programme.

CB brought the discussion to a close by emphasising the need for the Board to be involved in developing SLC strategies and asked that the Commercial Strategy be brought back for approval at the October Board meeting. **ACTION MB050 - LB**

5.8 Change Programme Update

The Board noted this report.

5.9 Commercial Contracts

The Board approved the proposals to extend the existing contracts with Promotional Logistics Lt and Performance Testing Services. The Board also approved an increase in the value of the contract with Edge Testing Solutions.

5.10 NAO Review of Controls for AP Funding Sector

The Board noted this report. CB asked that he receive regular updates on the progress of this review. **ACTION MB051 - ML**

5.11 Finance Report

DW presented this report and confirmed that the Finance Director was working with colleagues in BIS Finance on the mid-year review of the SLC budgets and expenditure for FY 2014/15. CB asked that DW provide an update on the mid-year position at the October Board meeting. **ACTION MB052 - DW**

6. AOB

MY advised that the Audit Committee had reviewed an update to the SLC Whistleblower policy at the meeting on 8th September. The Board accepted MY's recommendation that the revised policy be approved.

7. Date of Next Meeting

The Board noted that the next meeting would take place in London on Tuesday, 28th October at 11.00 am.

The Board meeting closed at 1.30pm

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.