



**Minutes of Meeting of the Board of Directors
Held at 9.30m on Tuesday 25TH November 2014
100 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
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Mr John Brown	Interim Company Secretary	JB
In Attendance:	Mr Ben Coates	BIS	BC
By Invitation:	Mr David Wallace	Deputy Chief Executive	DW
	Mr Mark Cassidy	Transformation Programme Director	MC
	Ms Jacqueline Steed	Chief Digital Officer	JS
	Mr Derek Ross	Executive Director of Operations & Customer Services	DR
	Mr Kevin O'Connor	Head of Repayments	KO
Observer:	Mr Gary Womersley	Legal and Compliance Manager	GW
Apologies:	Mr Rob Kennedy	Non-Executive Director	RK
	Mr Stephen White	Scottish Government	SW
	Mr Neil Surman	Welsh Government	NS
	Mr Chris Jones	Welsh Government	CJ
	Ms Polly Payne	BIS	PP
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 introduced Kevin O'Connor (representing the Fraud and Repayments Director) and Gary Womersley, (recently appointed as manager of the SLC Legal and Compliance team).

4.1 Minutes of the meeting held on 28th October 2014

The Board approved the minutes of the meeting of 28th October 2014.

4.2 Matters arising from previous minutes

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

5.1 CEO Report

ML introduced the report and advised the Board of progress on the AY 2014/15 Application Cycle. The latest management information shows a good position in terms of the processing of applications and the handling of calls. Service levels continue to be within processing and call handling target levels. As the peak processing period has now passed it has been possible to close the contact centre from 23rd November 2014 to 22nd February 2015 to allow planned improvements to IT systems to take place. JS advised that this approach would ensure that system maintenance and improvements would be carried out to an agreed timescale reducing the risk of unreliable systems during normal business hours.

ML then confirmed that the work to prepare the SFE 2015/16 campaign was going well with the second phase of customer research now complete. This work validates the communications strategy and clarifies future development requirements.

ML reported positive feedback on the launch of the Course Management System. He also advised the Board of a 5.3% month on month decrease in customer complaints overall.

ML went on to report that the Information Commission's office had reviewed the SLC response to issues they had raised around Data Protection and have accepted that SLC has appropriately addressed their concerns.

CB expressed his disappointment over the manner in which the BBC Watchdog programme had reported the SLC's handling of three applications for student finance. ML agreed that a more balanced view of the circumstances around these cases could have been presented and confirmed that these cases had now been resolved. ML also expressed his concern that SLC had not been given an opportunity to comment on these cases before they were included in a trailer for the programme.

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ML advised the Board of the completion of the second phase of the outsourcing of Central Document Services and thanked DR and his team for their contribution to making this initiative a success.

The latest position regarding the appointment of the Executive Director for Fraud and Repayments and the recruitment of the Senior Management Team was discussed. MY commended the CEO on this exercise and welcomed the news that this will be completed in December.

The Board were pleased to note the award's made under the SLC Recognition Scheme and CB congratulated the staff involved on their awards.

DW provided the Board with an update on the discussions with the Pension Scheme trustees and advised that he had been asked to arrange ELT and Board input to a revised investment strategy. MY agreed to represent the Board and would join DW as the ELT representation at future meetings

to discuss the Pension Scheme's approach to investment. CB thanked MY for volunteering to take on this responsibility and added his thanks to DW for his contribution to supporting the trustees.

*** ACTION MB059 – DW**

The Board then discussed the development of the protocol between the Accounting officer's and BIS. This had been developed by DW and BC to set out the respective responsibilities of SLC and BIS where reasonable grounds exists for believing that a higher education provider is not complying with the terms of its designation. DW shared the latest version of the protocol with the Board and confirmed that, although some minor issues remain outstanding, the respective responsibilities of SLC and BIS had now been agreed.

MY then questioned the reference to the usability of scanners and associated functions, shown as red/amber on the operational dashboard appended to the CEO report. JS advised that the underlying issues were being addressed and as the peak processing period was passed this was an appropriate time to make the necessary improvements to the systems architecture.

5.2 Corporate Governance Programme

JB presented this report and provided an update on the Board Effectiveness Review, including the arrangements for a meeting on the 23rd January to discuss the findings of the Review and the outcome of the joint BIS/DA/SLC review of the Framework Document. JB confirmed that the latest version of the revised Framework Document would be issued for comment by the 5th December 2014. **ACTION MB060 - JB**

The Board then discussed the latest position concerning FCA regulation of MSL and ICR activities. Although it had been confirmed the ICR activities for England and Wales are exempt from FCA regulation, further work is being undertaken to confirm the position for Scotland and Northern Ireland. A paper confirming the position and the action required to prepare for FCA regulation of MSL activities will be brought to the December Board. This paper will also detail the requirements around the FCA Approval Persons scheme. **ACTION MB061 - JB**

5.3 Repayment Strategy

KO introduced a paper that provided the Board with an update on the repayments strategy. CB asked for confirmation that delivery of the strategy included all actions necessary to address the concerns raised by the NAO and PAC review of SLC repayment activity. KO advised this was the case and progress against the NAO/PAC actions was being tracked and reviewed by the ELT.

ML referred to the Joint Repayment Strategy (2014-16) that was attached to KC's report and explained that this had been developed in response to the NAO/PAC concerns that BIS/DA/SLC/HMRC should have a partnership approach to improving the loan repayment process. The Board gave formal approval to the Joint Repayment Strategy.

GB raised the issue of how SLC measures performance in repayments. The Board then explored some of the options including CB's view that yield measured against the value of the loan book would be an appropriate key performance indicator. KO explained that the work on the pilots that form part of the Repayments Strategy would help design a suitable basket of measures for repayments work and he agreed to bring proposals on this back to the December Board. **ACTION MB062 – KO**

5.4 Transformation Programme Update

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

MC joined ML in presenting a paper on the SLC portfolio and Transformation. The purpose of this paper was to provide an update on the status change of the Transformation Programme, including the revised Business Case approach and the status of the benefits assurance work by PWC.

ML advised the Board that work to deliver the revised roadmap and Business Case for Transformation continues and the next draft will be available for the Board to review in December. The final versions will be presented to the Board at the January meeting.

MC reported that good progress was being made overall, with HCL having delivered on the first increment of the contract, the new case management system going live on 28th October and the 2013/14 benefits target exceeded. The early delivery on benefits was welcomed by ML as the programme finance is structured in a way that requires benefit realisation to fund future investment.

MY asked for an update on the Security Access Management (SAM) project and JB advised that HCL/Deloitte were revising their approach to developing SAM to take into account feedback on the HMG security standards required and JS is maintaining oversight of this work as part of the Information Security Programme. MY then asked for an update on the Customer Loan Account Management (CLAM) project. MC confirmed that although there had been some delay in the design of the Production Environment, procurement would be completed to planned timescale.

WG then suggested that it would be helpful to map all the approvals process for the revised Business Case in order to ensure appropriate and timely engagement with the relevant stakeholders. ML advised that this would be included in the work to finalise the Business Case for Board approval in January. **ACTION MB063 – ML**

CB then thanked ML and MC for their work on the re-setting of the Transformation Programme as far and acknowledged that this was taking place in a rapidly changing environment.

5.5 Cyber Security

JS presented a paper on Cyber Security. This presentation provided the Board with an evaluation of the likely threats and risks associated with internet and related technologies and described the SLC's approach to improving its defences against such threats.

The paper described the threat actors their motivations and the tools they could use to attack the SLC's information assets.

* **ACTION MB064 – JS**

Following a discussion on these issues, CB thanked JS for her overview of the SLC's current approach to cyber security.

5.6 Risk Report

The Board noted this report including the proposal that Board members raise any additional strategic, operational, financial or reputational issues not already included in the risk report at the

December Board meeting when a full review of the SLC risk register will be conducted. **ACTION MB065 – Board Members**

5.7 Business Continuity and Disaster Recovery

The Board reviewed a paper presented by JS and JB that provided an update on the SLC arrangements for business continuity and disaster recovery.

JB advised that oversight of the SLC business continuity arrangements was now the responsibility of the risk management team. The CDO remained responsible for ICT disaster recovery arrangements. He confirmed that the new business continuity management system was in place and a scenario test had been completed on 24th November 14. DW had commissioned an independent assessment of this exercise and MY requested that the Board have sight of this report. **ACTION MB066 – JB**

JS updated the Board on the plans being developed to improve the SLC arrangements for ICT disaster recovery. CB requested that the Board receive a further update on the disaster recovery plans at the January Board. **ACTION MB067 - JS**

5.8 NAO Review of Alternative Providers

ML provided a summary of the NAO report, including the main findings and recommendations. He went on to describe the activity to respond to the report and prepare for the PAC hearing on 15th December 2014. CB thanked ML, DR and the people involved in responding to the NAO review and asked that feedback from the PAC hearing feature on the agenda for the December Board meeting.

5.9 Financial Report

The Board noted this report. MY requested an update on the delivery of agreed savings in 2014/15. DW responded and explained the background to the setting of the savings target and how this impacts on the measurement of the in year results. CB acknowledged that confirmation of funding from BIS (for the repayment initiatives) and DfES Wales remained an issue. ML confirmed that although discussions with BIS finance and DfES finance had not yet been concluded, this had not restricted the SLC's delivery of the repayment initiative or services to customers in Wales.

5.10 Property Asset Management Services

The Board noted this paper. MY raised concerns over the costs involved and following a brief discussion the Board gave formal approval to SLC taking a Property Asset Management Service from UK shared Business Services.

6. AOB

There was no other business considered.

7. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Tuesday 16th December at 9.30am.

The Board meeting closed at 13.20pm

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.