



**Minutes of Meeting of the Board of Directors
Held at 11.00m on Tuesday 27th January 2015
SLC Office
15-17 Furnival Street, London, EC4A 1AB**

Present:	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Mr Michael Yuille (by phone)	Non-Executive Director	MY
	Mr Rob Kennedy	Non-Executive Director	RK
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Mr John Brown	Company Secretary	JB
In Attendance:	Ms Polly Payne	BIS	PP
	Mr Ben Coates	BIS	BC
	Mr Chris Jones (by phone)	Welsh Government	CJ
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 Paul Mason	Executive Director of Repayments & Fraud	PM
	Gary Womersley (by phone)	Legal and Compliance Manager	GW
Apologies:	Mr Neil Surman	Welsh Government	NS
	Mr Stephen White	Scottish Government	SW
	Mr Willie Gallagher	Non-Executive Director	WG
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 opened the meeting by welcoming Paul Mason to his first SLC Board meeting.

4.1 Minutes of the meeting held on 16th December 2014

The Board approved the minutes of the meeting of 16th December 2014.

4.2 Matters arising from previous minutes

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

BC provided the Board with an update on the suggestion that the Transformation Programme Board should include an independent non-executive director. Further discussions on this would be held with the Minister when the revised governance arrangements for the next phase of the SLC Transformation are assessed. Any discussion to appoint an independent non-executive to the Programme Board would bring out the rationale behind the appointment and how this role would relate to the Main Board and the work of the BIS/SLC Steering Board.

BC also provided an update on the ongoing work to review the current BIS policy on the verification of household income. The SLC initiative to identify the reasons for over declaring income had delivered the first stage of data analysis and this work would continue with an update being provided to the February Board. **ACTION MB83 – ML**. CB welcomed the progress being made but emphasised that he would like to see this resolved before he writes to the Minister in response to the concerns raised by the use of the Smith Lawson secondary brand. *

5.1 CEO Report

ML introduced the report and went on to highlight the issues around the decision to suspend payments from one of the private HE providers (*). He advised the Board that if the investigations underway confirmed that payments had been in error, the Minister would have to be advised of the situation.

ML confirmed the date of the next Public Accounts Committee meeting as 16th March 2015 and advised that a substantial amount of work was being undertaken to ensure that the SLC and BIS attendees at the PAC hearing were fully briefed to respond to the Committee's questions.

The second instalment of the AY14/15 payments is scheduled for 4th February 2015 and ML advised that SLC continued to make good progress to deliver the AY14/15 application cycle. He went on to advise that the AY15/16 application cycle had been successfully launched on 26th January for Student Finance England and work continues to prepare for the launch in respect of Wales and Northern Ireland by the end of February.

The Board were please to note the awards under the SLC Recognition Service and CB confirmed that he would issue letters to the individuals concerned to congratulate them on behalf of the Board.

DW provided the Board with an update on his latest meeting with the Chair of the Pension Scheme Trustees. GB thanked DW for this and added that the progress made on resolving the issues around the SLC Pension Scheme was appreciated by the Board.

ML then advised the Board of the progress being made to implement the new Post Graduate Loans product for AY 2016/17. An initial 'discovery session' had been completed with BIS colleagues and discussions continue to determine the implications of this new requirement on SLC's existing operations and Transformation Programme. GB emphasised the need to come to an early resolution on the outstanding issues as the HE Sector would require early indication of the outcomes of these discussions.

CB added that the decision on the timing of the introduction of the new product needs to be made rapidly as further delay could have an adverse impact on the SLC's capacity to deliver to the required timescale. JS confirmed that the work continues to establish the SLC's capacity in relation to the new product and further "hot house" workshops were being held in February. This work would provide the Board and BIS with a clearer picture of how this policy initiative can move forward.

DW suggested that the 'hothouse sessions' should also consider implementing the payment and repayment aspects of the Post Graduate Loans at different times. ML agreed that this should be considered but suggested that this could cause difficulty with the Public Accounts Committee who have been critical in the past of SLC not putting enough emphasis on repayments. MY expressed concern that the risk to Transformation increases as delay occurs in deciding the approach to Post Graduate Loans. PP acknowledged this and confirmed BIS accepted the implementation of Post Graduate Loans presented difficulty and increased operational risk for SLC and the level of risk and difficulty was dependent on the approach chosen for implementation.

5.2 Corporate Governance Programme

GW joined the Board meeting for this agenda item. JB referred to his paper that provided details of the progress being made to complete the Corporate Governance Programme. He advised that the Programme Board was due to meet 4TH February 2015 and it was expected that, following that Board's review of the individual projects that make up the Programme, a final report would be available for the February Main Board. This final report will form the basis of the Chairman's response to the Ministerial Statement on Smith Lawson.

GW then presented his paper on FCA regulation. GW began by advising that he would write to the Chairman and CEO regarding the exemption of ICR loans for FCA regulation. **ACTION 084 – GW**. He also confirmed that, if SLC are regulated by the FCA, all the existing and future Non-Executive Directors would be included in the FCA's Approval Pensions Scheme. GW also advised that to date, he had not found evidence of any other NDPB where the Non-Executive Directors were required to be Approved Persons for FCA purposes.

GW went on to describe the options around FCA regulation of the SLC'S MSL activities. The Board acknowledged that under the existing legislation SLC is regulated by FCA for these activities and work should continue to prepare the formal application to FCA by June 2015. PP advised that BIS had been in discussions with HMT about this issue and HMT were now discussing the options with FCA. PP agreed to keep the Board advised of any developments.

The Board went on to discuss the action necessary for compliance with the FCA Approved Persons scheme and GW agreed to advise the Board and the Executive Leadership Team of the training, application process, and timetable for completing their applications under the Approved Persons scheme. **ACTION 085 – GW**.

MY then raised the recent approach from the Government Internal Audit Agency and provided the Board with an update on the meeting with Mr Mike Slade from GIAA. MY also advised the Board that he had consulted on this with the Audit Committee members and wished to pass on their initial opposition to this proposal. ML confirmed he would be responding in writing to Mr Slade and would pass on the Board and the Audit Committee's concerns.

5.3 Stakeholder Engagement Strategy Update

The Board noted this paper.

5.4 Change Portfolio and Transformation Programme

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

ML presented an update paper on the Transformation Programme that included details of the key issues faced by the Programme, including the progress being made regarding the preparation of a new business case and the commercial discussions taking place.

ML described the revised priorities for the Transformation Programme as: security, network upgrade, and CLASS replacement. These priorities were now reflected in the latest version of the business case and ML shared the latest figures emerging from this work with the Board. PP raised the matter of HMT/Cabinet office/GDS approvals for ongoing expenditure while the new business case is being prepared. ML advised that he would seek clarity around this from GDS. **ACTION 086 – ML**.

The work on improving security was briefly outlined by JS and she went on to describe the challenges presented by the initial approach to implementing the CLAM system. This work has identified the need for a different approach to systems integration and JS confirmed that the costs of system integration were now included in the revised business case. JS also presented the latest thinking on the options for implementing the CLASS replacement programme. In response to this update, CB asked that a more detailed assessment of the relative merits of these options be brought to the Board in February. This assessment should include details of the approach and timescales of the options identified. **ACTION 087 – ML**. CB also stated that any assessment of the options for CLASS replacement should reflect the lessons learned from the implementation of the Transformation Programme to date.

The Board then reviewed the risks described in the paper including the risks associated with the commercial discussions with the suppliers. The Board explored the various options that could arise and it was agreed that an early decision was required on the preferred route to move these discussions forward.

5.5 Target Operating Model & Process Management Framework

It was agreed to carry this item forward to a future meeting.

5.6 Risk Report

The Board noted the January Risk Review. JS highlighted the change to the cyber security risk description following the recent advice from CESG on the security of SLC payments system. She advised the Board of the action being taken to address the specific issues raised by CESG. ML emphasised that while this was not a new risk, CESG's input would help SLC understand better the vulnerabilities in the existing end-to-end payment system and as a result, develop a more robust and secure process. MY expressed concern that cyber security represents the biggest risk SLC faces and asked that the Board be provided with an update on the actions to further mitigate the risk to the payment system at the next meeting. **ACTION 088 - JS**

5.7 Repayment Strategy Update

PM presented his paper on the repayment strategy which provided the Board with an overview of his initial impressions as the newly appointed Executive Director of Repayments & Fraud. PM advised the Board of his priorities for the coming months, including reviewing the existing collections procedures, key performance indicators and the composition of the loan book.

CB thanked PM for sharing his first impressions and welcomed his fresh insight into the SLC.

5.8 Audit Committee Report

MY provided the Board with a verbal update on the findings of the Audit Committee at their meeting on 18th December 2014. At that meeting the Committee had been pleased to note improvements in the overall governance arrangements, including progress in clearing the backlog of outstanding Audit actions. MY asked that the minutes of the December meeting be circulated to the Board for information. **ACTION 089 – JB.**

6. AOB

There was no other business considered.

7. Date of Next Meeting

The Board noted that the next meeting would take place in London on Tuesday 24th February at 11.00am.

The Board meeting closed at 14.30pm

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.