

**Minutes of Meeting of the Board of Directors  
Held at 11.00am on Tuesday 27 May 2014  
Bothwell Street, Glasgow**

<b>Present:</b>	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Mr Michael Yuille	Non-Executive Director	MY
	Mr David Edelman	Non-Executive Director	DE
	Mr Rob Kennedy	Non-Executive Director	RK
	Mr Chris Andrew	Company Secretary	CA
	<b>In Attendance:</b>	Mr Matthew Hilton	BIS
	Mr Stephen White	Scottish Government (by phone) (to item 5.4)	SW
<b>By Invitation:</b>	Mr David Wallace	Deputy Chief Executive	DW
	Mr Derek Ross	Operations & Customer Services Director	DR
	Mr Gordon Simpson	CIO & Director of Transformation	GS
	Mr Jonathan Walker	Shareholder Executive (item 5.4 only)	JW
	Ms Anne Spinali	Shareholder Executive (item 5.4 only)	JS
<b>Apologies:</b>	Mr Jim Maguire	Finance Director (from item 5.9)	JM
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Mr Willie Gallagher	Non-Executive Director	WG
<b>Distribution:</b>	Mr Neil Surman	Welsh Government	NS
	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 and WG. It was noted that due to a conflict of interest (as a Trustee of the Company's pension scheme), CA would leave the meeting during the update on the pension scheme that would be provided as part of the CEO report, and that the members of the Executive Leadership Team would stay for this discussion (while noting that they were scheme members).

The Chairman advised the Board that there were two other Directorships that he was considering taking; the Chairmanship of a listed Debt Fund and a Directorship in a Classic Car Dealership. This was noted by the Board.

### 4.1 Minutes of the meeting held on 29 April 2014

The Board approved the minutes of the meeting of 29 April 2014.

### 4.2 Matters arising from previous minutes

The Board noted the update. It was agreed that a paper on MB188 would be brought back to the Board at the earliest possible date **Action MB011 - ML/DW**. It was also agreed that a paper on MB001 would be brought back to the Board in July 2014 **Action MB012 - CB/CA**. \*

## 5.1 CEO report

ML introduced the report. He provided an update on the Transformation Programme, and confirmed that an update on the benefit realisation work would be provided at the June 2014 Board meeting **Action MB013 - ML/GS**. GS provided a detailed update on the SAM post contract clarification process. The Board noted that ML would take over as SRO for the Programme once GS leaves the Company at the end of June. DR then provided an update on the imaging project.

The Board noted that all major payment runs for the SFE AY 2013/14 cycle had been successfully completed, and thanked everyone involved in this major achievement. The Board was pleased to note that the SFE AY 2014/15 cycle was going well so far, with lower than forecast contact centre demand, which had resulted in a saving against budget of £0.5 million to date. The Board was also pleased to note that the SFW AY 2014/15 had been safely launched on 3 April, and appreciated that the Welsh Minister had been very complimentary about SLC at the formal Ministerial launch on 15 May, which had been attended by the Chairman.

ML then gave an update on the re-organisation of SLC, noting that the position of Executive Director of Repayments and Fraud had been successfully filled, although the start date had not yet been agreed, and that an offer had been accepted for the interim Executive Director to replace GS, with the recruitment of his permanent replacement also being progressed.

CA left the meeting while an update on the pension scheme was provided to the Board by DW. During the discussion, it was noted that the Chair of the Trustees would be invited to attend a future Board meeting **Action MB014 - DW**. MY confirmed that he would be raising this matter at the BIS Risk Review meeting on 3 June. The Chairman summed up the discussion by stating that the Board viewed this matter very seriously, and that they looked forward to receiving a further report in due course.

DW then provided a detailed update on the London School of Science and Technology (LSST), following on from the discussion at the April Board meeting. The Board noted that the Company was working with BIS and other partners to manage the impact of BIS instructing SLC to suspend payments.

## 5.2 Corporate Risk Report

CA introduced this paper. The Board then discussed the Alternative Provider risk in some detail, and MH noted that there was a strong focus on managing this risk by both BIS and SLC. The Board requested that the current risk score should be reviewed **Action MB015 - CA**. It was agreed that the Board should have sight of the BIS risk register at regular intervals, to allow it to be reviewed alongside the SLC risk register **Action MB016 - CA**.

\* **Action MB017 - CA**.

## 5.3 Equality Diversity and Inclusion Update

The Board noted the report. The Chairman stated that the current gender balance on the Board and the Executive Leadership Team was not satisfactory, which he would take into consideration when Board vacancies were being filled.

## 5.4 Shareholder Executive ICR Debt Sale Update

JW and AS joined the meeting for this item and gave an overview of their presentation, during which the Board raised a number of questions. The Chairman then thanked JW and AS for their attendance at the meeting, and it was agreed that there should be a further update provided at a Board meeting later in 2014 **Action MB018 - DW**.

[SW then left the meeting.]

### **5.5 DSA Automated Invoice Process Demonstration**

The Board noted that this demonstration would now be provided at the June Board meeting **Action MB019 - DR/GS**.

### **5.6 Change Programme Update**

GS introduced this report, which was noted by the Board after a short discussion.

### **5.7 Cyber Security Update**

CA provided an overview of the report, which followed on from the Board awareness session that took place in March 2014. He highlighted the need for the Company to coordinate a range of security related activity across a number of areas over the coming months, including the Transformation Programme, which would require additional resources if it was to be completed on time. The Board then noted the summary of information assurance and security risks contained in Annex 1 to the report. MY stated that while some progress had been made; there was still a lot of work to be done by the Company, with a need to focus on SLC's security culture as well as ICT systems security. The Chairman noted that this report was a good step forward, but that there remained more work to be done, keeping in mind the need to manage cyber risk while making the Company's services accessible to its customers. The importance of allocating sufficient resources to this area was noted by the Board, given its strategic importance. The Board agreed that further updates should be provided at least twice a year going forward, and that it should form a standing agenda item for the Audit Committee **Action MB020 - CA**.

### **5.8 Remuneration Committee Report**

The Chairman provided a brief update, which was noted by the Board.

[JM joined the meeting.]

### **5.9 Audit Committee Report**

MY provided a short overview of the mid May Audit Committee meeting, highlighting that the Board would be required to approve the Letter of Representation as part of the approval of the Annual Report and Accounts for FY 2013-14, which the Committee had considered in detail at its meeting. He advised of one minor change to the draft mid May Audit Committee minutes **Action MB021 – CA**. MY then advised that quite a number of open audit actions had moved dates, which was of some concern, and noted that a significant number were due for completion at the end of June 2014. The Board agreed with his proposal that an update on the status of open audit actions should be provided to the Audit Committee in early July **Action MB022 – ML/CA**.

### **5.10 Annual Report and Accounts FY 2013-14**

JM gave an overview of the report, and confirmed that the remuneration report had now been approved by the Remuneration Committee, subject to a couple of minor amendments to the version of the report contained in the papers. He also noted that BIS had just confirmed that the Minister had provided his approval of the Annual Report and Accounts. Following these updates, the Board then confirmed its approval of the Annual Report and Accounts for FY 2013-14, and also of the associated Letter of Representation. MY confirmed that the year end process had been very smooth this year, and the Board congratulated the Finance Director and his team for their hard work.

### **5.11 Finance Report**

The Board noted 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 London on Tuesday, 24 June 2014 at 11.00am.

**The Board meeting closed at approximately 14.15pm.**

**8. Board Closed Session**

**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.**