



**Minutes of Meeting of the Board of Directors  
Held at 9.30am on Tuesday 31<sup>st</sup> March 2015  
Boardroom  
Glasgow Office, Bothwell Street**

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<b>Present:</b>	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Mr Willie Gallagher	Non-Executive Director	WG
	Mr Michael Yuille	Non-Executive Director	MY
	Mr Rob Kennedy	Non-Executive Director	RK
	Mr Richard Banks	Non-Executive Director	RB
	Mr John Brown	Company Secretary	JB
<b>In Attendance:</b>	Ms Ruth Elliot	BIS	RE
	Mr Ben Coates	BIS	BC
	Mr Chris Jones (by phone)	Welsh Government	CJ
<b>By Invitation:</b>	Mr David Wallace	Deputy Chief Executive	DW
	Ms Jacqueline Young	Finance Director	JY
	Mr Mark Cassidy	Transformation Programme Director	MC
	Ms Jacqueline Steed	Chief Digital Officer	JS
	Mr Paul Mason	Executive Director of Repayments & Fraud	PM
	Mr Derek Ross	Executive Director of Operations & Customer Services	DR
<b>Apologies:</b>	Stephen White	Scottish Government	SW
<b>Distribution:</b>	As Above		

### 1. Chairman's Opening Remarks and Directors' Matters

The Chairman opened the meeting by welcoming Mr Richard Banks to the Board. CB advised the Board that the Secretary of State for BIS has appointed RB as an interim Non Executive Director from 30/3/15 to 30/9/15. CB also welcomed WG on his return to the Board after a short absence due to ill health.

CB advised the SLC Board of his appointment to the Board of the Universities & Colleges Employers Association from 1<sup>st</sup> July 2015. He confirmed that the Company Secretary had advised that this role would not result in a conflict of interest with CB's role as Chair of the SLC Board.

## **2.1 Minutes of the meeting held on 24<sup>th</sup> February 2015**

The Board approved the minutes of the meeting of 24<sup>th</sup> February 2015

## **2.2 Matters arising from previous minutes**

MY asked for an update on the problems highlighted in the February CEO report regarding the information held on the Gov.uk website. ML advised that the out of date information mentioned in his earlier report had now been removed and discussions were ongoing to improve the SLC content on the Gov.uk site. ML also confirmed that the Gov.uk web site was no longer causing the Company any operational difficulties.

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## **3.1 CEO Report**

ML introduced his report. \* He went on to advise the Board that the launch of the AY 2015/16 Application Cycle had gone well with approximately 20% of the total expected applications having been received to date. This is a similar position to the same point in the AY 2014/15 cycle. Overall customer satisfaction levels continue to improve and the early feedback on the online application process for 2015/16 is now suggesting higher satisfactions than in the same period in AY 2014/15.

ML advised that the review of the AY 2014/15 Student Finance Wales service delivery confirmed that high levels of service had been achieved and the SLC had received positive feedback from the Welsh government. The AY 2015/16 full-time application services for Wales and for Northern Ireland were successfully launched on 23<sup>rd</sup> February 2015. The work to support the launch of Student Finance England part-time Tuition Fee Loans for AY 2016/16 is also on track.

The decline in the volume of complaints is continuing and ML reported that the proportion of accepted complaints has reduced to 26.7%. This compares favourably with the February 2014 figure of 39%.

ML then referred to the letter received from the Cabinet Office confirming that the Government Digital Service's (GDS) formal engagement with the SLC ended on 31<sup>st</sup> March 2015. This letter also recognised the role that the SLC has played in delivering digital services to the Government Standard, while achieving substantial savings and helping GDS learn about the challenges faced by front line agencies.

The recent Major Projects Authority review of the SLC Transformation Programme was then discussed and ML confirmed that a copy of the final report would be circulated to the Board.

### **ACTION MB103 - ML**

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The Board then discussed the Public Account Committee hearing on 16<sup>th</sup> March 2015, including the concerns raised by the National Audit Office about the handling of applications for DSA by Plymouth University. ML advised the Board of the action being taken to learn lessons from the PAC hearings

on Repayments, Alternative Providers and DSA. This work will be supported by the Process Management Framework that is being introduced to improve the effectiveness and efficiency of the SLC assess, pay and repay processes.

The Board were pleased to note the awards made under the SLC Recognition Scheme and CB confirmed that he would write to the individuals involved to congratulate them on behalf of the Board.

### 3.2 Change Portfolio & Transformation Programme

CB welcomed Mark Cassidy to the meeting.

ML opened the discussion on the Transformation Programme by referring to the independent assurance of the Programme benefits by PwC. This work is currently focussed on FY2014/15. The latest estimated of the total life programme lifecycle benefits is in the range of £55m - £69m. This is an increase on the previously reported figure of £44m- £69m.

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JS then introduced her paper on the work being undertaken to develop the contingency plan (Plan B) for CLASS replacement. The Board considered the proposed approach in detail and were reassured that the proposal would be subject to external assurance by PwC. JS was asked to bring an updated proposal and business case to the April Board. **ACTION MB105 – JS**

CB asked for confirmation that the proposal for CLASS replacement (Plan B) will have the capability to deliver the support required for the introduction of Variable Interest Rates in a secure environment and within the required timescale. JS confirmed that was the intention but the new system would have to be subject to rigorous volume testing to give the Board the confidence it will require.

RK then asked for an update on the upgrading of the IT platform. JS provided the details and in response to a further question from WG, advised that while the move to Oracle 12 was part of the contingency plan, this (together with the introduction of IBM P8 servers) would also greatly improve the SLC's disaster recovery capability. She also confirmed that as the work on CLASS replacement, disaster recovery capability, and data centre consolidation were all linked, they were being managed by the same team. This will ensure that dependencies and risks are identified and managed effectively.

RK asked about BIS involvement in the latest work on CLASS replacement and RE confirmed that they were sighted on this. CB advised that Plan B for CLASS replacement had been discussed at the SLC Steering Board and received support from the BIS representatives on the Steering Board.

MC left the meeting at this point.

### 3.3 Disaster Recovery & Data Centre Consolidation

JS introduced a paper on disaster recovery and data centre consolidation and began by explaining the reason behind linking these two activities in one presentation. She explained that the actions required to mitigate the risks identified around the SLC's disaster recovery capability include plans to consolidate the Company's data centres onto its two sites in Hillington and Bothwell Street. Implementing these plans will involve refurbishment and extension of the existing Hillington and Bothwell Street Data Centres and the exit from the Washington Street site.

JS went on to explain that the proposal for data centre consolidation had followed a detailed audit of the existing IT estate and an appraisal of its capacity and capability to support the SLC's current and future requirements. This audit had found that considerable space savings could be achieved as a result of not only removing some redundant IT equipment but also by introducing new equipment that has more processing capacity in smaller devices.

The propose data centre consolidation would make Hillington the prime data centre with the disaster recovery capability being provided from Bothwell Street. Although this proposal will make use of existing IT equipment and accommodation, implementing it will require the purchase of some new software licences, the allocation of existing SLC manpower and the deployment of some external consultancy support.

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DW pointed out that although the space required for data centre consolidation could be made available in Hillington and Bothwell Street, there would be costs incurred in refurbishing these sites to provide the standard of accommodation required to support this proposal. \* Details of these costs are included in the business case currently being developed by the Facilities Team to maximise the use of the SLC's accommodation in Glasgow.

JS confirmed that the delivery of the data centre consolidation was dependant on the funding of the business case being proposed by the Facilities Team. CB asked whether or not this funding had been included in the latest budget allocation from BIS and DW advised that the relationship between these two business cases would have to be brought out in the APRA / Letter of Comfort. **ACTION MB106 - DW**

CB also asked that the Board receives independent assurance on the costs and benefits included in the Disaster Recovery & Data Centre Consolidation Business Case. JS agreed to provide the Board with a proposal for external assurance of that business case. **ACTION MB107 - JS**

MY then questioned the current level of risk the around Disaster Recovery. DW advised that while the impact could be assessed as high, the probability of this risk materialising was likely to be low. JS agreed with this assessment.

WG referred to previous Board discussions on this issue and RK expressed the view that while he accepted that the situation had changed, it was important that the Board understands how the Company had moved from one position to another. **ACTION MB108 - JS**

RB stated that he thought the proposed approach was good but wanted to know how this would impact on the Transformation Programme. JS confirmed that the data centre consolidation would become part of the Programme.

RE asked whether or not the plans for data centre consolidation had been shared with GDS and BIS colleagues and JS confirmed that although the new approach had been discussed, the details in the business case had not been shared prior to the Board giving its approval to the combined strategy for disaster recovery, data centre consolidation and refurbishing the existing. RE advised that the business case should go through the normal approvals process. **ACTION MB109 - JS**

CB summarised the discussion by confirming the Board's approval for the Disaster Recovery & Data Centre Consolidation paper, subject to satisfactory arrangements being put in place for the external assurance of the business case costs and benefits.

### 3.4 Corporate & Business Plan – FY2015/16

CB welcomed JY to the meeting.

DW introduced this item on the funding and planning for FY 2015/16. He referred the Board to the latest version of the Letter of Comfort that has been issued in advance of the issue of the APRA letter and the draft corporate and business plans included in the Board papers.

Following a discussion on the progress to date to develop the FY 2015/16 business plan and identify the funding currently available from BIS and the Devolved Administrations, the Board approved the latest draft of the business and corporate plan in principle. GB stated that in doing so the Board should recognise the inherent uncertainties for the year ahead, including the possibility that priorities and funding could change before the final APRA letter is issued, post-election the SLC could be asked to undertake further work, and in-year adjustments to budgets could result from the financial pressures that the new Government may face.

CB suggested that any further comment should be forwarded directly to DW. RB asked when the business plan targets would be confirmed and DW advised that more detail on targets would be included in the next draft that would come to the Board. **ACTION MB110 - DW**

### 3.5 Finance Report

DW introduced this paper which provided an update on the SLC's financial position in FY 2014/15 based on an in-depth analysis of expenditure to 28<sup>th</sup> February 2015. The board noted the expected outturn for the end of the financial year.

JY left the meeting at this point.

### 3.6 Repayment Strategy Update

PM introduced a paper on the findings of his review into the SLC Repayments division. The scope of the review covered the organisational structure, technology platform, information systems, business processes and workflow. The review considered the efficiency and effectiveness of the organisation in terms of 'collecting every pound that is due' and in doing so, identified the restrictions and constraints in delivering yield in an optimal and cost effective manner.

PM went on to describe the key findings of the review, including detailed recommendations to improve the effectiveness of the existing SLC repayment operations by building the capability required to realise organisation's potential. He advised the Board of his intention to implement these recommendations over the next 18 to 24 months. An early action will be to realign the organisation's structure to support the implementation of this programme of activities.

PM also advised the Board that a business case was being developed for this change programme and governance arrangements are being arranged to oversee the implementation of the initiatives in the programme and the delivery of the expected benefits.

WG thanked PM for this thorough review of the Repayments division and agreed that the recommended actions focussed on the right areas. He asked PM whether or not he could deliver the changes required with the existing resources. PM acknowledged that there would have to be further investment in the Repayments division, in terms of people and technology. He advised that

the specific requirements for additional funding would be brought out in the business case being developed. The business case would be brought to the Board for approval. **ACTION MB111 – PM.**

CB thanked PM for his work to take the Repayments division forward and requested that the Board be kept apprised of developments. PM advised that he would bring regular updates to the Board. **ACTION MB112 – PM.**

### **3.7 Risk Report**

JB presented the risk report and highlighted the issues that had been included in the agenda for this meeting, including the risks around change capacity, Transformation and disaster recovery. He also referred to the cyber security risks that had been included in the SIRO report submitted to the Audit Committee for discussion at their meeting on 31<sup>st</sup> March 2015.

WG asked for an update from DR on the risk identified around recruitment of staff in Darlington. DR advised that appropriate action had been taken to mitigate this risk and confirmed that an update would be provided at the next Board meeting. **ACTION MB113- DR**

CB thanked JB and DR for their input and advised that he was considering what more might be done to improve the identification and management of risk. He would discuss this with MY, ML and JB before bringing any suggestions for improving the current arrangements to the Board. **ACTION MB114 – CB, MY, ML, JB**

### **3.8 SLC Steering Board update of meeting held on 23<sup>rd</sup> March**

ML provided the Board with an update on the issues discussed at the Steering Board on 23<sup>rd</sup> March 2015, including the progress being made towards confirming the APRA. ML also confirmed that the next Steering Board would consider the Major Projects Authority report on the Transformation Programme.

### **3.9 Proposed Board Schedule – April 2015 until March 2016**

JB introduced this paper and invited the Board to comment on the proposed Board Schedule for FY 2015/16. The Board approved the content of the Schedule.

CB proposed that consideration also be given to introducing additional Board events where key issues and strategies could be reviewed in more depth than the current agendas permitted. RB suggested that people issues including how these are measured could be one of the topics to be considered at such an event.

The Board agreed the introduction of this type of Board event should be investigated further and MY suggested that the second Board Meeting in July might provide the first opportunity to trial this approach. CB asked that the proposed dates of the 2015/16 Board meetings be reviewed with a view to accommodating the proposed 'deep dive' into strategic issues. **ACTION MB115 - JB**

### **3.10 Commercial Strategy Update**

The Board note this paper.

### **3.11 Pension Scheme Update**

The Board note this paper.

### **3.12 Extension of Oracle Analyst Programmer Service Contract**

The Board approved the proposal to increase the value of the existing call-off contract with Syntel for Oracle analyst programmer services. \*

### **3.13 SOPRA Digital Services Contract**

The Board approved the proposal to increase the value of the current call-off contract with SOPRA for digital delivery services. \*

### **3.14 Business Continuity Major Incident Team Exercise Review**

The Board note this paper.

## **4. AOB**

CB provided the Board with feedback on the end of year review with that he and DW had conducted with Phillipa Lloyd, Director General, People, Strategy & Higher Education, BIS on 27<sup>th</sup> March 2015.

## **5. Date of Next Meeting**

The Board noted that the next meeting would take place in Glasgow on Wednesday 29<sup>th</sup> April at 9.30am.

**The Board meeting closed at 13.00pm**

**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.**