



**Minutes of Meeting of the Board of Directors
Held at 9.30am on Wednesday 29th April 2015
Boardroom
Glasgow Office, Bothwell Street**

Present:	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
In Attendance:	Ms Ruth Elliot	BIS	RE
	Mr Ben Coates	BIS	BC
	Mr Chris Jones (by phone)	Welsh Government	CJ
	Mr Neil Surman (by phone)	Welsh Government	NS
By Invitation:	Mr David Wallace	Deputy Chief Executive	DW
	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
	Mr Mike Blackburn	Commercial Advisor	MB
Apologies:	Stephen White	Scottish Government	SW
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors' Matters

The Chairman opened the meeting and confirmed there were no Directors' matters to be recorded.

2.1 Minutes of the meeting held on 31st March 2015

The Board approved the minutes of the meeting of 31st March 2015.

2.2 Matters arising from previous minutes

JS provided an update on the Disaster Recovery and Data Centre consolidation business case and confirmed that the Board would be kept informed of progress to implement the new arrangements on a regular basis.

CB referred to a recent report from PWC on the risks to the CLASS system that had gone to the SLC Steering Board and JB was asked to arrange for copies of this report to be given to the Board members. **ACTION MB 116 – JB**

JS then delivered a presentation to the Board on the activities and key dates around the SLC's approach to developing Data Centres since 2008. CB confirmed that this answered the questions raised at the previous Board meeting and thanked JS for a very thorough review of this issue.

JB advised the Board that he had reviewed the Board members availability for the programme of meetings proposed for FY 2015/16. He confirmed that the dates proposed in the Board Schedule included in the papers for this meeting represented the best option. The Board accepted JB's conclusion and confirmed the dates of the Board meetings for FY 2015/16.

CB provided the Board with an update on the recruitment of Non-Executive Directors. The Board discussed the options being explored for changing the remuneration of Non-Executive Directors and emphasised that all Non-Executives should be treated in the same manner. RE agreed to pass on the Board's views to BIS colleagues and report back on this issue at the next Board meeting.

ACTION MB117 - RE

3.1 CEO Report

ML referred to the final report on the Project Assessment Review of the Transformation Programme by the Major Projects Authority (MPA). He confirmed that this report was broadly a fair and accurate assessment of the Transformation Programme. The report confirmed the Company's view of the progress being made and the overall impact the Programme has had on the SLC's capacity to deliver its vision and mission. ML stated that the report had also helped to inform ongoing discussions on the prioritisation of the challenges facing the SLC.

ML advised that the SLC Steering Board had agreed with the MPA recommendations. ML was now developing an action plan to implement the recommendations in time for a further discussion on SLC priorities at the SLC Steering Board on 18th May. The MPA action plan will also be circulated to the Main Board and discussed at the Board meeting on 3rd June 2015.

The Board then discussed the MPA recommendation to close down the existing Transformation Programme, replacing this approach with individual business cases to replace CLASS, improve security and upgrade the IT network.

WG asked for more information on the governance arrangements going forward and ML outlined the new arrangements including the appointment of a Head of Banking Platform Delivery. RK asked for clarification on the SLC Steering Board's role in the close down of the existing Transformation Programme. CB advised that the Steering Board's role would be to advise the Main Board who would make the decisions required to take this forward. NS also expressed some concerns around the governance arrangements of the SLC and the Steering Board's role in this. CB suggested that the Devolved Administration should be included in the Steering Board discussions and this should be reflected in the Framework Document. NS advised that he would be raising this issue with his

Accounting Officer and Minister. RE advised a meeting between BIS and NS had been arranged for later that week and the issue would be discussed. MY stated that the concerns around governance went beyond the Transformation Programme and another area of concern was the proposal to transfer the SLC Internal Audit function to the Governance Internal Audit Agency. RB suggested that the Steering Board's terms of reference should be reviewed and ML suggested that the Board return to this issue when discussing the revised Framework Document at the next meeting. GB agreed and stated that clarity around these governance issues, including the Main Board's accountability and responsibility, needs to be delivered in an agreed timeframe.

CB then asked the Board to consider which action needs to be taken to consider the impact of changes in Government policy following the General Election. BC confirmed there was no constraints on scenario planning and BIS had been in discussion with SLC colleagues to develop thinking on what may be required of the SLC after the election. GB stated that the Board was reassured that this work was being undertaken but the Board should not only have been made aware that this work had taken place earlier, but also given the opportunity to discuss the implications for the SLC. WG suggested that the Board meet (by phone) to discuss the SLC's position as soon as practicable after 15th May 2015. **ACTION MB118 – JB**

The Board noted the awards made under the SLC Recognition Scheme and CB agreed to pass on the Board's congratulations to the individuals involved.

ML advised the Board of the Pension Trustees' positive response to the Company's plans to resolve the issues around the Pension Scheme and referred to the helpful position that the Pension Regulators have taken regarding the 2013 Actuarial Valuation.

3.2 Change Portfolio & Transformation Programme

CB welcomed Mark Cassidy and Mike Blackburn to the meeting.

ML opened the discussion by providing an update on the Programme benefits. PWC are progressing their independent assurance of the financial benefits and it is anticipated that this will confirm total Programme lifecycle Benefits in the range of £55m–69m. An update on the PWC's independent assurance will be brought to the next Board meeting. **ACTION MB0119 – ML**

ML went on to provide an updated on the discussions held with HCL on the 10th April regarding the contract for the delivery of the CLAM and SAM projects. *

*

*

The Board then discussed the overall requirements of the new banking platform, including the security requirements. * **ACTION MB120 – JS**

* **ACTION MB121 – JS**

*

3.3 CLASS Infrastructure Business Case

* **ACTION MB122 – JS**

MC and MB left the meeting at this point.

3.4 Delivery of AY 14/15 Annual Cycle & Arrangements for AY 15/16

CB opened this discussion by referring to the extremely positive feedback he had received from senior stakeholders (including the HEFCE Stakeholders Forum) about the SLC's delivery of the AY 2014/15 application cycle. He congratulated the ELT and SLC staff on delivery which is regarded as the best year so far.

DR went on to describe some of the highlights of AY 2014/15 including the improved ease of use for customers applying online, reduced levels of telephone calls from customers requiring help with their application and a reduction in the level of complaints received. The overall customer satisfaction level has increased to 82% and this is against a background of achieving £2.4m in cost savings.

DR then provided the Board with a detailed update on the AY2015/16 application cycle including the anticipated increase in application volumes in England and Wales. DR confirmed that he expected the Operations & Customer Services Directorate's resources and targets will remain unchanged for 2015/16. Good progress is already being made with applications 26% ahead of forecast for SFE and 32% ahead for SFW. DR went on to highlight the key dates for AY 2015/16, including the deadlines for applications and the payment dates. He also confirmed that the AY 2016/17 IAG campaign has begun through the UCAS conventions programme.

CB thanked DR for this presentation and asked that an update be brought back to the September Board. **ACTION MB123 - DR**

3.5 Counter Fraud Services Update

PM provided the Board with a report that featured Counter Fraud Services' (CFS) performance during 2014/15, progress on the implementation of the SLC Counter Fraud Strategy, and the emerging findings from his recent review of the Counter Fraud Services division within SLC.

PM highlighted the increase in the volume of referrals to CFS from the Operations & Customer Services and the £15m in-year savings resulting from the non-payment of fraudulent applications. This represents a return on investment of 19:1. An excellent result when compared to a target of 15:1.

The CFS Analytics Team is the largest single source of case referrals and PM emphasised the move towards increased use of analytics and sampling as part of the Counter Fraud Strategy.

PM went on to discuss the existing Counter Fraud division's capability, including the resources deployed on fraud investigations. PM confirmed that his capability review was also looking at how the CFS interacts with other stakeholders including Internal Audit. He also advised the Board that the Pilot exercise on information sharing with DWP had gone live.

GB thanked PM for this up date, noting that the targeted approach being adopted was delivering good results and complimenting PM and the CFS staff on the progress being made. PM confirmed that he would bring a further update on his review of CFS to the Board in July 2015. **ACTION MB124 - PM**

3.6 Central Government Travel Management Services

The Board approved the extension to 30th April 2016 of the Central Government Travel Management Service contract awarded to the Hogg Robinson Group to 30th April 2016.

3.7 Finance Report

DW presented the Monthly Finance report and the Board discussed the year end position for FY 2014/15. DW confirmed that the figures in the report included the Period 13 adjustments and showed an overall 16% underspend against the revised budget of £193.773m.

DW then provided the Board with an update on the FY 2015/16 position and referred the Board to the Letter of Comfort received from BIS that sets out the funding and priorities for FY 2015/16. DW advised that the next meeting to discuss the SLC budget allocation and move closer to finalising the APRA for 2015/16 would be held on 4th May 2015.

The Board noted the content of the Finance Report and thanked DW for highlighting the key issues around the SLC's financial position.

3.8 Update from Audit Committee

MY referred the Board to the draft Minutes of the Audit Committee held on 31 March 2015.

MY then referred to the discussion around the proposal from Mike Slade of the Government Internal Audit Agency (GIAA) to integrate the SLC Internal Audit Team into the GIAA. CB requested that JB work with Mike Slade to address the issues raised by the Audit Committee and other key stakeholders and bring a more detailed proposal to the Audit Committee in June. A final proposal should then be prepared that takes into account the input from the Audit Committee. This proposal would be considered by the Main Board in July 2015. **ACTION MB 125 - JB**

3.9 SLC Steering Board meetings held on 13th & 22nd April

The Board noted the papers submitted to the SLC Steering Board on 13th and 22nd April 2015.

3.10 Framework Document

RE referred to the latest version of the Framework Document that was included in the Board papers. She confirmed that the Framework Document is based on the HM Treasury model document and this was the first update since 2009.

The Board provided RE with initial feedback on the current draft of the revised Framework Document; including concerns that it doesn't yet adequately reflect the relationship between the SLC Steering Board and the SLC Main Board.

The Board also discussed the format of the annual Board effectiveness review required by the Framework Document and agreed that it would alternate between a self-assessment exercise and an externally facilitated in-depth review. The Board agreed that the 2015 review would be a self-assessment exercise **ACTION MB126 – JB**. The need for a more structured approach to training

(including induction training) for existing and newly- appointed Non-Executive Directors was also highlighted as part of this discussion.

CB suggested that further comments on the Framework Document should be sent to RE via JB.

RE advised that the final draft of the Revised Framework Document will be brought to the next Board meeting for approval. **ACTION MB127 - RE** Following the SLC Board's sign-off the Framework Document would then go to HM Treasury for comment before being passed to the relevant Ministers.

3.11 Risk Summary

The Board noted the April 2015 Main Board Risk Report.

3.12 Managing People quarterly report

The Board noted the report and the information provided on sick absence and staff turnover rates.

CB asked that the Board receive regular updates on the progress being made to respond to the issues raised by the 2014 People Insight Survey. DW confirmed that plans were being developed at Directorate level and these would be consolidated into a SLC plan. Updates on progress to deliver the plan would be brought to the Board as part of the quarterly Managing People report. **ACTION MB128 - DW**

4. AOB

There was no other business raised.

5. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Wednesday 3rd June 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.