



**Minutes of Meeting of the Board of Directors
Held at 9.45am on Wednesday 3rd June 2015
Boardroom
Glasgow Office, Bothwell Street**

Present:	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Mr Willie Gallagher	Non-Executive Director	WG
	Mr Michael Yuille	Non-Executive Director	MY
	Mr Richard Banks	Interim Non-Executive Director	RB
	Mr John Brown	Company Secretary (from item 3.2)	JB
	Mr Gary Womersley	Senior Manager – Legal & Compliance (Deputising for Company Secretary to Item 3.2)	GW
In Attendance:	Ms Ruth Elliot	BIS	RE
	Mr Ben Coates	BIS	BC
	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
	Adrian Kelly	BIS	AK
Apologies:	Stephen White	Scottish Government	SW
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Mr Rob Kennedy	Non-Executive Director	RK
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors' Matters

The Chairman opened the meeting, welcoming those in attendance and confirmed that there were no Directors' matters to be recorded or Declarations of Interest. It was explained that the meeting was taking place at the start of June in lieu of the originally scheduled Board meeting for end May.

2.1 Minutes of the meeting held on 29th April 2015

The Board approved the minutes of the meeting of 29th April 2015.

2.2 Matters arising from previous minutes

GW advised that since the last Board meeting 9 of the 22 action points had been completed and that 11 were for future Boards. Two items were stated as requiring an update - Action Points MB 107 and MB 119.

JS updated the Board - Action Point MB 107 - re the Disaster Recovery and Data Centre consolidation business case. JS intimated that she had now reviewed the PWC audit report and was happy with it. The Board then discussed steps being taken by way of mitigating the identified risks and steps being taken to ensure critical service continuity. JS advised that a business case had been approved by BIS for expenditure on further mitigating steps but still required sign off from the Secretary of State.

ML advised that Action Point MB 119 had been completed just the night before the meeting but that progress would be referenced in the CEO Board Report and otherwise updated to the Board.

CB intimated that in respect of Action Point MB 114, a teleconference date had now been agreed for June so the action should be complete ahead of the original timescale.

CB also intimated that as a result of discussions at Audit Committee an SLA was being pursued in respect of the outsourcing of Internal Audit services and that would be further discussed at the September Audit Committee and thereafter formally reported to the SLC Board.

3.1 CEO Report

ML updated the Board on the current position of the Class Replacement programme and of recent engagement with HCL.

ML discussed the 14/15 Application Cycle and stated the general perception that huge in-roads had been made by SLC. CB thanked ML on behalf of the Board for what were considered to be SLC's best efforts to date. Progress against the 15/16 Application Cycle was also discussed, with it being noted that SLC were currently in the peak period of applications.

ML advised that there had been some issues with the HMRC link but that notwithstanding appearing to affect circa 140k applications, the actual numbers affected were far less. This was because SLC has its own information/processes to rely upon and the HMRC step was merely for affirmation. MY asked if SLC had put an alert on the website but ML advised that most would not know that they had been affected and that only a far lesser number would require to be contacted direct by SLC.

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. In addition ML notified the Board of the Annual Recognition Award and the quality and calibre of nominations that had been received from throughout the organisation. The Board welcomed the initiative and nominations and CB confirmed the importance of needing to carry out such initiatives regularly and for staff to be aware that they were indeed recognised.

ML discussed the latest position re Post Graduate Loans and indicated a new potential development that HMRC had indicated that there may be a delay in accepting repayments (for 16/17) until 2019. If such delays were to materialise, ML advised that this could allow SLC a realistic chance to deliver safely. Whilst an initial discussion had been carried out with BIS, the position would require to come back to Board if this were to be the case formally

RE commented that many things were being looked at presently post-election such as ICR loan sales and policy priorities in general. ML said that they would consider in discussions with BIS, the collective position prior to finalising. CB commented that a lot of uncertainty existed and we would require to wait and see how the final policy framework settled down.

ML detailed the general position with regards to Child Care Fraud and outlined the approaches adopted by SLC in respect of potential fraud. The issue was stated as not being significant with a high degree of comfort that current systems and processes within SLC, in particular Counter Fraud Services, were actively capturing and monitoring the dynamic. The Board welcomed the workstreams being taken and commented that money invested by SLC in this regard was a good example of spend-to-save.

DW updated the Board with regards to the current status of the SLC APRA letter and ongoing discussions with BIS. It was stated that SLC were currently pursuing certain workstreams at the request of BIS (in respect of those which had been prioritised by BIS) and that in respect of remaining Business-as-Usual activity a Letter of Comfort had been provided in respect of certain matters that SLC had been asked to continue albeit the position would continue to form part of ongoing discussion. The role of the Steering Board was also acknowledged and that it was anticipated that substantive progress could be intimated by the July Board. There was general discussion re the possibility of priorities and funding continuing to change post-election and that discussions would be ongoing – in particular with ML and the Chair meeting with the Minister re potential cost savings.

3.2 Change Portfolio & Transformation Programme

CB welcomed Mark Cassidy to the meeting.

ML provided an update on the current position of the Change Portfolio & Transformation programme, including the Transformation Closure Report, MPA Action Plan and Project Azera Update.

There was general discussion as to whether all stakeholders were signed up to the various reports/current position. ML/RE stated that they were broadly of the view that this was the case and gave examples such as the joint submission by BIS/Treasury. *MY commented that it was vital that as well as all of the positives of the actions being captured, it was also key that lessons learned were communicated in order that benefits could be better realised in future projects/programmes. CB added that cognisance would be required going forward re all future projects/programmes being scoped more reasonably.

MC advised that presently benefits were indentified at c. £5.9m per year and c. £85m over the full life-time cycle. CB enquired as to whether this was better or worse than originally envisaged, with ML confirming the original benefits had been signed off in the c. £80-90m range. Board members enquired whether the work commissioned by BIS from McKinsey consultants would duplicate any activity carried out to date, with RE confirming that this was not the intention and re-iterating the positive intent behind the remit passed to McKinsey.

Following discussion the Board confirmed that it was happy to formally approve the Close- Down Report.

JS provided the Board with an update on Project Azera, following the approval by the Board in April of an initial £250k funding including an update re the current status of all business cases. JS confirmed that all work was on plan to be complete by April 2016/17, with no carry-over to 2017 calendar year.

Board members questioned various technical aspects required to allow matters to progress with JS confirming that all necessary matters were to hand – indeed that SLC was beginning to gain broader recognition in the wider digital community as a result of many of the approaches/workstreams being pursued by it.

WG commented again that it was key that SLC kept an emphasis on drawing out all positive outcomes, with RE confirming her agreement in this regard.

MY enquired re any role for PWC in respect of any consultancy or auditing carried out by them, with ML/JS confirming that they were sighted on this dynamic and would seek to ensure that there would be no conflict. **ACTION MB129 – ML/JS**

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* **ACTION MB130 - ML**

3.3 GDS Accreditation

The Board congratulated and thanked all for the efforts undertaken to secure GDS Accreditation, it being noted that as well as the SLC being the first service across the whole of government confirmed as live (2012), recent efforts had resulted in SLC being the first government agency to have two online services confirmed as live.

3.4 Update on Student Finance Wales

DR provided backdrop and context to the paper presented to the Board. DR advised that the launch and delivery of the modernised Student Finance Wales service had been deemed successful, with positive feedback from customers.

NS reiterated DR's comments and thanked SLC. The Board noted the positive approaches taken into the initiative and also the positive outcomes achieved.

3.5 Corporate Communications Strategy

DW highlighted key points from the Communications Strategy to the Board and some pertinent background such as the opportunity afforded by recent changes to practice, capability and organisational structure to better cope with on a pro-active basis.

Board members discussed the general importance of good organisational communication but with particular reference to the recent election. Following various Board members commenting on how reference to the general issue of student finance had often been presented in a bad light, it was commented that reference to “Loans” was considered a misnomer that did not accurately convey

what SLC did. Members enquired further in the regard re practicalities of changing aspects of branding. CB confirmed that in light of comments made and due to his strong conviction on the matter, it would be something he would seek to ensure was given consideration.

DW advised as to further developments envisaged still under the broad Corporate Communications banner with SLC Internet/Intranet being identified as future areas for improvement and continuation of the new corporate approach.

CB stated that he considered the Strategy to be an excellent start but that it needed to tie in with further workstreams/points emanating from Staff Survey results, performance management and appraisals. CB also commented on the need to evolve the role of the Board and its members, in particular with emphasis on advocating the positive outcomes achieved by SLC and engaging with stakeholders in general.

DW confirmed that many activities referred to would be covered and progressed under future initiatives too, such as upcoming People Strategy.

The Board approved the Corporate Communications Strategy, welcoming the positive benefits it was anticipated to provide.

3.6 TOM and PMF update

ML advised the Board that the paper presented was an interim position as progress continued to the ongoing development of the TOM and implementing the PMF. WG commented that albeit some of the language could be further tweaked overall there was a lot of very good content to the draft TOM.

CB welcomed the ongoing progress and anticipated more organisational dividends as benefits of the approaches consolidated further. ML explained further how TOM/PMF would tie in with other initiatives, such as the People Strategy and as such its roll out would continue to be iterative.

3.7 Update from Remuneration & Nominations Committee

WG advised that there had been a short meeting of the Committee to discuss inter alia the performance of the CEO and ongoing objectives. It was stated that this should be complete by 1st July and then where appropriate could permeate through ELT too, on areas such as collaboration objectives. **ACTION MB131 – CB/ML**. A précis was also provided of the general overall staff/organisational performance framework. After general discussion, the Board was happy to note and approve the draft minutes.

3.8 Update from Audit Committee

MY referred the Board to the draft minutes of the Audit Committee of 13th May 2015. MY highlighted that KPMG had been complementary re SLC in the Annual Report/Accounts but that the Board should be aware of comments flagged by them *. MY also commented further on his desire that if not before, the issue of a Service Level Agreement re ongoing provision of Internal Audit Services form an agenda item at the September Committee. **ACTION MB132 - JB**

The Board noted and approved the draft minutes.

3.9 Annual Reports & Accounts

Following the noting/approval of the draft minutes of the Audit Committee, the Board continued to discuss the Annual Report. DW advised that for the sake of regularity the Board were being asked to approve the report subject to Ministerial Approval. The paper/report attracted Board comment with general consensus being that the look and feel of the document was very well received.

CB thanked all of those for their contribution, the Board thereafter agreeing to approve the accounts.

3.10 Finance Report

The Board noted the content of the Finance Report.

3.11 Hillington Refurbishment Business Case

The Board approved the business case re the creation of a data centre and office accommodation at SLC'S Hillington site (as per paper) and noted that this would allow the necessary funding to be pursued with BIS.

3.12 Contract Award for Outsourced Contact Centre

DR detailed the background and context for the report to Board, commenting in particular re the previous dynamic/relationship with Response. * General discussion ensued re the structure and practicalities of any contracts to be awarded, with DR confirming aspects to the Board satisfaction. The Board thereafter approved the recommendations stated in the report.

3.13 Extension of Java Development Resource

The Board noted the Report presented and approved the recommendation therein.

3.14 Framework Document & Board Operating Framework

RE spoke of the Framework document saying that the current iteration was before the Board hopefully for approval.

General discussion and questioning ensued re aspects of the documentation. MY enquired re National Audit Office guidance and if the current draft would conflict with any guidance with RE confirming it would not, being based on a standard agreed format/content.

DW discussed the UKAR Framework Document enquiring if it could be considered as a good example of how to ensure a Framework Document was consistent on the role of the Board, day-to-day operations and running of the Board. **ACTION 133 – JB.** RB queried where non-executive director responsibilities and BIS responsibilities interfaced. Board discussion ensued re the hybridised nature of any SLC Framework documentation – if needing to address both Companies Acts and NDPB dynamics. Following comment re the status of the Steering Board, RE confirmed that this was merely advisory.

CB asked the Board whether in light of certain topics of discussion it wanted to hold off approving the draft presented or proceed to approve with it being possible to ensure that all comments and discussion could be captured as part of ongoing iterations and developing of the greater Governance Framework for/within SLC. The Board agreed to approve on the understanding that the issues raised would be addressed before the final version of the revised Framework document was signed.

3.15 Chairman's Performance Objectives for 2015/16

CB advised the Board re aspects of his role as chair in terms of previous objectives set. CB explained that many aspects such as quarterly meetings with him /CEO and the Minister/Director-General would still continue. The Board discussed in general the need to ensure that through increasing remit and responsibilities that no conflict was allowed to arise between non-executive and executive capacities. Board Members also commented on the dynamic that as roles were given more substantive tasks care needed to be taken that emphasis on the key role of scrutinising SLC was not diminished.

The Board approved the paper noting that cognisance would be given going forward as to the general points raised in discussion and how this would filter down to remaining non-executive objectives.

3.16 Amendment to the Remuneration & Nomination Committee terms of Reference and appointment of Remuneration & Nomination Chair

The Board approved the revised terms of reference and appointment of WG as Chair from June 2015.

3.17 Non Executive Directors' Remuneration

BC updated the Board on the current status of new non-executive member appointments, confirming that, subject to ministerial approval, the enhanced rates advertised to attract new members would apply to new and existing members from 1st October 2015. BC confirmed that for thoroughness and also to expedite matters any pre-sifting would be undertaken by the instructed recruitment agency.

General Board discussion ensued with members discussing additional responsibility payments, desirable skill-sets for new members and the need to prepare a relevant induction programme to reflect the hybridised governance landscape SLC operated in. **ACTION 134 - JB**

3.18 Re-appointment of Independent External member of the Audit Committee

The Board approved the re-appointment of the independent external member of the Audit Committee to 31st August 2017. Remuneration for this role would be in line with the rates for non-executive members of the Board.

3.19 SLC Steering Board meetings held on 15th May

ML provided a verbal update on BIS SLC Steering Board activity, in addition to the papers previously circulated to the Board.

MY enquired whether the Steering Board was regarded as helping deliver achievements and otherwise assisting SLC deliver outcomes. CB stated that he considered the Steering Board did have an evolving role to play in that regard.

3.20 Risk Report

Members discussed the progress being made in respect of risk in general, commenting that whilst risks would still exist there was a higher degree of comfort that SLC was better able to identify, mitigate and otherwise deal with such. The need for further progress to be via mainstreaming culturally was also accepted with the role of SMT being identified as the next tier in this regard.

* **ACTION MB 135 - JS**

3.21 People Insight Survey

CB commented that whilst the Board paper was ultimately for noting he considered it very important that the Board discuss the People Insight Survey particularly where it may assist with “bigger picture” aspects of SLC. It was commented that it was imperative that SLC continued to engage and seek to learn any lessons identified.

RE commented that as well as BIS being keen to learn in this regard, McKinsey Consultants who would be looking at various parts of SLC activity, to assist in any potential improvement going forward, would also be looking at any relevant themes.

3.22 Annual Health & Safety Report

The Board noted the Annual Health & Safety Report.

4. AOB

There was no other competent business raised.

5. Date of Next Meeting

The Board noted that the next meeting would take place in London on Wednesday 1st July at 11.00am.

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.