



**Minutes of Meeting of the Board of Directors
Held at 10.00am on Wednesday 29th July 2015
Boardroom, Darlington (Memphis Building, Lingfield Point)**

Present:	Mr Chris Brodie	Chairman	CB
	Mr Mick Lavery	Chief Executive	ML
	Mr Willie Gallagher (by phone)	Non-Executive Director	WG
	Mr Michael Yuille (by phone)	Non-Executive Director	MY
	Mr Richard Banks	Interim Non-Executive Director	RB
	Rob Kennedy (by phone)	Non-Executive Director	RK
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Mr Gary Womersley	Deputy Company Secretary	GW
In Attendance:	Ms Ruth Elliot	BIS	RE
	Mr Huw Morris	Welsh Government	HM
	Mr Neil Surman	Welsh Government	NS
	Ms Sian McCleave	DELNI	SMcL
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
	Ms Joanna Rodin	BIS	JR
	Mr Mike Blackburn	Consultant	MB
Apologies:	Mr John Brown	Company Secretary	JB
	Mr Stephen White	Scottish Government	SW
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors' Matters

The Chairman opened the meeting and welcomed those in attendance. The Chair explained that GW was deputising for the Company Secretary. The Chair noted that JR was accompanying RE in her new role, following Ben Coates' (BC) moving to a new role within BIS. The Chair and ML both expressed a formal note of thanks to BC for all that he had done for and with SLC, stating that he was considered a hugely valued colleague and friend and wishing him all the very best for the future. ML to write a personal letter thanking BC and wishing him well. **Action MB 143 – ML/CB**. JR was also congratulated on her new role.

The Chair was also pleased to welcome HM and SMcL to their first meeting and new roles.

The Chair confirmed that there were no Declarations of Interest.

2.1 Minutes of the meeting held on 1ST July 2015

The Board approved the minutes of the meetings of 3rd June and 1st July 2015.

2.2 Matters arising from previous minutes

Under Matters Arising comment was made on a recent presentation re the intended ICR Debt Sale, whereat it was confirmed that the sale was intended to settle within this financial year (2015/16). Members stated that they would like to be kept fully abreast as to progress and that future Board Agendas should seek to include an update on the ICR Debt Sale regularly, even in due course as a standing item.

It was also noted that the Board Effectiveness Review Board Paper was to be treated as no longer just for noting and that the Chair would intend dealing with the agenda item as a substantive paper.

GW advised that of the 16 items on the Action Log, 7 were recommended for closure and 8 were for future meetings. GW gave one update – that Chris Jones had moved into a new role and that a meeting would proceed in Sept/Oct with HM & NS.

3.1 CEO Report

ML stated that he would highlight key aspects of the CEO Report circulated to Members, noting that like many items on the agenda much of the discussion would cover various aspects of much of the formal separate items on the agenda for the Board meeting.

ML advised that the Project Azera Business Case had now been approved by BIS Technology & Approvals Board, Cabinet Office and BIS Secretary of State. With regards to MPA, ML advised that good progress was being maintained against the recommendations defined in the MPA PAR review of the SLC Transformation Programme.

ML updated that PCF was now 50% complete, which was itself significant and that already benefits were being realised greater than the 50% completion rate might otherwise suggest, such as immediate savings, which was pertinent particularly in light of the position re the APRA Letter (later on the agenda).

The 15/16 cycle was stated as going well (also later item) – CB welcoming this update.

ML updated the Board re the visit to SLC by John Manzoni, Chief Executive of the Civil Service and Cabinet Office Permanent Secretary. ML advised that John Manzoni had asked many questions, many potentially challenging but that these had all been responded to and John Manzoni stated that he had learned a lot from the visit and had left with a good balanced view re SLC.

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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.

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3.2 HCL Update

ML stated that MB was present to advise the Board on the latest developments with HCL and that MC may assist also. CB welcomed MB, with ML adding that JS would also be able to assist with aspects of queries on the issue.

ML advised that there had been various discussions with HCL and it was believed that HCL now better understood SLC's requirements from the contract and that it was now considered that there would be a potentially acceptable way of going forward.

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3.3 Change Portfolio & Transformation Programme including update on MPA Review Action Plan

ML advised that he, JS and MC were present to talk to the paper, noting that some aspects had been covered in previous discussion and that other aspects, such as the McKinsey Report and PGL were due to be discussed in more detail later in the agenda.

Summarising the paper before the Board, ML commented that PWC had full assurance of the benefits of the Programme and had confirmed this position. Business cases had been approved for Projects such as Azera and that PWC had been appointed to deliver aspects going forward. ML advised that areas requiring particular focus by the BIS SLC Steering Board and the Board were:-

- Urgent BIS Agreement of the final 16/17 SLC Commission and finalised approved APRA;
- Resolving and responding to the outcome of the commercial negotiations with HCL; and
- Recruitment of key SLC roles and joint working to agree approach to increase SLC capacity and improve flexibility and responsiveness.

The Board noted the position as stated in the Report.

3.4 Update on McKinsey Review

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* Action MB 144 – ML/DW

3.5 Progress Update on AY 15/16

DR advised that SLC had passed the million mark for applications in England equating to circa 81% of all applications that were anticipated. DR also commented that SLC were circa 2% ahead of forecast, which had already assumed a 5% increase over AY 14/15.

Members enquired whether figures were indeed up or if applicants were merely presenting themselves earlier, to which it was commented that the latter was suspected albeit SLC still maintained capacity should there be a slight late surge of applications.

DR advised that 77k extra applications were ready to be paid across all four administrations and that overall SLC were in a good position, with standard service levels all being reported on at green status. DR stated that as more applications were being made online, this reduced call volumes to SLC freeing resource and contributing to freeing up circa £1M in savings.

The Board were pleased to note the position in the Report.

3.6 Ask for AY 16/17

ML advised that like much of the discussion on the Board agenda, there were commonalities and crossover across much of the papers – in particular with this Report and the following paper re the APRA Update.

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By way of overview, ML stated that whilst some matters had moved substantially SLC still did not have a full and final commission and that this entailed a degree of risk. CB commented that it was encouraging that progress had been made and hoped that the outstanding position could be clarified going forward.

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The Board:-

- Noted the update on the latest position with regards to the AY 16/17 commission following the emergency Budget announced on the 8th July 2015;
- Noted the aggregate, growing and undetermined level of risk;
- Approved SLC's acceptance of the AY 16/17 commission.

3.7 APRA Letter

DW commented that much of the general dynamic re the APRA Update had been covered in general discussion on other Board papers.

ML commented that the APRA letter could only be looked at generally, as there were relativities to other bodies and that many items referred to therein would require to be delivered collectively, which was a dynamic that created a mismatch with some aspects of the McKinsey Report – with which CB agreed.

Members discussed the position re potential for any DA programmes and ML reiterated that SLC were maxed out with regards to capacity to be able to absorb and deliver more DA initiatives. NS stated that it should not just be accepted that the DAs would necessarily fall into line with any lead set by BIS. ML commented that early engagement ongoing was key to try and give SLC as much forward notice as SLC were often dependent on (and could have good practical advice to contribute to) policy initiated by others.

There followed general discussion about various upcoming or anticipated policy changes, including those of the DAs and the need for SLC to be as sighted as possible as to how these progressed. DW commented that all things considered the APRA Letter was a decent settlement but the position stated re SLC capacity going forward was noted.

CB confirmed that he would respond direct to the Minister, noting all the aspects discussed. **Action MB 145 - CB**

3.8 Commercial Strategy Update

PM spoke to the Board paper by way of updating on the Commercial Strategy, highlighting the short and medium term goals that were aspired to. In general he discussed the need for Commercial Services to enable as much of SLC as possible but whereas there was scope for further development of the service, it was getting the basics right at present.

3.9 Finance Report

The Board noted the position as stated in the Finance Report.

3.10 Managing our People Quarterly update including update on People Insight Survey

DW spoke to the paper commenting that it covered the first quarter of FY 2015/16, in particular taking the Board through the various annexes to the Report. Members enquired about aspects of the Pay Remit and noted the People Insight Corporate Action Plan. On being asked by RB re staff absences, DW commented that he felt that these were at the top end of what was considered a

reasonable range but that consideration would be given to reviewing SLC's Sickness & Absence policy.

The Board noted the paper.

3.11 SLC Steering Board meeting held on 28th July 2015

ML advised that much of the position from the latest Steering Board had already been covered by discussion elsewhere on the agenda.

3.12 Risk Report

DW talked to the Risk Report, adding that in light of previous requests from the Board, commentaries within the Report had been enhanced and now listed options, actions taken and dependencies. DW also advised that from September the Audit Committee would be commencing its deep-dives into areas of risk.

The Board noted the Report.

3.13 Board Effectiveness Review 2015

GW spoke to the paper, adding that the upcoming Board Effectiveness Review would be as per the previously agreed approach and that Board Members would be issued with a questionnaire in due course. It was noted that whereas Members had asked that any Review discussion was coupled with another Board/Committee meeting that the September Board would be followed by an Audit Committee and therefore in order to allow Members to discuss any Review more fully, it was likely that an October date would be set. CB asked all Members to complete and return the Member questionnaire, when issued, to fully inform future discussions.

4. AOB

CB advised the Board that in light of RB's term ending in September, that he had agreed to be a substantive member of the Remuneration Committee, only on a temporary basis until the position could be taken on by a new Board Member.

5. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Wednesday 9th September 2015 at 10.00am.

The Board meeting closed at 13.30pm

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.