



**Minutes of Meeting of the Board of Directors
Held at 9.30am on Wednesday 27th April 2016
Boardroom, Glasgow Office, 100 Bothwell Street, Glasgow**

Present:	Chris Brodie	Chairman	CB
	David Wallace	Chief Executive	DW
	Prof Dame Glynis Breakwell (by phone)	Non-Executive Director	GB
	Antonia Cox	Non-Executive Director	AC
	Simon Devonshire	Non-Executive Director	SD
	Natalie Elphicke	Non-Executive Director	NE
	David Gravells	Non-Executive Director	DG
	Sally Jones-Evans	Non-Executive Director	SJE
	Rob Kennedy	Non-Executive Director	RK
	Michael Yuille	Non-Executive Director	MY
	Gary Womersley	Company Secretary	GW
In Attendance:	Ruth Elliot	BIS	RE
	Chris Jones	Welsh Government	CJ
	Jonny O'Callaghan	DELNI	JO
By Invitation:	Derek Ross	Executive Director of Finance, Strategy & Corporate Services	DR
	Mark Cassidy	Executive Director of Customer Services & Operations.	MC
	Jacqueline Steed	Chief Digital Officer	JS
	Paul Mason	Executive Director of Repayments & Fraud	PM
	Christine McAllister	Head of Corporate Communications (Observer)	CM
	Mike Blackburn (Item 3.2)	Commercial Director (Interim)	MB
Apologies:	Joanna Rodin	BIS	JR
	Stephen White	Scottish Government	SW
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors' Matters

CB welcomed the new NxDs – DG, SD, SJE, NE & AC – to their first formal SLC meeting. CB also noted and thanked RK for attending.

There were no declarations of interest.

2.1 Minutes of the meeting held on 23rd March 2016

Board approved the minutes of the meeting of 23rd March 2016.

2.2 Matters arising from previous minutes

GW intimated that of the five actions logged three were due for closure, being the subject of substantive items on the Board Agenda – MB 163; MB168; and MB178.

GW advised that two actions – MB174 and MB177 – were still ongoing and would remain open accordingly.

3.1 CEO Report

DW presented his CEO Report.

DW advised that SLC were now Payment Card Industry Data Security Standard (PCI DSS) compliant. DW notified that the March Audit had been successful, meaning that SLC met all of the required security controls around card holding data to reduce fraud and that c.£200m worth of annual card payments (over 300k transactions) on-line and by telephone could now be performed with full PCI compliance. CB expressed congratulations and thanks on behalf of the Board and asked that a Note of Thanks be passed on to the relevant team. **ACTION MB 179 - DW**

DW updated Board re the successful exit of the Washington Street Data Centre, achieved on schedule at the end of March, which would realise £2.2m of benefits in FY16-17, forecast to increase to £3.6m in FY17-18.

DW informed that delivery remained on track for a target PGL service launch on 27th June 2016 albeit that due to the late commission and notwithstanding good progress to date there was no contingency in ongoing delivery plans. DW highlighted PGL as a very important initiative which was likely to be revisited in greater depth at future Board meetings.

* **ACTION MB 180 – GW**

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DW informed Board re ongoing work with BIS, Methods Digital & Livework as part of a pilot/test of approaches to facilitate BIS 2020.

DW reported re the recent SLC Annual Student Support Seminar, highlighting it continued to be over-subscribed notwithstanding being self-funded. Board enjoyed a brief presentation video and overview of the event by DR.

Board noted and expressed congratulations in respect of the Staff Recognition Awards, detailed by DW.

DW confirmed that SLC had now received a Letter of Comfort from BIS in lieu of the formal Ministerial APRA. DW informed that the Letter of Comfort had been acknowledged by SLC and responded to with all relevant assumptions and caveats.

DW introduced the final Balance Scorecard Report for FY2015-16, noting the continued good performance. CB stated that this was a very good news story, as SLC continued to demonstrate improvements against a backdrop of continuing to deliver savings. CB requested that DW pass on the appreciation of the Board to all staff **ACTION MB 181 – DW**. DW informed of the Induction and “Investor Packs” prepared and that they had been very well received. CB requested that these be updated in respect of the upcoming meeting with the Chair/CEO with the Director General **ACTION MB 182 – DW**.

Board noted the CEO Report.

3.2 SLC Change Portfolio Update

3.2.0 Summary Portfolio Headlines

Board noted the Summary Portfolio Headlines.

3.2.1 CLASS Replacement

Board noted the CLASS Replacement Update.

3.2.2 Update on DR & DC Consolidation

Board noted the DR and DC Consolidation Update.

3.2.3 Update on Security Programme

Board noted the Security Programme Update.

3.2.4 Legal Update

Board noted the Legal Update.

3.3 McKinsey Review Update

RE updated Board on the McKinsey Review, noting in particular the good work done and reported recently by SLC in respect of Organisational Health.

Board noted the McKinsey Review Update.

3.4 AY 2016/17 Cycle Update and Progress Report

MC spoke on the AY 2016/17 Cycle Update & Progress Report.

MC advised in respect of AY 2015/16 – complaints had decreased by 10%; all operational Scorecard targets were green; error rates continued to be low/decreasing; and, the SFW Local Authority Transition had been successfully completed. In respect of AY 2016/17, MC advised that overall application volumes, phased functionality delivery and PGL launch (late June 2016) remained on track – with SFW Part-time Applications moving online also remaining on schedule for late June also, as previously advised.

Board enquired re and discussed PGL provision and how take-up could be enhanced/monitored. CB requested that PGL take-up be reported to Board in July, September & October so as to allow Board to assess the trajectory of product take-up. **ACTION MB 183 – MC**

Board noted the AY 2016/17 Cycle Update & Progress Report, particularly welcoming that all major milestones had been met and performance ahead of the 14/15 cycle (all under budget), continuing the yet further trend of continuous improvement since the establishment of the new student finance delivery arrangements in 2009.

3.5 End of Year Complaints Report

MC presented the End of Year Complaints Report.

MC advised that FY 2015-16 had observed a decrease of 10% in the volume of formal complaints received year on year. MC informed that complaints in relation to Processing and Telephony Services had decreased 19% and 11%, predominantly as a result of SLC's pro-active commitment to improving quality and focus on efficiency and process improvement. Board noted that complaints regarding repayment and the collection of outstanding monies had increased by 17%, due to increased activity from SLC to collect all monies due.

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Board requested that further efforts be made to increase organisations benchmarked against, such as HMRC & DWP – **ACTION MB 184 – MC** and that future reports endeavour to break-down complaints received by product-type – **ACTION MB 185 – MC**.

Board noted the End of Year Complaints Report, acknowledging the efforts and good progress made.

3.6 Alternative Student Finance Product

DR updated Board re the possible introduction of an Alternative Student Finance Product.

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Board noted the Alternative Student Finance Product Report.

3.7 Counter Fraud 15/16 Review

PM presented the Counter Fraud 15/16 Review.

PM advised Board re CFS performance in-year and progress to date on the implementation of the CFS Strategy. Board welcomed the improvements in performance, metrics and cost-efficacy discussed.

CB provided new NxDs with a précis of the background to the Report, including matters highlighted by previous PACs and NAO (prior to PM's appointment) commenting that he was very pleased in progress to-date delivered under PM's auspices.

Board noted the Counter Fraud 15/16 Review.

3.8 Monthly Finance Report

3.8.0 Management Accounts Outturn – Period 12 (March) and Period 13 Adjustments

DR updated Board on the Management Accounts Outturn – Period 12 (March) and Period 13 (Adjustments).

DR advised that the report was largely as forecast, under exception of the post year-end adjustment – which Board noted and agreed in respect of the appropriate accountancy treatment of such.

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Board noted the Management Accounts Outturn – Period 12 (March) and Period 13 (Adjustments) Report.

3.8.1 Early Sight of the Primary Financial Statement/Annual Report

DR introduced the Early Sight of the Primary Financial Statements/Annual Report Update, advising that due to meeting cycles this year and faster closing of accounts, it was possible to share these in advance of the Main Annual Report & Accounts (scheduled for May).

Board noted the Early Sight of the Primary Financial Statements/Annual Report Update.

3.8.2 Presentation on Replacement ERP/Corporate Services System update

DR provided Board with a Presentation on Replacement ERP/Corporate Services System Update, including background, anticipated benefits and potential options.

DR advised that the preferred option had been with BIS for approval since January and re ongoing concerns about the continuation and reliance of current systems outwith support. RE commented that BIS were assessing overall system provision within BIS and BIS POs. Board requested that the matter be placed on SLC's Risk Register **ACTION MB 186 - GW** and CB requested that an action be noted that he write to the BIS DG should matters not progress by the next Board. **ACTION MB - 187 – CB**

Board noted the Presentation on Replacement ERP/Corporate Services System Update.

3.9 Pension Update

GW provided Board with a Pension Update.

CB provided the new NxDs with background to the current SLC Pension Scheme and the intended move to CSPS Alpha. Board discussed the need to preserve the benefits of the final salary link for past service, as much as possible, within CSPS requirements.

Board noted the Pension Update and that it would be kept advised of ongoing progress.

3.10 Managing People quarterly update report

DR presented the Managing People Quarterly Update Report – Quarter 4.

Board discussed Absence, Turnover and Pay Remit. In response to enquiries re Absence, DW confirmed that management metrics were being introduced to increase management focus on the subject.

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Board noted the Managing People Quarterly Update Report – Quarter 4.

3.10.0 National Living Wage

DR introduced the National Living Wage Update.

* **ACTION MB 188 – GW** * **ACTION MB 189 – DR**

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Board noted the National Living Wage Update.

3.11 Proposed Way Forward/Format of Future Board

GW introduced the Proposed Way Forward/Format of Future Boards Report.

Board welcomed the Report, commenting that it reflected good practice and that it would be very much welcomed also as part of the ongoing induction of new NxDs. Board endorsed the roles allocated to the new NxDs by the Chair, who committed to reviewing these in time to ensure were working/everyone comfortable with. CB requested that in light of the recent appointments of new NxDs that the scheduled Board Effectiveness Review be deferred until a year's time **ACTION MB 190 – GW**

3.12 Update from Audit Committee held on 23rd March

MY provided Board with a verbal update of the Audit Committee of 23rd March 2016, giving a précis of various items that had been on the agenda.

MY confirmed that since the meeting, he had perused the outstanding points with regard to finalising the MoU with GIAA and had fed back to GW accordingly – noting that it was anticipated that matters could be resolved in early course.

MY flagged that CB would require to consider a new NxD for the “Cyber Champion” role in anticipation of MY's term coming to an end **ACTION MB 191 – CB**

Board noted the Audit Committee Update.

3.13 SLC Whitehall Group held on 13th April

DW updated Board re the SLC Whitehall Group meeting held on the 13th April 2016. DW intimated that the first ever meeting of the Group had covered reports on SLC 2020 and Livework/Methods Digital, as covered previously in the Board meeting.

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CB provided the new NxDs with a précis of the Group's background and stated purpose.

Board noted the SLC Whitehall Group Update.

3.14 Main Board Risk Review

Board noted the Main Board Risk Review

4. AOB

The new NxDs thanked all of those involved with their Induction Session on the previous day and stated that it had helped them better contribute to the Board Meeting.

5. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Wednesday 25th May 2016 at 09.30AM.

The Board meeting closed at 12.50pm

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.