



**Minutes of Meeting of the Board of Directors
Held at 9.30am on Wednesday 23rd March 2016
Boardroom, Glasgow Office, 100 Bothwell Street, Glasgow**

Present:	Chris Brodie	Chairman	CB
	David Wallace	Chief Executive	DW
	Willie Gallagher (by phone)	Non-Executive Director	WG
	Michael Yuille	Non-Executive Director	MY
	Gary Womersley	Company Secretary	GW
In Attendance:	Ruth Elliot	BIS	RE
	Joanna Rodin	BIS	JR
	Clare Jones (by phone)	Welsh Government	CJ
	Sian Kerr	DELNI	SK
	Stephen White	Scottish Government	SW
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 (by phone)	Head of Corporate Communications (Observer)	CM
	Mike Blackburn (Item 3.2)	Commercial Director (Interim)	MB
Apologies:	Rob Kennedy	Non-Executive Director	RK
	Prof Dame Glynis Breakwell	Non-Executive Director	GB
	Neil Surman	Welsh Government	NS
Distribution:	As Above		

COMMERCIAL SENSITIVE - LEGALLY PRIVILEGED AND CONFIDENTIAL

1. Chairman's Opening Remarks and Directors' Matters

CB welcomed SK to her first SLC Board meeting in person.

WG intimated that unfortunately he would not be able to carry out any extension to his current term of office and therefore this would constitute his last Board meeting. CB expressed an “enormous and heartfelt” thanks for WG’s contribution to the Board and SLC, in general. CB commented that it was intended to have a lunch/dinner in due course for outgoing members and that a more formal thanks would be expressed at that time. WG thanked CB and commented that he had enjoyed his time at SLC thoroughly and that he had particularly enjoyed watching progress over the years, culminating in SLC’s recent most successful year ever.

CB intimated that he had been appointed Chair of the South East Local Enterprise Partnership – otherwise there were no declarations of interest.

2.1 Minutes of the meeting held on 24th February 2016

Board approved the minutes of the meeting of 24th February 2016.

2.2 Matters arising from previous minutes

GW intimated that of the six actions listed, two were for closure, with four being carried forward for future meetings.

3.1 CEO Report

DW presented his CEO Report.

DW informed that the regular SIRO Report was being presented to the Audit Committee. The report referenced SLC’s Information Security policies and as Accounting Officer DW had signed off SLC’s overarching Information Security policy.

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DW updated that customer satisfaction had increased for all customer groups compared to the same time last year – with Student and Sponsors’ satisfaction at 86.1% (up 3.1%) and Repayer satisfaction at 82% (up 4.9%). DW noted that the 2015/16 year end forecast was Green RAG status for all 3 groups.

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DW advised that complaints received in February 2016 were up 17% on February 2015. MC advised that the complaints had been linked to the “wrong cohort” issues reported to Board previously and also on the harder line being taken with collections in respect of overseas students.

DW informed that the AY16/17 cycle launched on time at the end of February. DW commented that this was a huge success given how late the commission was and how SLC had also accommodated some very last minute changes to BIS policy requirements for EU nationals. DW confirmed that a letter had been received from the Minister recognising SLC’s achievements and thanking the team for what had been achieved.

DW updated re the Welsh Enterprise & Business Committee and that due to matters evolving it was now not anticipated that the Minister or SLC would be invited to Committee, at least in the short term, but may still yet in the future.

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DW notified that (as at 10th March) there had been 1.48m full-time applications registered for Student Finance, of which 1.45m had been submitted for assessment and 1.43m fully processed, for Application Cycle 2015/16. It was noted that the Application Cycle 2016/17 had started well, being slightly ahead of forecast, albeit telephone calls were down 19% which was an indicator of good progress in terms of our work to continually improve the service offering. MC noted that Easter was traditionally a busy period and that SLC was preparing accordingly.

DW informed that following the update to Board in February re recent coverage in the Sunday Times Scotland, the Minister had requested a detailed report from SLC explaining how and why SLC used contractors. Members lauded the report and accompanying email prepared by DW/SLC in response, noting that it re-affirmed the current requirements of SLC’s sourcing model. CB noted that it was critical that Sourcing for Success was delivered upon and a third party partner appointed to work with SLC, as recommended by McKinsey last year.

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DW directed Board to the SLC Recognition Awards which the Board noted and expressed thanks and congratulations to all staff concerned.

DW updated Board re the recent “Pulse” Staff Survey to gauge the extent to which areas that were driving an “amber/red” status for staff engagement had been influenced by the myriad initiatives that had been implemented in recent months. Board welcomed the very positive results and that accordingly the engagement measure would be upgraded to “Amber/Green” for year-end scorecard purposes.

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DW informed Board re recent developments in respect of Pensions. DW advised that matters had been progressing with NOW: Pensions and that if momentum was maintained, any outstanding issues should be completely resolved in early course re SLC's auto-enrolment provision. *

ACTION MB 178 - DW

DW reported on the Balanced Scorecard and that SLC were on trend to further improve on progress in recent years.

DW highlighted recent developments in respect of post-Tigere issues reported to Board previously. *

Board commented favourably in respect of the second edition of Connections and in general re improvements to staff engagement and communication. CB stated that recent progress had been very positive and that the thanks and congratulations of Board be conveyed to DW and ELT.

DW and DR advised Board re the impact of SLC implementing Minimum Living Wage Pay requirements, within current Pay Remit constraints, noting that Board would be informed accordingly as matters evolved.

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 Integrated Portfolio Assurance

JS advised that the overall status of the change portfolio was Green/Amber, with >90% of projects reporting Green or Green/Amber at present.

JS informed that interdependencies to support a successful Debt Sale were being carefully managed, dependencies being tracked between programmes, as well as specific remediation actions identified to date.

JS further informed that new demand being agreed through the APRA process * which will create further interdependencies through FY16-17 – with these being managed through the enhanced integrated programme assurance capability implemented this year.

Board noted the Integrated Portfolio Assurance Update.

3.4 McKinsey Review Update

JR advised that work had progressed well under the Governance workstream, with work proceeding next on the better alignment and sequencing of items progressing among the SLC Board, SLC Stakeholders Group & SLC Whitehall Group.

JR acknowledged the hard work done by SLC and that it was hoped further progress would be made in respect of Commissioning for AY17/18. In respect of IT /Programme Management, JR said Sourcing for Success was progressing with a preferred supplier for SLC hoped to be appointed in early course.

JR welcomed the results of the recent “Pulse” staff survey and the progress being made in respect of Organisational Health. JR stated that work was continuing to progress on Repayments among HMRC, BIS and SLC.

Board noted the McKinsey Review Update.

3.5 AY17/18 Commission of SLC and Portfolio Assessment

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Board noted the AY17/18 Commission of SLC and Portfolio Assessment.

3.6 Repayments Update

PM introduced the Repayments Update.

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PM advised that further work was ongoing in respect of borrowers with payment arrangements and borrower status verification, noting that he was keen where possible to utilise external expertise and analysis, where cost effective and prudent to do so.

Board noted the Repayments Update.

3.7 Commercial Update

Board noted the Commercial Update.

3.8 Monthly Finance Report

Board noted the Monthly Finance Report.

3.8.0 SLC Budget FY16-17

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DR confirmed that although the Board had sight of earlier draft budgets, it was a requirement that Board approved the FY16-17 budget before the BIS Minister could approve and issue the corresponding APRA/Letter of Comfort.

DR confirmed that, as acknowledged in the draft Letter of Comfort, SLC had worked hard and would continue to work closely with BIS and the DAs to understand their priorities and commission of SLC. DR noted that within the Operating Budget there existed a funding shortfall of £0.55m for the Welsh service but that SLC would work closely with Wales to align service provision to available funding.

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Board:-

- i. Approved the Operating Budget;
- ii. Noted the Change Portfolio and approved those projects where funding had been explicitly granted;
- iii. Approved the commencement of preparation work required in advance of full business case sign-off for the remainder of the Change Portfolio; and
- iv. Noted the scale of the overall change program and the funding that had been allocated by BIS and the DAs and that further discussions were still required, of which Board would be updated.

3.9 Equality Diversity and Inclusion Strategy

DR introduced the draft Equality, Diversity & Inclusion Strategy 2020, confirming that it accommodated new legal requirements upon SLC such as gender balance and pay reporting requirements – in respect of which SLC fared relatively well.

Board approved the Equality, Diversity & Inclusion Strategy.

3.10 GIAA Update

GW informed Board re progress with GIAA, following Board agreement in principle to transfer the SLC Internal Audit function to them.

GW advised that following discussions among DW, GW and GIAA CEO, it was now intended to proceed but that any transfer of SLC staff would not occur until after SLC had transferred its pension arrangements to CSPS Alpha. This was to allow GIAA to gain experience of staff transferring over to them (from outwith SLC) and allow the draft MoU between GIAA and SLC to be finalised.

GW informed Board that there had been recent progress with the draft MoU, with the latest iteration returned by GIAA with most points raised by SLC having been agreed. GW stated three points remained to being resolved but there was no substantive disagreement and it was hoped mutually acceptable wording could be agreed in the early course.

Board noted the GIAA Update.

3.11 BIS SLC Steering Board held on 29th February & 17th March 2016

DW updated Board re the last meeting of the BIS SLC Steering Board held on 29th February 2016. DW advised that the three key topics discussed were:-

- IT Matters;
- Business Transformation – the “Liveworks” and “Methods Digital”, BIS led initiatives due to commence in April; and
- SLC Capacity Assessment.

DW also advised that the inaugural meeting of the new SLC Whitehall Group had taken place on the 17th March 2016, which had discussed IT matters and the current APRA process.

Board noted the BIS SLC Steering Board update.

3.12 Main Board Risk Review

Board noted the Main Board Risk Review.

4. AOB

CB raised the issues of quoracy and need for a new Chair of the Remuneration Committee, in light of WG’s term as a member coming to an end. It was agreed that both MY & RK would be co-opted for the remainder of their term of office, with MY acting as Committee Chair. CB would continue to attend as an ‘invitee’.

CB updated Board on progress being made re the appointment of new NEDs and that it was anticipated appointments would be complete in time for their induction/attendance at the April Board meeting.

5. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Wednesday 27th April 2016 at 09.30AM.

The Board meeting closed at 12.30pm

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.