



**Minutes of Meeting of the Board of Directors
Held at 9.30am on Wednesday 16th December 2015
Boardroom, Glasgow Office, 100 Bothwell Street, Glasgow**

Present:	Chris Brodie	Chairman	CB
	David Wallace	Chief Executive	DW
	Willie Gallagher	Non-Executive Director	WG
	Michael Yuille	Non-Executive Director	MY
	Rob Kennedy	Non-Executive Director	RK
	Prof Dame Glynis Breakwell (by phone)	Non-Executive Director	GB
In Attendance:	Gary Womersley	Company Secretary	GW
	Ruth Elliot	BIS	RE
	Joanna Rodin	BIS	JR
	Neil Surman (by phone)	Welsh Government	NS
	Linda Meldrum	DELNI (joined from 9.30 until 10.00am)	LM
	Sian Kerr (by phone)	DELNI (joined from 10.00am)	SK
By Invitation:	Derek Ross	Executive Director of Finance, Strategy & Corporate Services	DR
	Mark Cassidy	Executive Director of Customer Services and Operations.	MC
	Jacqueline Steed	Chief Digital Officer	JS
	Paul Mason	Executive Director of Repayments & Fraud	PM
	John Brown	Former Company Secretary	JB
	Tom Fitzpatrick (Item 3.2)	Director of ICT Operations	TF
Distribution:	As Above		

1. Chairman's Opening Remarks and Directors' Matters

The Chairman opened the meeting and welcomed those in attendance. Apologies were noted on behalf of Stephen White, Scottish Government. The Chairman confirmed that there were no declarations of interest.

2.1 Minutes of the meeting held on 25th November 2015

The Board approved the minutes of the meeting of 25th November 2015.

2.2 Matters arising from previous minutes

GW advised that of the six actions listed, five were for closure. MY commented that timescales for MB125 progressing would be subject to how the matter was resolved at the December Audit Committee.

3.1 CEO Report

DW presented his CEO Report to the Board.

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DW highlighted that he had been keen to explore Complaints, in particular MP contacts to SLC. DW advised that most MP contacts were dealt with mostly under 5 weeks and that over 80% showed that SLC had handled matters correctly. DW undertook to provide a more full report on the issue to a future Board meeting. **Action MB163– DW**

DW advised Board that, notwithstanding initial transitioning, the transfer over to a new Contact Centre provider – HGS - was advancing well and already showing signs of improvement/consolidation.

DW provided a brief presentation and updated Board re ongoing progress of Digital IAG in engaging with students and development of a new delivery model for IAG training to key delivery partners. Board endorsed the work to date and encouraged further examination of novel ways further benefits could be realised.

DW gave an update re recent SLC activity and mitigations taken in respect of recent potential fraud activity in Wales. NS confirmed the current status of police activity and ongoing developments in the matter.

DW discussed Connections, the new quarterly e-mag for staff and that this had been very well received across all offices. It was intended that this would continue alongside the weekly Connect (staff) and Connected (Board) updates, as part of ongoing efforts to engage more internally within SLC.

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

DW gave a high-level summary of the Chancellor's Autumn Statement but noted that work was still ongoing to fully ascertain the consequences of the BIS settlement.

Board noted the CEO Report.

3.2 SLC Change Portfolio Update (including Azera and DR/DC Consolidation)

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TF advised that Data Recovery and Data Centre (DR/DC) Consolidation was progressing well, with the Consolidation and Virtualisation workstream continuing to migrate systems from Washington Street. TF updated that the consolidation of the three previous DR/DC workstreams had been approved by Programme Board on 3rd December, which was allowing work to progress with a view to making a submission in the New Year to Cabinet Office.

DW commented that ELT were to consider the issue of Data Encryption, with a view to reporting thereafter to Board. DW also commented that recent activity continued to inform SLC's view of its infrastructure which would lead to better future decision making and provide greater integrity to the ICR Loan Book Sale and Grants-to-Loans program.

CB stated that so much of the recent activity had occurred seamlessly and without disruption to service, which was impressive and asked JS to feedback the Board's appreciation accordingly.

Board noted the SLC Change Portfolio Update (including Azera & DR/DC Consolidation).

3.3 McKinsey Review Update including next steps on Governance

JR intimated that she would provide an update on two key aspects by way of McKinsey Review Update – Commissioning and Governance.

On Commissioning, JR advised that work was progressing very well with the SLC Policy team and DAs, in particular on identifying priorities for AY17/18 and also analysing the size of future workstreams relative to current SLC available capacity. It was intended to be able to report further on developments in Jan/Feb, as a precursor to the final APRA letter being issued to SLC.

On Governance, JR advised that there had been ongoing helpful and constructive engagements since the SLC Board Working Group, with DW, GW and the DAs. * Again, it was hoped that ongoing discussions would continue with a view to being reported back to SLC Board in Jan/Feb.

CB commented that it was hoped that ongoing discussions would provide necessary clarity re the inter-relationship between Accountable Officer, Companies Acts and NDPB governance, as raised previously at Board.

WG suggested that if Reports were intended to be brought back to Board on Commissioning & Governance aspects of the McKinsey Review, the opportunity should also be utilised to recap all of the McKinsey Review recommendations to ensure all necessary actions had been captured. JR agreed that this could be factored in to future reports.

Board noted the McKinsey Review Update.

3.4 Target Operating Model/Performance Management Framework Update

DW presented the TOM/PMF Update and confirmed that it was part of a suite of papers presented and due to be presented by way of update to the Board. DW advised that ELT would consider a paper on SLC's People Strategy in the New Year and this would also be updated to Board.

Ongoing activity being undertaken by SLC included:-

- Completing the implementation of the Repay Service Management Pathfinder;
- Completing the PMF mapping and measures definition for the Delivery Processes;
- Developing and implementing of Service Management across the remaining customer groups – starting with further discussions with ELT re scope and timing.

Board noted the TOM/PMF Update and specifically:-

- The continued progress in implementing Service Management through Repay Pathfinder;
- The initial activity in progressing the People Process as enabling process Pathfinder; and
- The continued progress in implementing the PMF.

3.5 AY 15/16 Cycle Update and readiness for AY 16/17 application cycle launch

MC updated that current processing was proceeding well with over 1.19m applications received for SFE and 66.5k received for SFW. MC also updated that Contact Centre performance was proceeding very well, particularly in light of recent operator changes undertaken by SLC. Complaints were continuing to decrease at a level of 13% year on year.

MC advised Board re marketing initiatives, including continued roll out of YouTube films for student information and student updates being provided by text. Board welcomed and encouraged further development of such approaches.

MC highlighted identified risks and mitigations to the Board. CB commented that it was imperative that this dynamic was monitored as commitment had been given to Ministers that any difficulties would be flagged to Ministers.

Board noted the AY15/16 Cycle Update & Readiness for AY16/17 Application Cycle Launch report.

3.6 AY16/17 Commission, Policy Stability and AY 17/18 Commission

DR advised Board re AY16/17 Commission and Policy Stability. * On DSA, DR advised that further workshops were scheduled to develop guidance, particularly for areas requiring subjective judgements by SLC, with any delays past December increasing a risk of safe delivery. On PGL, DR informed that high level policy had now been clarified but that work would continue on working through lower level details.

DR highlighted progress on HE Green Paper work streams and that SLC continued to work with BIS in particular re the development of Teaching Excellence Framework tuition fee increases and Sharia-principle funding.

DR confirmed Spending Review Announcement discussions continued with BIS, particularly in respect of delivery advice.

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Board noted the AY16/17 Commission, Policy Stability and AY17/18 Commission (including Green Paper and Spending Review Policy Announcements) Report.

3.7 Post Graduate Loans Update

MC advised that aspects re PGL were mostly covered in previous Board discussion and in the Board pack presentation. MC commented that there was very little contingency to make further changes, with those plans that did exist requiring manual processing. MC confirmed that the Model Office approach continued to be used to demonstrate and test systems, which would continue to be used as product development approached finalisation.

MC highlighted key risks, in particular, that as known demand for AY 17/18 was already significant, any slippage from Year 1 on material changes in new policy or new deliveries could undermine SLC ability to deliver Year 2.

DW reminded Board that much of the relevant workstreams were being carried out on the new Business Continuity Foundation (BCF) which was good but could also involve an element of risk too.

NS advised that the policy position in Wales was still ongoing and that there was still the possibility that a stop-gap solution maybe needed to join up with SLC.

Board noted the PGL update.

3.8 Commercial Update

PM updated Board re ongoing developments with regard to stabilising and supporting the SLC Commercial Services function. *

Board noted the Commercial Update and supported the remediation plan for Commercial Services.

3.9 Finance Report

DR advised the Board that in addition to the ongoing engagement with BIS re the present year's budget, ongoing meetings were being carried out with BIS on the basis of "No Surprises" with the aim of engaging early to facilitate the formulation of next year's budget.

Board noted the December 2015 Finance Report.

3.10 Update from Remuneration Committee held 25th November

WG updated Board re the November Remuneration Committee and the discussion that had occurred on the subject of the SLC Pay Review, Pensions and the report from Mick Laverty re ELT Performance. WG noted that Committee were pleased re the excellent performance of the ELT but had noted constraints on rewarding this due to the current parameters of the SLC Rewards Scheme. CB commented that this was a perennial problem raised at the Public Body Chairs Forum, which he attended as SLC Chair, caused by the rigidity of the applicable rules. **ACTION MB164 – GW**

Board noted the November Remuneration Committee Update.

3.11 BIS SLC Steering Board Update from meeting held on 30th November and 15th December 2015

Board noted the agenda for the BIS SLC Steering Board, set for 30th November 2015. GW advised that whilst future BIS SLC Steering Board minutes would be included in future SLC Board packs, this would be once the relevant minutes had been signed off, which had not yet occurred for inclusion of the November meeting for the present Board pack.

Board noted the BIS SLC Steering Board Update.

3.12 Board Effectiveness Review 2016/ NED Induction

JB advised Board re the intended approach for the 2016 Board Effectiveness Review (BER) and NED Induction. Members enquired if the timescales would be impacted by the procurement process and needing to tender. JB commented that Commercial Services had advised that an expedited procurement process was permitted due to the limited amount of potential parties.

Board approved the BER and NED induction papers.

3.13 Main Board Risk Review

DR advised Members that many of the particular risks presented in the Main Board Risk Summary had been subject to discussion throughout the Board meeting. DR further advised that a new risk had been added as a result of recent fraud by an Alternative HE Provider in Wales, not because SLC were directly involved, but because of the potential for SLC reputational loss and that risks re certain staff recruitment had been adjusted downward following recent discussions/developments with GDS.

MY reminded Board that the Board Report was a summary only, with deep-dives being undertaken by the Chair of the Audit Committee and management having access to a more comprehensive risk catalogue. DR extended an open invite to Members to more detailed management risk information, should they wish to deep-dive themselves into any particular area of risk.

CB commented that he continued to have ongoing concerns re the potential for risk as a result of further delays with NED recruitment, but that he would discuss aspects of this further under AOB. CB further commented that he also had concerns re the potential for risk should ongoing discussions re governance, namely concerning the BIS SLC Steering Board and Accounting Officer responsibilities not be resolved as part of ongoing discussions as part of the McKinsey Review.

Board noted the December 2015 Risk Report.

4. AOB

CB intimated that he had various subjects he would wish to raise under AOB:-

- I. CB and DW were keen to invite leaders from other organisations to present at future SLC Board meetings. CB suggested that Les Ebdon from OFFA could be invited to the February Board. In addition, Stephen Blyth could be invited to a future SLC Audit Committee. Otherwise a schedule should be drafted to incorporate a range of guest speakers should be drafted following discussion by CB and GW. Members enquired if such guests would be asked to present as part of the Board meeting and/or sit through a whole meeting. CB confirmed that this would be subject to the business on the relevant agenda, as per planned schedule of visitors to future meetings. **ACTION MB165 – GW;**
- II. CB commented that following previous organisational health survey feedback, comments had been noted in respect of the possibility of the Board visiting the Llandudno Junction office. **ACTION MB166 – CB;**
- III. * **Action MB167– GW;**
- IV. CB advised that the current Schedule of Board/Committee meetings would also be reviewed following future NED recruitment. **ACTION MB168 – CB & GW;**
- V. CB commented that he was keen to investigate requirements of Protocols for communications by NEDs with BIS and SLC and establish best practice. DW advised that SLC staff used the Protective Markings system and JB commented that internally much work had been by way of information and awareness raising. **ACTION MB169 – GW;**
- VI. CB reminded Board that this was the last meeting JB would attend. CB expressed personal thanks and on behalf of the Board for JB's contribution to SLC. CB intimated that JB had raised governance to a new level within the Board/SLC, he had initiated many good practices and that CB appreciated JB's pro-activity. CB recalled JB's senior executive provenance and that he had

welcomed his calm and professional advice over a range of issues. CB reiterated his thanks to JB and wished him well in his new senior non-executive role.

JB thanked CB and commented that he enjoyed his time with SLC. JB said he had welcomed his own development of governance and felt this was of useful assistance in his new appointment. JB said he was pleased to have worked with SLC management and leadership team and wished SLC well in its ongoing establishing itself as a centre of excellence.

5. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Wednesday 27th January 2016 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.