



**Minutes of Meeting of the Board of Directors
Held at 10.00am on Wednesday 22nd March 2017
Boardroom, Bothwell Street, Glasgow, G2 7JD**

Present:	Steve Lamey	Chief Executive	SL
	Chris Brodie	Chairman	CB
	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
	Gary Womersley	Company Secretary	GW
In Attendance:	David Wallace	Deputy CEO/Executive Director of Finance, Strategy & Corporate Services	DW
	Phillipa Lloyd	DfE	PL
	Paula Crofts	DfE	PC
	Stephen White (to 12 noon)	Scottish Government	SW
	Chris Williams	Welsh Government	CW
	Sian Kerr (by Phone)	Department for Economy (NI)	SK
	Stephen White	Scottish Government	SW

1. Chairman's Opening Remarks and Directors' Matters

CB welcomed everyone to the meeting.

NE declared that she had now formally assumed her role on the DfE Departmental ARC (CB informed Board that he had requested that Ian Ferguson, Chair of the DfE Departmental ARC attend a meeting of SLC's ARC) – otherwise there were no declarations of interest.

2.1 Minutes of the meeting held on 24th January 2017

Board approved the minutes of the meeting of 22nd February 2017.

2.2 Matters arising from previous minutes

GW advised that of the ten actions listed, four were marked for closure – either being complete or on the agenda. GW also advised that it was intended to merge MB236 with MB200. GW confirmed that in respect of MB240, copy communications had been circulated to NxDs and that the matter would be covered later in the agenda.

3.1 CEO Report

SL presented his CEO Report.

SL advised Board of visits undertaken by him, in particular to Leicester College, which had over twenty six thousand enrolled students. SL gave examples of how the evolving FE sector illustrated how SLC would need to continue to adapt and evolve going forward.

SL informed of the SLC HEP Seminar, at which he gave an opening speech to over four hundred and fifty delegates. SL advised that key themes were Collective Knowledge, Common Practice and Complete Outcomes – together with reinforcing the implementation of service standards between SLC and HEPs. SL stated that feedback had been very good with the SLC Seminars continuing to be viewed as adding value to the sector.

CB raised the issue of the SLC Stakeholder Forum, providing Board with the background to it being set up in 2010. The Chair updated that, following recent engagement, it had been suggested that the original *raison d'être* for the Forum had been served and it had been enquired if the Forum was still serving a purpose and adding value.

The Board discussed how the role of the SLC Stakeholder Forum could continue to evolve and develop while recognising that it would be operating within a new OFS regulatory context.

DW informed the Board that many of the Stakeholder Forum Sub-committees were still very current and adding value to all parties invited involved and should be continued going forward.

ACTION MB242 – SL/DW

SL (and PL) provided a Policy and Regulations Update, *

* **ACTION MB243 – DW/GW**

* **ACTION MB244 – PL**

Board noted the Finance Update provided via the CEO Report. *

SL provided an Operations Update, noting SLC had received over 300k applications to-date.

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SL confirmed that the CLASS Update had proceeded to Oracle 12 and that the platform was now fully DR compliant and in warranty. CB highlighted that this was a significant achievement and asked that Board's appreciation be expressed to those concerned. **ACTION MB245 – SL**

SL provided a Repayments Update, with particular emphasis on Loan Book Sale developments and progress.

SL provided a Complaints Update, informing Board that he had written to DfE re IA capacity and the need to increase this in order to reduce the current 4 month backlog.

SL provided an ICT Update. SL informed that the SLC Debt Sale International Standard on Assurance Engagements (ISAE) Type 1 review was completed by external assurers and had shown no material gaps in SLC's IT Control Landscape.

SL updated Board to HMRC IR35 changes coming into effect, the potential impact on SLC and the scoping/preparatory work being undertaken by SLC in the interim. *

*

Board discussed SLC Performance and KPIs and how these could be developed going forward. NE highlighted that it would be good for clarity to be provided over a range of SLC activity from the perspective of what SLC could influence and drive forward and areas where the key influence/levers lay with other stakeholders. Board concurred that such clarification would assist in a myriad areas and allow it to appropriately monitor progress against the SLC 2020 Strategy and ICR Debt Sale activity.

Board noted the CEO Report.

3.2 FY 2017/18 APRA Update

3.2a SLC Budget FY17-18

DW outlined the background to the SLC Budget FY17-18 Report explaining the three distinct budgets – Operating Expenditure, SLC Change Budget & SLC 2020 Strategy. DW advised Board that whilst Board approval was a prerequisite for an APRA, Board were not approving any expenditure – which would be drawn down as per the relevant business case approval.

DW highlighted the key variances from previous SLC Budgets and the reasons behind this. *

Board noted the company cash and non-cash requirements and approved the FY17-18 Change Budget. Board also noted the funding splits for Operating Expenditure, Change Budget and the Strategy Budgets and that these will be formally communicated to Government Administrations.

3.2b Operating Budget Supplementary Report

DW explained the background, context and purpose of Report.

DW reiterated the zero-based approach to the development of the Operating Budget, as well as providing an overview of the key factors increasing requirements relative to FY16-17.

DW advised that SLC's responsibilities continued to grow – yet despite such growth SLC's underlying cost base remained broadly flat, as did direct front line costs. DW informed that DfE had provided prior approval in principle and that SLC's Accounting Officer also approved and supported the budget.

Board noted the FY17-18 Operating Budget had been discussed, reviewed and agreed by both DfE and the Accounting Officer. Board approved the FY17-18 Operating Expenditure Budget, as well as noting the Official Statistics Pre-release notification and FY16-17 Forecast Outturn appendix.

3.2c

Board noted the DfE Update on Timetable & Process.

3.3 SLC "On-a-Page"/Culture & Behaviours

SL provided Board with a verbal update re Culture & Behaviours within SLC, and talked the Board through SLC "On-a-Page".

SL advised of his experiences to-date in engaging with staff and managers. SL advised that he would be keen to have NxD support in respect of the SLC Way and Behaviours. **ACTION MB246 – SL**

Board welcomed and noted the SLC "On-a-Page"/Culture & Behaviours Update.

3.4 DfE Update on recent Policy announcements

Board noted the DfE Update on Recent Policy Announcements.

3.5 Project Hardrock Update

GW presented the Project Hardrock Update. GW outlined the various options open to SLC.

Board endorsed the preferred option of ELT, namely Option 2 as outlined in the Report.

3.6 Pension Update

GW presented the Pension Update Report.

GW advised that the Report was presented to both maintain momentum with stakeholders but also to advise Board on the latest position.

* Board also welcomed and noted the continuing progress made in delivering the Pension Transfer.

3.7 Framework Agreement

GW presented the Framework Agreement Update. GW advised that as well as having been approved by Board in December, Ministers had now approved the Agreement but that outstanding approvals were still awaited from CO & HMT in respect of updating various annexes.

GW advised that rather than awaiting further, he would present a final iteration to Board in April for approval, with annexes being updated on an ongoing basis thereafter. GW confirmed that he would communicate re further updates to both Remuneration Committee and Audit & Risk Committee remits. **ACTION MB247 – GW.**

3.8 Main Board Risk Review

DW presented the Main Board Risk Review.

DW highlighted key changes since the last Main Board Risk Review *

Board considered and noted the Main Board Risk Review.

4. AOB

CB confirmed that he had asked GW to commence preparations with regards to carrying out a Board Effectiveness Review in the Summer. **ACTION MB248 – GW**

CB confirmed that he had also asked GW to re look at the current process re NxD Registers of Interest, in light of recent coverage re Related Persons. **ACTION MB249 – GW.** CB confirmed that he would also be keen for all NxD Biographies on the internet to also be looked at from this perspective and for consistency of approach. **ACTION MB250 – GW.**

CB advised that he had been asked to provide evidence to the PCAC but that DfE were aware of this and would be assisting with the necessary briefings.

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Board discussed ways in which it could better appraise the current Balance Scorecard content, future Corporate Plans, the APRA and performance in general. SL advised that he had initiated workstreams, to be led by GW, which would look at developing a more pertinent and holistic Performance Framework for SLC.

Board discussed, now that NxDs had SLC devices/BoardPack at the development of an appropriate protocol/practice for emailing NxDs at an SLC email address. **ACTION MB251 – GW.**

CB advised that the December Board had been brought forward to the 13th December and would now be in a workshop format.

5. Date of Next Meeting

The Board noted that the next meeting would take place in Glasgow on Wednesday 25th April 2017 at 09.30am.

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.