



Date 9 May 2013
Subject Skills Funding Agency Advisory Board
Attendees As per Annex

1. Welcome and Introductions

1.1 Kim Thorneywork welcomed members to the thirteenth meeting of the Advisory Board and asked Mark Farrar to chair the meeting.

1.2 Mark Farrar mentioned Toni Pearce's recent appointment as President of the National Union of Students. He congratulated her and confirmed that Toni's replacement on the Board would be Joe Vinson, the incoming Vice-President for Further Education.

2. Minutes and matters arising

2.1 The minutes of the last meeting held on 19 February 2013 were agreed and these would now be published on the Agency's website.

2.2 Mark confirmed that the 'Skills Strategy Refresh' document discussed at the last meeting had since been published as 'Rigour and Responsiveness in Skills'. Traineeships were also discussed last time, and Keith Smith commented that the framework document for Traineeships was being published that day.

2.3 The Funding Letter from the Secretary of State to the Chief Executive of Skills Funding had also been published on 2 April and a copy had been circulated with the papers for the meeting.

3. Update from the Chief Executive.

3.1 Kim gave an update on the change in status of the Skills Funding Agency to an Executive Agency. The legislative changes were still to go through Parliament and it was anticipated that the formal change would take place in April 2014. However the Agency was already working in the manner of an Executive Agency and had developed a closer working relationship with BIS and the Minister over the last few months.

3.2 In terms of the recruitment of an independent Chair of the Advisory Board, the appointment had now been cleared by BIS Ministers, Treasury and Cabinet Office and it had been advertised on the Agency website. This was not a public appointment, but the final decision would be a Ministerial one. Once the Chair had been recruited, hopefully in the summer, he or she would lead on a review of the membership of the Board, as mentioned in the last meeting.

3.3 Having read the details of the Chair's role which had been circulated with the papers, members discussed the change in role of the Board. In particular how this now appeared to be a 'hybrid' role of practical support and challenge, but the Chair would also advise on performance of the organisation. Kim confirmed that the Advisory Board is not a standard non-executive board, but the Chair would have to give feedback on the performance of the Agency and the Chief Executive to BIS and Ministers. The relationship with the Audit and Risk Committee would also need to be reviewed further down the line.

3.4 Kim updated the Board on the Framework Document and how this was being developed and is nearly finalised. This describes the relationship between BIS and Agency and each organisation's respective roles. The document also sets out the underpinning governance and accountability framework for the Agency, which includes the role of the Advisory Board including new terms of reference. Once finalised and comments had been received from Cabinet Office and Treasury, the document would be signed off by Ministers and the Secretary of State and published. Kim would circulate a copy to Board members when finalised.

4. Skills Funding Agency Business Plan 2013-14

4.1 Following the discussion at the last meeting on the Agency themes, strategic objectives and key performance indicators (KPIs), Kim had worked with her Executive Management Team over the last few months to develop these further, as well as the development of a more detailed Business Plan. A copy of the final draft of the 'top level' plan was circulated and this set out the updated organisational objectives and KPIs, as well as divisional KPIs. A more detailed internal document with sections on each division of the organisation sits beneath this high level document.

4.2 Kim confirmed that the Agency's Business Plan had been developed alongside the various drafts of the Funding Letter, so she was confident that the Agency was addressing the priorities set out in the letter. The Agency had also reviewed the Business Plan alongside the Rigour and Responsiveness document which mentions the Agency's role.

4.3 As agreed at the last meeting, the Board suggested that they receive presentations from members of the executive on their divisional plans, so Kim explained that three Executive Directors would present to the Board today, with the remaining group presenting at the next meeting in July. Each would set out their division's objectives and key performance indicators, as well as challenges for the year ahead.

4.4 Keith Smith began by presenting on the Funding and Programmes Division, which he explained was about translating the policy into funding and his close work with the FE sector to achieve this. He was supported by a number of external governance groups with independent chairs, who advise on possible impact on the sector and to avoid any unintended consequences. Keith explained

that his division was also the lead on new delivery areas including Employer Ownership Pilot and traineeships. Keith set out some of the challenges he faced, which included the introduction of the new funding system, the impact of loans on Apprenticeships and reviewing the qualifications offer.

4.5 In the discussion that followed, Keith mentioned the need to continue to deliver despite the challenges of LEPs, City Deals, employer ownership etc. There was a need to ensure that the funding infrastructure is in place to deliver the latest policy position - all in the context of diminishing budgets. The possible risks to budgets arising from the forthcoming CSR were being considered and work was underway with BIS on how funds are being spent.

4.6 David Way then gave a presentation on the Apprenticeship division and set out the objectives for his area which included support for employers and increasing the number of high quality Apprenticeships. In terms of challenges some of these were delivering Apprenticeship volumes, especially 16-18 in the current labour market; ensuring traineeships are led by employers; and also the outcomes and impact of the Richard Review.

4.7 In the discussion that followed, the importance of quality and the relevance of Apprenticeships to learners and employers was discussed and how this was needed to ensure success. David agreed that communication was needed on the benefits of Apprenticeships and also the need to look at good practice and where it is working already.

4.7 The challenge of aligning traineeships and Apprenticeships into the industrial strategy was raised and the need to look at the broader strategy with BIS. Also the alignment of public and private spend was important given declining budgets.

4.8 Paul McGuire gave the final presentation on the Finance and Operations Division and started by given some context as to how the organisation has changed over the last three years and in particular, the programme of finance continuous improvement that is in place. In terms of his challenges for the year ahead, these included scenario planning after the CSR; the management of capital and 16-18 Apprenticeship budgets; and the reliability of IT systems.

4.9 Paul ended by giving the Board an update on the year end position for 12-13 and how, subject to audit by the National Audit Office, the Agency was well below the 1% tolerance target. It was anticipated that the accounts would be signed off in May and annual report and accounts would be published in June.

4.10 Mark Farrar thanked the three Executive Directors for their input and Kim confirmed that there would be further presentations on other divisions of the Agency at the next meeting.

5 Any Other Business

5.1 There was no other business and the meeting drew to a close.

List of attendees at Skills Funding Agency Advisory Board Meeting
9 May 2013

Members:

Michael Davies	UKCES
Prof Ruth Farwell	Bucks New University
Mark Farrar	Construction Skills
Ian Forward	Kent County Council/ LEAFEA
Jon Graham	CIPFA
Sue Husband	McDonalds
Ian Pryce	Bedford College/ 157 Group
Kim Thorneywork	Skills Funding Agency
Les Walton	EFA

In Attendance:

Priya Gossain	Skills Funding Agency
Paul McGuire	Skills Funding Agency
Keith Smith	Skills Funding Agency
David Way	Skills Funding Agency

Apologies:

Derrick Anderson	Lambeth Borough Council
Neil Couling	Jobcentre Plus
Martin Doel	AOC
James Fothergill	CBI
Graham Hoyle	AELP
John Longworth	BCC
Toni Pearce	NUS
Rachel Sandby Thomas	BIS
Tim Ward	Learning Curve/ TSNLA
Tom Wilson	TUC