

# Minutes

<b>Date</b>	14 November 2012
<b>Subject</b>	Skills Funding Agency Advisory Board
<b>Attendees</b>	As per Annex

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## **1. Welcome and Introductions**

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

1.2 Mark Farrar informed the Board that Tom Wilson was taking over as the union representative following the appointment of Frances O'Grady as TUC General Secretary. The Board passed on their congratulations to Frances on her appointment to this new role.

## **2. Minutes and matters arising**

2.1 The minutes of the last meeting held on 11 September 2012 were agreed and these would now be published on the Agency's website.

2.2 Mark Farrar mentioned that the possible discussion topics suggested during the last meeting had been circulated to the Board for comment and these would be added to the list of possible future items.

## **3. Update from the Chief Executive.**

3.1 Kim gave an update on discussions with BIS and Cabinet Office on the appointment of a new independent Chair of the Board which she had mentioned at the last meeting. They have advised that a competitive process is needed and so members will be invited via a letter to submit expressions of interest. With the assistance of BIS, these will then be considered against selection criteria and it is hoped that Chair will be appointed in time for the next meeting.

3.2 Kim reported that since the last meeting Verity Hancock, Executive Director of Capacity and Infrastructure, had been appointed as the Principal of Leicester College and was leaving the Agency at the end of the year. Kim was not planning to replace her post on the Executive Management Team and would reassign Verity's areas of responsibility to the remaining Executive Directors.

3.3 Kim commented on the role of the Audit and Risk Committee which she found helpful in her role as Chief Executive and, in particular the challenge function it provides. Ruth Farwell asked about the Committee's reporting line. Kim responded that the Advisory Board has no formal governance role as it has no particular accountabilities. Also the Audit and Risk Committee does not have a formal role however, to all intents and purposes, it is treated as a formal Audit and

Risk Committee and signs off the annual accounts. It was agreed that a diagram of governance structures would be shared with the Advisory Board.

3.4 Kim mentioned that the Agency will begin the business planning process for 2012/13 which will pick up on a number of external influences coming up in the next few months, as well as the Civil Service Reform Plan which was published earlier in the year. The recommendations of the Heseltine Review and the forthcoming Richard Review into Apprenticeships will have an impact on the Agency and these were covered later on the agenda. In addition, the forthcoming Autumn Statement from the Chancellor due on 5 December and the subsequent publication of the Skills Funding Statement, would need to be factored into plans for next year. Lastly, Kim mentioned that the new Minister, Matthew Hancock, would also have his own priorities that will need to be taken account of.

3.5 Jon Graham stated that it was important to note that the National Apprenticeship Service (NAS) will become part of the Agency next year. Kim reported that BIS had been clear that there will be one Accounting Officer for the Agency from 1 April 2013, however the NAS will still have an outward facing service to customers.

3.6 Mark Farrar asked whether the Autumn Statement would bring more cuts for the sector and Kim responded that there was pressure from Treasury on all Government departments. The Agency was modelling allocations for 13/14 using the information that is currently available, with a view to getting these out to the sector before Christmas.

3.7 Keith Smith added that once budgets are known, the aim was to focus investment on provider that have a good track record and are stable deliverers. Graham Hoyle commented that discussions would need to take place early due to the complexity of this approach; however there was broad agreement on these factors which would help. Jon Graham added that the principle of this approach is fine, but clear criteria are needed to make this judgement and the sector needs to be aware of this and have clear benchmarks. Tim Ward commented that as when Minimum Contract Values were introduced, there will be consequences on contracts as well as the tier below of sub-contractors. Ian Pryce added that there was a fear from providers that if their income goes down then they are unlikely to get it back. Michael Davis commented that there was always uncertainty around the pre-budget statement, but there was a need to look at the medium term, and turn input measures into jobs and growth and the sector needs good outcome date to ensure its survival.

#### **4. Discussion on the possible impact of the Heseltine Review of Apprenticeships**

4.1 Keith Smith gave a short presentation on the implications of the recent Heseltine Review 'No Stone Unturned' on the FE sector. In particular, where the Agency can do more as well as some of the challenges, however noting that the Government has yet to respond formally to the review.

- 4.2 In discussion the following comments were made:
- The review does not recognise behaviour, for example schools giving independent advice to young people.
  - From working with local communities, LEPs appear to be 'top down' rather than 'bottom up'.
  - It is not in the provider or learners' interests if funds go to LEPs.
  - There is a need to highlight the value of some professions and not just meet learner needs.
  - Employer-led regional groups sounds like TECs again, however the report cannot be ignored.
  - The review confuses decentralisation with devolution.
  - Good to see Heseltine is challenging on the role of business support.
  - The funding should follow what the economy needs and we must ensure that young people can contribute and understand what their return on their investment will be when making choices.
  - Strategic thinking is helpful to build a system that works for employers and learners.

4.3 Julie Robson updated the Board on the 8 City Deals in place as well as the next 20 announced as part of Wave 2. In some areas these are working well with strong engagement and governance articulating what is needed. There are good skills networks but some have HE representation rather than FE. The Heseltine report recognises that there are differences between LEPs and that some are not as well developed as others. Julie added that there was a perception on the ground that the Agency is a national organisation and it does not work locally, so there is a need for the Agency and the sector to tell the local story.

4.4 Kim Thorneywork ended the item by commenting that the Heseltine proposals on skills will bring an associational tier to the administrative structure already in place and this will not bring value for money, at a time when the Adult Skills Budget is already decreasing. It is anticipated the Government will give their initial response as part of the Autumn Statement.

## **5. Emerging issues from the Richard Review of Apprenticeships**

5.1 Keith Smith provided a short verbal update on the emerging issues from the Richard Review of Apprenticeship which is due to report by the end of the November. The report is likely to be challenging and will present a fundamental shift to Apprenticeships as well as other areas of delivery.

- 5.2 In the discussion, the following comments were made:
- If the report is radical then any major funding changes will take time to deliver.
  - Employers already own the process but we need to communicate this better.
  - There needs to be recognition around the issue of pre-Apprenticeships.
  - The Government aspiration is to grow Apprenticeships and given the economic climate, employers need to be at the table.

- There is a need to define competence of individuals at the beginning on the Apprenticeships as this impacts on cost.
- Employers need to be involved in any assessment.
- Need to consider the total cost of the Apprenticeship as the leverage in certain sectors is high but not in others.
- The biggest challenge is that the vocational pathway is not valued and careers guidance is needed.

5.3 Keith Smith ended the item by commenting that the report is due out later this year and then BIS will probably respond in the new year. He thanked the Board for their comments and hoped to bring this back when more was available.

## **6. Any Other Business**

6.1 Kim Thorneywork commented on the recent coverage in the FE sector press regarding underperformance of the sector and stated that the figures quoted were not true and was concerned about the impact on the sector. The Board were in agreement that any inaccurate press articles were unhelpful and damaging to the reputation of the sector.

## ANNEX

### List of attendees at the Skills Funding Agency Advisory Board meeting held on 14 November 2012

#### Members:

Michael Davies	UKCES
Mark Farrar	Construction Skills
Prof Ruth Farwell	Bucks New University
Jon Graham	CIPFA
Graham Hoyle	AELP
Sue Husband	McDonalds/ CBI
Ian Pryce	Bedford College/ 157 Group
Kim Thorneywork	Skills Funding Agency
Tim Ward	Learning Curve/ TSNLA

#### In Attendance:

Priya Gossain	Skills Funding Agency
Julie Robson	Skills Funding Agency
Keith Smith	Skills Funding Agency

#### Apologies:

Derrick Anderson	Lambeth Borough Council
Neil Couling	Jobcentre Plus
Martin Doel	AOC
Ian Forward	Kent County Council/ LEA FEA
James Fothergill	CBI
John Longworth	BCC
Toni Pearce	NUS
Rachel Sandby-Thomas	BIS
Les Walton	EFA
Tom Wilson	TUC