



Date Tuesday 3 December 2013
Subject Skills Funding Agency Advisory Board
Attendees As per Annex

1. Welcome and Introductions

- 1.1 Paul Drechsler introduced himself as the newly appointed independent Chair of the Advisory Board and welcomed members to the meeting.
- 1.2 The Chairman thanked Mark Farrar for steering the Advisory Board and chairing discussions for the past few meetings in the absence of a permanent Chairperson.
- 1.3 The Chairman informed the Board that Kim Thorneywork was currently on extended leave due to ill health. The Board extended their best wishes to her. In Kim's absence, it was noted that the Department of BIS had recently appointed Barbara Spicer as the Agency's new interim Chief Executive. The Board welcomed Barbara to the meeting. Barbara introduced herself to the members.

2. Minutes and matters arising

- 2.1 The minutes of the last meeting, held on 10 July 2013, were agreed. These would now be published on the Agency's website.
- 2.2 There were no matters arising.

3. Update from the Chief Executive

Internal reorganisation

- 3.1 Barbara informed the Board that she and the current Executive Management Team were in the process of reorganising the structure of the Agency. Members noted that rather than being driven by a budget cut approach, the reorganisation was being driven by the need to ensure that the Agency was fit for purpose.

- 3.2 The Board noted the following points:
- a. The Department of BIS and the Minister were fully aware of the Agency's reorganisation and approval had been received before the process of restructuring the organisation began.
 - b. The first and second stage of the process was now complete. The Executive Management Team would consist of the Chief Executive plus three Directors. This was a reduction from a team of eight to a team of four.
 - c. Keith Smith had been appointed as the Director of Funding and Programmes and Paul McGuire had been appointed as Chief Operating Officer.
 - d. The recruitment process for the third EMT member was currently underway. The post was currently being advertised across the Civil Service and externally as well.
 - e. Regarding the second tier, 23 Deputy Directors had now been appointed; a reduction from 37.
- 3.3 It was noted that the senior level structure would be fully in place from 6 January 2014. However, in the meantime, the new Leadership Team would work on what the new structure might look like, with the focus being on the critical role and functions of the organisation. Whilst initial modelling has used 900 as an estimate for the final headcount, the exact final numbers are yet to be determined.
- 3.4 The Board recognised that the Agency, and the Learning and Skills Council before that, had undergone numerous restructures in the recent past. They expressed some concern about the impact of further restructuring on staff morale and performance of the Agency.
- 3.5 Barbara informed the Board that the Agency would always be an evolving organisation; as the policy environment changes, the Agency's purpose and its functions will need to respond accordingly. The Department of BIS are fully aware of the changes and the Agency had sought assurance that any future changes in the Agency's administration budget from 2015-16 onwards would take the current reorganisation into account.
- 3.6 Ian Pryce requested that the Executive Management Team remained conscious of the impact the reorganisation may have on the quality of services provided to the sector. Barbara and Paul McGuire gave assurances that maintaining stability in delivering those services would be the priority throughout the change period.

Policy Development

- 3.7 Keith Smith provided the Board with an update on recent policy developments including an update on the role of Local Enterprise Partnerships (LEPs) following the discussion at the last meeting. Now that

LEPs had an enhanced role, the Agency had tailored its function to provide shared services support to them. For example, the Agency provides support which enables LEPs to identify local skills priorities, to deliver priorities for the European Social Fund and the Single Local Growth Fund, and to respond to commitments relating to City Deals. Rather than have an authoritative role in relation to LEPs, it was noted that the Agency was now acting strictly as a service provider.

- 3.8 Keith informed the Board that the Agency may have a similar role in relation to capital funding going forward. Martin Doel commented that the outcome of the Cabinet Office Gateway Review on capital was positive for the Agency and advised that the Agency uses this in discussions with DCLG.
- 3.9 The Board noted that the Autumn Statement would be announced later this week and the Skills Funding Statement would be issued shortly afterwards. For the Agency, the key priority for the next couple of months would be maximising the performance of the sector for the current year as well as responding to the policy changes being announced shortly.

Current delivery priorities and risks

- 3.10 Members noted the contents of the Skills Funding Agency Performance Summary. Paul McGuire informed the Board that the Agency had won two awards, including Finance Team of the year at the Government Finance Profession Awards last month. The Board congratulated Paul McGuire and the team.
- 3.11 Paul McGuire informed the Board that the current financial forecast for 2013-14 was that the Agency was on target to manage expenditure to within 1% of the budget.
- 3.12 The current key risks to the Agency were outlined by Paul McGuire. Throughout the reorganisation, the Agency's key priority would be to continue its key function of funding skills provision in England. The upcoming announcements relating to the Autumn Statement and Skills Funding Statement could also have implications.
- 3.13 The Board were also updated on the risk relating to completion of the Data Collection and Funding Transformation (DCFT) programme, which had experienced delays. Whilst a contingency plan was in place to ensure all providers would be paid, this was an area of concern, which had also been noted by the Agency's Audit and Risk Committee. Martin Doel expressed some concern regarding the ability of colleges and providers to control their in-year spend and the potential impact of shared services provided to organisations such as the Education Funding Agency. Stewart Segal also highlighted that the delay could also create pressures for subcontractors. Keith Smith assured the Board that the Agency was taking a positive approach that would ensure providers were paid on time.

3.14 Keith Smith informed the Board that Agency was continuing to support apprenticeship growth as well as Traineeship places. All growth cases were being responded to and funded as per the government's policy.

4. Business Planning 2014-15

4.1 Barbara Spicer briefly outlined the work that had started on business planning for 2014/15. The Chairman then led the Board through the Agency's vision, mission, strategic objectives and key performance indicators (KPIs) taken from the 2013/14 Business Plan.

4.2 The Board discussed the vision, mission and strategic objectives. Michael Davis suggested that the mission needed to emphasise the Agency's key technical function and how funding was provided in accordance to priorities set by the Department and their strategy for the sector. The Board also felt that the mission should reflect the Agency's goal to ensure that the funding was put to optimal use and provided value for money. It was agreed that the mission should be revised accordingly. The strategic objectives should then follow on and explain how the Agency aimed to do this.

4.3 Keith Smith advised members that, strategically, the Agency is there to deliver according to the Department's priorities, but that the Agency actively engages with stakeholders on the way in which those priorities are delivered.

4.4 The Board discussed the KPIs for 2013/14. The Board agreed that the total number of KPIs for the organisation as a whole need to be kept to approximately three to four in total. Jon Graham suggested that these should be outcome focused. Whilst the Board requested that the Business Plan for 2014/15 be revised so that it is more focused and concise, the Board did agree that the Business Plan should provide sufficient detail to enable the Executive Management Team to deliver what is required.

4.5 Barbara requested that members send on any additional comments to the within a week of the meeting. The Business Plan should then be revisited at the next meeting.

ACTION 01: Revised Vision, Mission, Strategic Objectives and KPIs to be presented to the Board for discussion at the next meeting.

5 Role of the Advisory Board

- 5.1 Further to the discussion relating to the Business Plan for 2014/15, it was agreed that if the Agency clearly set out its role and purpose, with defined objectives and performance indicators, the Advisory Board would be clear on the criteria upon which they would base their advice to the Executive Management Team and where the advisory board could add value.
- 5.2 Mark Farrar and Martin Doel suggested that there needed to be greater clarity regarding the relationship between the Audit and Risk Committee and the Advisory Board from the Department's point of view. Barbara Spicer was currently discussing the Framework Document which sets out the relationship between BIS and the Agency and agreed to discuss this further with the Department.

ACTION 02: Barbara Spicer to seek clarity on the governance structure for the Agency, in particular, relationship between the Audit and Risk Committee, Advisory Board and the Department of BIS.

- 5.3 The Chairman asked the Board to note the recent attendance record of members to Advisory Board meetings and suggested that this would be a good opportunity to review membership. The Chair asked that members contact him via Priya Gossain to confirm whether they wished to remain a member. The Chair would also welcome any input regarding whether representation from other stakeholders should be considered. The Chairman requested that members make every effort to attend future meetings.

ACTION 03: Board members to contact Paul Drechsler via Priya Gossain to confirm whether they wish to continue to be a member of the Board.

6. Any Other Business

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

List of attendees at Skills Funding Agency Advisory Board Meeting
3 December 2013

Members:

Paul Drechsler (Chair)	Wates Group
Barbara Spicer	Skills Funding Agency
Ian Pryce	Bedford College/ 157 Group
Jon Graham	CIPFA
Mark Farrar	Independent
Martin Doel	AOC
Michael Davies	UKCES
Prof Ruth Farwell	Bucks New University
Stewart Segal	AELP
Tim Ward	Learning Curve/ TSNLA
Tom Wilson	TUC

In Attendance:

Keith Smith	Skills Funding Agency
Kiran Virdee	Skills Funding Agency
Paul McGuire	Skills Funding Agency
Priya Gossain	Skills Funding Agency

Apologies:

Derrick Anderson	Lambeth Borough Council
Ian Forward	Kent County Council/ LEAFEA
Joe Vinson	NUS
John Longworth	BCC
Les Walton	EFA
Rachel Sandby Thomas	BIS
Rob Wall	CBI
Sue Husband	McDonalds