



**Date** Tuesday 09 September 2014  
**Subject** Skills Funding Agency Advisory Board  
**Attendees** As per Annex

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## 1. Welcome and Introductions

- 1.1 Paul Drechsler welcomed Board members to the meeting and apologies were noted.

### Declaration of interest

- 1.2 Paul informed the Board that he had recently been appointed as Chairman of Bibby Line Group.
- 1.3 It was agreed that the CEO's office would contact Board members to ensure up-to-date declarations of interest have been captured. This would then be a formal item on the agenda going forward.

### **ACTION 05: Kiran to email Board members and request up-to-date declarations of interest.**

## 2. Minutes and matters arising

- 2.1 The minutes of the last meeting, held on 17 June 2014, were agreed. These would now be published on the Agency's website.
- 2.2 Board members noted the action log. It was noted that all actions had been closed with the exception of action 04 which related to the Agency's People Plan. This is scheduled to be taken at the Board's next meeting.

## 3. Update from the Chair and Chief Executive

- 3.1 The Board noted that Barbara Spicer's contract as the Interim Chief Executive had come to an end at the end of August. The Board wished her well in her new role as Chief Executive of Plus Dane Group. Keith Smith had since been appointed as the Interim Chief Executive and would lead the Agency along with the two remaining Directors until a permanent Chief Executive is appointed. The Board commented that the Executive

Management Team (EMT) felt small and that the span of responsibilities for each Director therefore felt large.

Update on the recruitment of the permanent CEO

- 3.2 Paul provided the Board with an update regarding the appointment of a permanent Chief Executive for the Agency. It was noted that a number of candidates, some of whom were outstanding in their field, had been interviewed however, a suitable candidate had not yet been found. Paul informed the Board that the Department's priority was stability for the Agency and to make the right permanent appointment so that the Agency would be led by the new Chief Executive well beyond the next general election. The panel was seeking a person with experience in dealing with both Whitehall and a competitive commercial environment.

Draft grant letter for 2014 to 2015 and Advisory Board recruitment

- 3.3 The Board considered the latest draft of the grant letter from the Department to the Agency setting out the priorities and funding for 2014 to 2015. The request to establish a separate Management Board responsible for governance was noted.
- 3.4 At previous meetings, the Board had agreed to recruit additional members to the Advisory Board in order to refresh the current membership. The EMT were ready to go live with the recruitment, however, in light of the request above, this had now been put on hold until clarity on the Agency's governance arrangements is received.
- 3.5 It was noted that the Agency would continue with its current work to establish two other Boards: an employer-led Careers Advisory Board, which is a Ministerial priority, and an Employer Advisory Board that will focus on apprenticeships and traineeships. The aim of these two groups would be to more readily engage with employers on these issues. The Board expressed their support and suggested that non-employer stakeholders are also considered when deciding the membership of the groups.

Progress with the Reform Programme

- 3.6 Keith Smith informed the Board that the Agency's Reform Programme was reaching the final stages of completion. A competitive recruitment and selection exercise had been completed and the Agency had reduced in size from just under 1,360 members of staff to approximately 925. The focus was now on finding alternative employment for the remaining surplus staff members and ensuring staff were being developed to have the right knowledge and skills to suit their new roles.
- 3.7 It was noted that there were still a significant number of vacancies amongst the 925 posts that were currently unfilled. The majority of these were in the

digital and technology functions which required specialist skills. The Board acknowledged the potential risk in these areas as a result, and noted that the management team were seeking to recruit externally to ensure the required skills were obtained. It was however noted that all staff in the administration and support roles had been offered roles in the new structure.

- 3.8 The Board noted that the Senior Leadership Team had implemented a transition plan to manage the development of the new structure, the future resourcing strategy and oversee the remaining redeployment and compulsory redundancy activities.
- 3.9 Helen Knee informed the Board that a Pulse Survey had been conducted and the results showed a surprisingly good level of morale amongst staff members. The next stage of the Reform Programme would be the review of pay scales.

#### Performance and Risk Overview

- 3.10 The Board noted the contents of the Performance and Risk Overview for August 2014.
- 3.11 Paul McGuire provided an update regarding the delivery of the Data Collection and Funding Transformation (DCFT) programme. Some aspects of the programme have been delivered and are working successfully. However, there still remained issues with the collection of data as experienced in period one of this year. Contingency plans were therefore still being relied upon. The delay in the delivery was the result of significant issues having arisen when the Agency transferred the contract to several SMEs as mandated by the Cabinet Office. The EMT expressed that they were expecting the programme to be delivered in October, assuming all of the outstanding issues can be resolved.
- 3.12 The Board commented that the Information Management systems were struggling as the requirements of the systems keep changing. Regular changes in policy create difficulties as the systems have to be adapted each time. The Board advised that if further delays in the complete delivery of the programme were expected, the Agency should communicate this to providers proactively and outline exactly what steps providers will need to take, if any, ahead of time.
- 3.13 Risk FP-10, which relates to the Agency being unable to meet demand from providers for growth funding to support 19+ apprenticeships opportunities, was noted by the Board. The EMT stated that the Agency was as expected prioritising the quality of apprenticeships. In terms of quantity, growth requests were being sought early in the academic year so that the responses could be used to assess the extent of any funding gap. The Board suggested that some analysis should be completed to determine

what is driving the demand for growth. If it is from employers, this growth, if granted, would be very positive for the overall economy.

- 3.14 Finally, the Board noted the risk relating to the implementation of the Agency's new service to 39 LEPs (FP-8). In the case of capital, the risk of funds being fully spent on time was now lower for the Agency, however, as the supporting service to LEPs, it was still present.

#### **4. Business Plan for 2014 to 15 and mid-year progress update**

- 4.1 Helen Knee presented the Business Plan for 2014 to 2015 and a mid-year review of performance against the key objectives. The Board noted the contents of both documents.
- 4.2 The Board commented that the Executive Team had taken the draft grant letter and translated it well in terms of setting objectives and measurable targets. It was, however, noted that the business plan was a draft until clarity on the Management Board arrangements had been obtained. The Board suggested that the plan is presented to BIS again to seek formal confirmation that the Agency's interpretation of the grant letter is correct.
- 4.3 The EMT led the Board through the mid-year performance review. In regards to specific targets, the following points were noted:
- The EMT confirmed that they are clear on the risks associated with high-risk colleges and training organisations, including the current changes taking place at K College.
  - Work was progressing on possible alternative names for the National Careers Service if required.
  - The Agency was in the process of reviewing the pay and reward system so that it is more aligned with BIS terms and conditions. The Board advised that the EMT sought clarity on exactly what is expected and when it needs to be delivered by.
  - Preliminary work on Employer-Routed Funding had been completed; however, the Agency was awaiting a policy decision on the final system to be used. This would inevitably lead to a delay in operational delivery.
  - The Board suggested that the target on employer-routed funding is therefore made more specific.
  - Deputy Directors had a personal objective to ensure their projects and functions are delivering value for money. The Board advised that Deputy Directors should demonstrate they have achieved this by using a benchmark comparison.

## **5. Large Companies Unit**

- 5.1 Sue Husband informed the Board that a Large Companies Unit had been formed during the course of the Reform Programme and introduced Tony Allen, Deputy Director of the Large Companies Unit.
- 5.2 Tony led the Board through a set of presentation slides that outlined the main purpose of the team dedicated to the management of the Agency's largest contracts. The Board noted that the team was focused on delivering outcomes set out in the Business Plan.
- 5.3 The Board noted that responsibilities also included overseeing the 64 direct employer grant contracts and the 53 employer ownership contracts. The EMT indicated that the Agency would seek to increase the number of direct grants and make employer engagement a bigger priority going forward, in line with the direction of travel set by Ministers. This is so that employers take direct responsibility for Apprenticeships and Traineeships and invest more in them, which in turn, will boost businesses and the economy. Tony requested that Board members let him know of any companies they are aware of that would be interested in obtaining a direct grant.
- 5.4 Sue informed the Board that contracts with a combination of FTSE companies and employers in priority sectors were managed by the Large Companies Unit. The Board advised that this portfolio of contracts is used to attract the other similar employers who might be interested in offering apprenticeships, with a particular focus on encouraging apprenticeship growth in the country's key industrial sectors. However, the Board reminded the EMT to be cautious and to ensure funding was available to support a growth in apprenticeship numbers. The Board also requested that sufficient steps are in place to ensure employers are making a contribution themselves.
- 5.5 It was noted that feedback from the recent College and Training Organisations Survey stated that employers were more satisfied than ever before and welcomed the greater flexibility brought about this year. The Board welcomed the progress that had been made.
- 5.6 The Board noted that an FE Commissioner for employers did not currently exist.
- 5.7 Finally, the Board noted that the 'Get in, Go Far' marketing campaign was in progress. The Board requested that the EMT monitor whether it had had the desired impact and provided a return on the investment. The EMT agreed to share this data with the Board when available.

**ACTION 06: 'Get in, Go Far' marketing campaign impact and analysis to be presented to the Board.**

**6. Any other business**

**6.1 Accounting Officer Status**

The Board clarified that, even though Keith Smith is an *Interim* Chief Executive, in terms of legal status, he is the statutory Accounting Officer. This will be the case until a permanent Chief Executive is appointed.

*Meeting closed.*

**List of attendees at Skills Funding Agency Advisory Board Meeting**  
**09 September 2014**

**Members:**

Paul Drechsler (Chair)	Teach First
Mark Farrar	Association of Accounting Technicians
Martin Doel	AOC
Tim Ward	Learning Curve/ TSNLA
Stewart Segal	AELP
Ian Pryce	Bedford College/ 157 Group
Les Walton	EFA/ Northern Education
Rob Wall	CBI

**In Attendance:**

Helen Knee	Skills Funding Agency
Keith Smith	Skills Funding Agency
Kiran Virdee	Skills Funding Agency
Paul McGuire	Skills Funding Agency
Sue Husband	Skills Funding Agency
Tony Allen	Skills Funding Agency

**Apologies:**

Rachel Sandby-Thomas	BIS
Tom Wilson	TUC
Jon Graham	CIPFA
Michael Davis	UKCES
Joe Vinson	NUS