



**Date** Monday 08 December 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. In particular, Paul welcomed Peter Lauener, who had recently been appointed as the Skills Funding Agency's (the Agency's) permanent Chief Executive.
- 1.2 The Board thanked Keith Smith and the Executive Management Team (EMT) for leading the organisation since Barbara Spicer's departure at the end of August 2014.
- 1.3 Since the last meeting, it was noted that Ian Pryce had stepped down as a member of the Advisory Board. The Board thanked Ian for his support and advice over the years.

### Declarations of interest

- 1.4 There were no new declarations of interest.
- 1.5 Further to the action at the last meeting, a register of interests for Board members had now been compiled and would be maintained by the Chief Executive's Office.

## 2. Minutes and matters arising

- 2.1 The minutes of the last meeting, held on 9 September 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 People Plan. This is scheduled to be considered again at the Board's next meeting.
- 2.3 Under matters arising, the Board requested greater clarity on the role of the Audit and Risk Committee in relation to other Audit Committees within BIS, as well as BIS itself. In the meantime, it was agreed that the Audit and Risk

Committee would continue to present a formal note to this Board following each meeting.

**ACTION 07: Paul McGuire to clarify the relationship between the Agency's Audit and Risk Committee and other Audit Committees within BIS.**

**ACTION 08: Audit and Risk Committee to present a formal note following its next meeting to Advisory Board members.**

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

- 3.1 Peter provided the Board with his first impressions of the Agency, following his visits to seven office locations, meetings with staff and one-to-one meetings with the majority of the Senior Leadership Team.
- 3.2 Peter informed the Board that so far, he had observed a focused and energised workforce which is committed to the government's agenda of ensuring apprenticeship quality and growth. The Board noted that the two millionth apprentice would be announced tomorrow, demonstrating that the target set by the government had been achieved long before the end of the current parliament.
- 3.3 The Board noted that while there were currently no plans for the Agency and the Education Funding Agency (EFA) to merge, Peter had observed some areas in which both agencies would benefit from working closer together in the future. This was supported by the Board. Over the coming months the EMT would explore working closer with the EFA on:
  - Further Education intervention (strategic approach and financial weakness);
  - Data and risk management, particularly on using data to identify patterns and anticipate risks;
  - IT systems and digital development; and
  - Finance and Operations.
- 3.4 Going forward, Peter informed the Board that he wanted to further explore three areas:
  - Localism and the service the Agency is proposing to provide to Local Enterprise Partnerships;
  - Simplicity and how we can progress this; and
  - Clarity on the role of the Agency in the policy agenda going forward.
- 3.5 The Board advised that policymakers needed to design the supporting systems during the policy development phase to ensure processes are as simple as possible.

#### **4. Business delivery and performance update**

- 4.1 The EMT presented a report summarising delivery matters and forthcoming priorities for each of the Agency's four divisions.

##### Apprenticeships and Delivery Services

- 4.2 Sue Husband provided a summary on the Apprenticeship and Delivery Services Division. The Board noted the latest position in regards to employer engagement activity and was encouraged by the results of the National Careers Service customer satisfaction and progression surveys. It was noted that recent events such as the Centenary Apprenticeship event aboard HMS St Alban's, the Skills Show and the National Apprenticeship Awards 2014 had been very successful at further reinforcing the value of apprenticeships and raising the profile of the National Careers Service; some strong media coverage had been produced.
- 4.3 Sue asked the Board to advise the EMT on how they could further improve the service that we provide to employers and providers, to encourage more to support apprenticeships. The Board suggested that we should form a closer working relationship with UKCES and CBI, both of whom are well placed to gather intelligence on behalf of the SFA and identify new employers to target. The Board also pointed out that every college works with hundreds of local employers and suggested that a cooperative effort with colleges would make a big difference in raising apprenticeship numbers, as they were well positioned to sell apprenticeships to local businesses. This could be done by having a standard business case for apprenticeships that the sector could use whenever they engage with businesses on a one-to-one basis. This would result in increased visibility amongst SMEs in particular.

##### Funding and Programmes

- 4.4 Keith Smith provided a summary on the Funding and Programmes Division.
- 4.5 The Board noted the latest draft of the Skills Funding Statement, which broadly set out the focus, size of budgets and the policy direction for 2015/16. The Board noted that the SFA were continuing to fund as many good quality apprenticeships and traineeships as we could currently afford. Programme actions were in pace to deliver a balanced adult skills budget for the 2014/15 financial year. The Board discussed the challenge of increasing apprenticeship and traineeship numbers in an environment where less public money was likely to go out to the sector. The Board advised that the Agency should be careful not to drive up demand to such an extent it is unable to fund the growth. Keith informed the Board that the Agency was taking steps to recycle money wherever possible and value for money deals with employers were being explored as a potential solution. The EMT was clear that we would not exceed the allocated budget.

- 4.6 Keith sought advice from the Board on the issue of the possible publication of a high risk persons register. This was following a recent case in which a high risk provider had its contract terminated, but its Director(s) immediately set up a new organisation and sought a new contract. While the Agency currently had a Register of Training Organisations that was public, a list of banned individuals was not. While the Board understood the benefit of communicating a proscribed list of individuals to the sector, it was clear that there could be complicated legal implications. The Board advised that the team sought good external legal advice before any decision is made.

### Operations

- 4.7 Paul McGuire provided a summary on the Operations Division. It was noted that a lot of work had been done to address and manage the IT risks the Agency had faced over the past year. The Data Collection and Funding Transformation programme had now been delivered and was working well. The Supply Chain Transformation programme was also on track. It was also noted that the Apprenticeship Applications exemplar project was also progressing well and had been approved to go on to the public beta phase. The Board welcomed the progress made.
- 4.8 Paul informed the Board that the Agency had a number of vacancies within the digital and technology teams, which was in part, due to the need to move from outsourcing to insourcing ICT to reduce costs. However, insourcing the required level of expertise was proving to be quite challenging given the restriction on salaries we can offer skilled individuals. Insourcing would also have an impact on headcount. The Board discussed the issue and acknowledged the challenge. It advised that more should be done to raise the profile of the Agency as an attractive place to work.

### CEO and Communications

- 4.9 Helen Knee provided a summary on the CEO and Communications Division. The Board noted the positive updates on the employer and learner campaigns. Helen also provided a brief outline of the results of the College and Training Organisations Survey.
- 4.10 On the question of whether there was a need for regular strategic communication to the sector, the Board advised that the Agency should wait until the new parliament, as we could not pre-empt the future policy direction.

### Performance and Risk Overview

- 4.11 The Board noted the contents of the Performance and Risk Overview for November 2014.

## **5. Managing our relationship with Local Enterprise Partnerships**

- 5.1 Mike Bell, Deputy Director of Localism Implementation Policy, led the Board through a presentation setting out the Agency's new emerging relationship with LEPs.
- 5.2 It was noted that there is a delay in finalising ESF programme delivery plans with LEPs as the UK programme has not yet been approved by the European Commission. There was therefore a risk of a gap in provision. The current direction of travel towards devolution was also creating some uncertainty in the system. Despite these uncertainties the Agency was set to support any LEP. Mike outlined the core offer and the additional support available to LEPs.
- 5.3 The Board discussed the Agency's approach in terms of offering a different level of service as per each LEP's requirements. While this may be costly in terms of resources, the Board commented that each LEP setting up its own funding system would inevitably be more expensive and that the EU Commission would also be unlikely to want to deal with 39 different funding systems. The Board advised that the Agency should keep a detailed record of its costs of supporting LEPs.
- 5.4 Peter informed the Board that the Senior Leadership Team would conduct some further work on the various options available to us to ensure LEPs are able to deliver their broad economic strategies in the most efficient and sustainable way.

## **6. Any other business**

- 6.1 UKCES Growth through People Report  
Michael Davis informed the Board that last week the UKCES had published a report regarding its ambition for sustained long term economic growth driven by the skills and talents of people. The Board agreed that apprenticeships were a key component in supporting individuals to start their careers as well as gain skills in the workplace and it was important for employers and training providers to support this ambition and drive the changes needed.
- 6.2 The Board noted that the next meeting will be held in March 2015.

*Meeting closed.*

**List of attendees at Skills Funding Agency Advisory Board Meeting**  
**08 December 2014**

**Members:**

Paul Drechsler (Chair)	Teach First
Jon Graham	Independent
Les Walton	EFA/ Northern Education
Mark Farrar	Association of Accounting Technicians
Martin Doel	AOC
Stewart Segal	AELP
Rachel Sandby-Thomas	BIS
Tom Wilson	TUC
Michael Davis	UKCES

**In Attendance:**

Peter Lauener	Skills Funding Agency
Helen Knee	Skills Funding Agency
Keith Smith	Skills Funding Agency
Kiran Virdee	Skills Funding Agency
Mike Bell	Skills Funding Agency
Paul McGuire	Skills Funding Agency
Sue Husband	Skills Funding Agency

**Apologies:**

Tim Ward	Learning Curve/ TSNLA
Rob Wall	CBI
Joe Vinson	NUS