



**Date** Monday 2 March 2015  
**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.
- 1.2 The Board welcomed Jim Minogue, Deputy Director for Accounting Services and Procurement, to the meeting. Jim was leading on the development of the Business Plan and would be presenting the most recent draft later on in the meeting.

### Declarations of interest

- 1.3 There were no new declarations of interest.

## 2. Minutes and matters arising

- 2.1 The minutes of the last meeting, held on 8 December 2014, were agreed. They would now be published on the SFA's website.
- 2.2 Board members noted the action log. Regarding action 04, it was noted that the progress of the People Plan would be considered by the Board at a future meeting.
- 2.3 Further to action 07, Paul McGuire informed the Board that the Framework Document described what the relationship between the SFA Audit and Risk Committee and BIS should be once the SFA becomes an executive agency. However, this has not been put into practice to date. Paul informed the Board that a note setting out the role of the Audit and Risk Committee in advising the Chief Executive and its relationship with BIS would be put to a future meeting. The SFA would then work with BIS to formalise this. The Board commented that it was important that a formal relationship with the BIS audit family is in place and that the Chair of the Committee retains the independence to escalate any issues directly to the BIS Audit Committee if necessary.

- 2.4 The Board noted the summary of the key items taken at the 13 February 2015 Audit and Risk Committee meeting, as per action 08. In particular, the Board noted the update regarding technology and digital risks as well as the Internal Audit team's move to the Government Internal Audit Agency.
- 2.5 Under matters arising, the Board discussed the expected increase in intervention with colleges over the next few months and commented that this needed to be kept under close review. The Board requested an item on this at a future Advisory Board meeting. This would be to discuss what is formally expected of the SFA, what we can do to alleviate some of the pressure on the sector and the impact on beneficiaries. The Board noted that the NAO would be conducting their own study on financial sustainability in the FE sector in July.

**ACTION 09: Item on Financial sustainability and college intervention to come to a future Advisory Board meeting.**

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

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

#### *Apprenticeships and Delivery Services*

- 3.2 Sue Husband provided a summary on the Apprenticeship and Delivery Services Division. The Board noted the latest position regarding the National Careers Service (NCS) and the outcome of the recent 3 month review of contracts. Sue was confident that the SFA was engaged with providers; factors that were impacting overall performance were being identified; and that improvements would be seen in the next quarter. The Board reminded the EMT that it should focus on the areas which it could control and influence. For example, the SFA would have very limited control over the level of lockdowns in prisons or the difficulties in securing referrals to the service from JCP. The EMT agreed with this, but did state that it would do what it could to encourage best practice.
- 3.3 The Board also noted that a new careers and enterprise company had been announced by the Secretary of State for Education. Sue informed the Board that the SFA would work closely with the Careers Company to ensure that the NCS infrastructure is fully utilised to support their work.
- 3.4 Finally Sue provided the Board with a short update on the 'Find my apprenticeship' project. It was noted that the switchover from the Apprenticeship Vacancies site to the Find my apprenticeship site would take place after purdah.

## Funding and Programmes

- 3.5 Keith Smith provided a summary on the Funding and Programmes Division which was noted by the Board. The Skills Funding letter for 2015-16 financial year had just been published and the team's key focus over the coming weeks would be to issue guidance and allocations for 2015/16. The Board commented that the Skills Funding letter had been delayed and given the scale of the funding reduction, this delay would have significant implications for colleges. It was noted that the AoC would be writing to BIS on the issue.
- 3.6 As part of the update, the Board noted the latest information on the apprenticeship funding reforms. Keith informed the Board that we had moved to a discovery phase that would explore different funding routes for apprenticeships via employers. The Board pointed out that there was now pressure on the apprenticeship budget but an underspend on loans. The EMT informed that Board that the decision to fund apprenticeships via loans had been reversed and that loans were now held by BIS; loans themselves would now become a post-election issue.
- 3.7 Keith provided an update to the Board on devolution in Manchester, Sheffield and Leeds. It was noted that the SFA had agreed to devolve the AGE grant budget from 2015/16 as part of negotiations with Manchester.
- 3.8 Finally, Keith informed that Board that the team has started to look at how we might introduce further simplification into the funding system for 2015/16 and beyond. The SFA would work closely with the sector to implement any changes, keeping in mind what the government funds and the priorities for funding.

## Operations

- 3.9 Paul McGuire provided a summary on the Operations Division which was noted by the Board. In particular, the Board noted that:
- The admin budget for 2014-15 was now on track to fall within the target.
  - The final assessment for the NAS exemplar project would take place in March.
  - The pay remit for 2013-14 had been approved, following a significant delay in getting approval from HMT and BIS.
- 3.10 The Board noted that a significant amount of work had gone into preparing for the publication of the Skills Funding letter and the implications its contents would have for the sector. It was noted that once the letter was published, this was immediately followed by a letter from Peter setting out what this would mean for colleges and training providers. The Board welcomed this communication. Allocations for 2015/16 would be issued by the team on 16 March.

- 3.11 Despite the publication of the letter, it was noted that, some colleges and providers may still be a little optimistic and the actual cuts in funding may come as a surprise. The EMT informed the Board that the area teams had been preparing themselves to contact all of the colleges and providers that would be particularly badly affected, as soon as the allocations for 2015/16 have been issued. The Board supported this and emphasised the need to have resources available to deal with the magnitude of the cuts faced by the sector and potential financial health issues that may arise. It was noted that the SFA would also be working closely with colleagues at the EFA to look at overall impact on learners. It was noted that the reduction in funding is also likely to have a significant impact on subcontractors.
- 3.12 Given that apprenticeship provision has been prioritised and protected, as set out in the Skills Funding letter, the Board suggested that it should consider the impact on the opportunities for adults (i.e. non-apprenticeship provision) at a future meeting.

**ACTION 10: Impact of funding reduction on non-apprenticeship provision to be considered by the Board at a future meeting.**

- 3.13 The Board suggested that it might be useful for the SFA to write to LEPs and local authorities to inform them of the challenges colleges and training providers would face.
- 3.14 Peter informed the Board that the simplification of the funding system was now a greater priority given the declining market.

CEO and Communications

- 3.15 Helen Knee provided a summary on the CEO and Communications Division. The Board noted that National Apprenticeship Week 2015 would take place on the week commencing 9 March.

Performance and Risk Overview

- 3.16 The Board noted the contents of the Performance and Risk Overview for February 2015.

**4. Review of Business Plan for 2014-15 and look ahead to 2015-16**

Performance against the 2014-15 Business Plan

- 4.1 Helen Knee presented the Board with an end of year review of the SFA's performance against the strategic objectives in the Business Plan for 2014/15. The paper was noted by the Board.

## Business Plan for 2015-16

- 4.2 Jim Minogue presented an early draft of the Business Plan for 2015-16. The plan set out a simple statement of our purpose and what we are here to do, as well as strategic objectives for the SFA. These would be used to inform team and individual objectives. It was noted that this plan may be overtaken by the changes resulting from the election outcome.
- 4.3 The Board made the following suggestions:
- The target for apprenticeship growth (1.1) could have its text based on the target for traineeships, as set out in 1.3. A message about maintaining high quality apprenticeships should also be included.
  - It would be useful to have a one-page diagram showing how the SFA's purpose, priorities and operational imperatives flow from one another.
  - Simplification should be mentioned explicitly throughout the document as it will be one of the SFA's priorities going forward.
  - Consider whether there should be a reference made to English and maths provision and Community Learning.
  - Consider whether there should be a reference to localism and the way the SFA will work with LEPs going forward.
  - Consider including a reference to the fact that the SFA will need to be flexible over the next 6 months, given the upcoming election and unknown policy direction in terms of LEPs, for example.
  - The plan would need to be clear throughout the document on what the responsibilities are for the SFA in order to support colleges and training providers.
- 4.5 Finally, the Board commented that it was important that the objectives were clearly measurable and monitored throughout the year. The EMT informed the Board that progress against the plan was monitored on a bi-monthly basis via the Performance and Risk Overview.

## **5. Estimating the impact of FE using matched data**

- 5.1 Frank Bowley, Deputy Director for Skills Policy Analysis at BIS, led the Board through a presentation on how data collected by the SFA was being used to estimate the impact of FE, specifically on earnings and employability. The data was collected from Individual Learning Records.
- 5.2 The Board noted that the Skills Policy Analysis team had been able to demonstrate that FE skills make people more productive, increased their employability and increased their earning ability. It was noted that for every £1 of public money spent on FE, we get back £25 for the period of time the individual is in the labour market.

- 5.3 The Board further noted that the same positive impacts were found for courses in subjects often thought of as 'low value', such as hair and beauty courses and childcare.
- 5.4 The Board welcomed the presentation of the key impact estimates for aggregated qualification categories and the net present value estimates. It was noted that a full research paper on the estimation of labour market returns to qualifications gained in FE had been published by BIS in December 2014. The Board suggested that this should be simplified and communicated to young people to publicise the positive impact of FE.
- 5.5 The Board agreed that the use of SFA data in this way was very informative and a useful system management tool.

## **6. Any Other Business**

- 6.1 It was noted that the next meeting would be held on 11 May 2015.

*Meeting closed.*

**List of attendees at Skills Funding Agency Advisory Board Meeting**  
**02 March 2015**

**Members:**

Paul Drechsler (Chair)	Teach First
Les Walton	EFA/ Northern Education
Martin Doel	AOC
Stewart Segal	AELP
Tim Ward	Learning Curve/TSNLA
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
Jim Minogue	Skills Funding Agency
Paul McGuire	Skills Funding Agency
Sue Husband	Skills Funding Agency
Frank Bowley	BIS

**Apologies:**

Jon Graham	Independent
Mark Farrar	Association of Accounting Technicians
Rob Wall	CBI
Joe Vinson	NUS
Rachel Sandby-Thomas	BIS