



Education & Skills
Funding Agency

Date	3 July 2018
Subject	ESFA Management Board
Security classification	OFFICIAL FOR PUBLICATION
Present	Members: Ian Ferguson (chair) Ian Hickman Nigel Johnson Mark Sanders In attendance: Eileen Milner Matthew Atkinson Jennifer Coupland (left meeting at 1.35pm) Vanessa Clynes (item 7 only) Sue Husband (left and rejoined meeting) Eileen Logie (item 7 only) Rebecca Loveday Béatrice Lightfoot Peter Mucklow Mike Pettifer Keith Smith (left and rejoined meeting) Sarah Whitehead Julian Wood Natasha Atkinson (notes)
Apologies	Karen Dukes Rory Kennedy

1. Welcome and introductions (Ian Ferguson)

- 1.1. The Chair opened the meeting, welcoming Jennifer Coupland, Director for Professional and Technical Education.
- 1.2. It was noted that both Rory Kennedy, Director for Apprenticeships, who sent his apologies to the meeting, and Jennifer would be joining the ESFA on 3 September along with their teams. The Directors will both report into Eileen Milner.

2. ESFA People Updates

- 2.1. Sue Husband gave an overview of recent activity. The People Plan had been launched to staff by video on 3 July; the next video would cover what working for the ESFA meant to staff. Ongoing work included building awareness of and promoting the role of the Staff Engagement Forum and ensuring that there was cross agency awareness of the work of the Mental Health First Aiders.
- 2.2. Sue noted that the third page of the HR Data Pack provided a summary of priorities. All proposed vacancies were now being taken to the fortnightly Workforce Planning Group meetings and talent discussions were being given a high degree of prominence.
- 2.3. Eileen Milner noted the ESFA was working to a ceiling of 1916 staff, which would not be exceeded. The Agency was looking to the long term, exploring ways of growing its own talent rather than having any reliance on contingent workers and managed services as a default option.
- 2.4. Béatrice Lightfoot observed that growing talent had a longer timescale, adding that there were pockets of the organisation more dependent on contingent workers than others. Jennifer Coupland was ensuring staff were in place to launch the Qualification Review later in the year. There had also been a managed moves process to build up a pool of contingent staff in relation to T Levels. It showed the mix of recruitment to ensure there was sufficient skills in place to deliver this work. Eileen Milner added she was grateful to Sue Husband for driving this work in the right direction.
- 2.5. Nigel Johnson asked if there was a creative way of using reward to encourage staff retainment. The Able 9 box grid was referred to, noting that it was an ongoing conversation each month between the member of staff and their line manager. It was agreed it was important to use this as effectively as possible. Integration of ESFA staff into the DfE via the DfE story and the integration of DfE staff into the ESFA via tailored communications was also referenced as being important.

3. Discussion on planned changes in the organisation and implications for the ESFA and DfE

- 3.1. Eileen Milner noted that there were considerable benefits around the work related to Apprenticeships, T Levels and the Qualifications framework coming together from September. There was a Senior Civil Service and Grade 6 Away Day on 18 July in Coventry which would provide an opportunity for reflection upon these opportunities.
- 3.2. It was noted that Peter Mucklow, Keith Smith, Jennifer Coupland and Rory Kennedy were working closely together, ensuring this change delivered the planned benefits. Communications had gone out to staff, with reassurance to those departmental staff moving into the ESFA having been prioritised.
- 3.3. Julian Wood referred to the change for his staff moving to the Operations Directorate and noted they were on track for a smooth transition and that a continuation of existing good relationships between colleagues would be of paramount importance.

4. ESFA Director' Updates

Apprenticeships

- 4.1. Keith Smith gave the Apprenticeship Group update. The National Audit Office (NAO) draft Terms of Reference had been issued for their next value for money study in this area.
- 4.2. The Apprenticeship Service was named as the winner of the Digital Public Service Innovation of the year at the Digital Leaders awards ceremony in June. This work was led by Eileen Logie. Congratulations for this success were noted.
- 4.3. Levy transfers had been introduced smoothly, allowing larger levy paying employers to transfer their funds to smaller employers. In addition, there had been a huge amount of work completed regarding the offer to small businesses, which was the next significant change on the horizon, on which Keith offered to keep Board members updated.

Action 1: Management Board secretariat to circulate the NAO Review terms of reference

Action 2: Keith Smith to provide a regular update on the NAO Review.

Action 3: Keith Smith to update Board members on the offer to small businesses

Academies and Maintained Schools Group (AMSG)

- 4.4. Mike Pettifer gave an update for the Academies and Maintained Schools Group (AMSG). There had been two major speeches given by the Secretary of State, which had focused on high salaries and related party transactions. Work had continued to challenge rises to Chief Executive's pay and there had been a commitment from some organisations that they would recruit at lower salaries when new vacancies arose.
- 4.5. Preparatory work for the transition of the National Funding Formula had started. Fifty percent of local authorities had moved their schools onto the new formula.
- 4.6. Local authorities have responsibility for the financial health of maintained schools. Risk assessment tools had been developed for each of the 152 local authorities, which had been well received. It was welcome that all local authorities would be looking at risk in the same way.
- 4.7. Mike also noted they were working with schools resource management advisors for integrated curriculum finance planning. This was potentially transformational work.
- 4.8. The AMSG report referred to related party transactions (RPT). In April 2019, trusts would be required to gain approval for RPTs over £20,000 – this figure would be kept under review and the right to lower it further was retained.

Capital Group

- 4.9. Julian Wood gave the Capital Group update – he outlined how there was some interesting work emerging around the potential for modular buildings.

Central Services and Transformation

- 4.10. A machine-learning tool has been used to read financial statements, and now its ability to drive efficiencies in its work in other areas was being explored. Data Science held graduate assessment centres, which have been a success in bringing talent into the Agency.
- 4.11. A Memorandum of Understanding with DfE has been signed regarding digital services and service levels, such as response time and ownership. A programme was commencing to scope the replacement of funding systems across the ESFA.
- 4.12. [The ESFA Customer Commitment](#), setting out what ESFA customers can expect from the Agency, had been published internally and would be published externally on 4 July, to develop one way of working across the Agency.

Further Education Group

- 4.13. Peter Mucklow provided an update for the Further Education Group explaining that he was working with Keith Smith and Matt Atkinson on oversight of independent training providers. There was a well-developed intervention framework for colleges and academies. Development work was scheduled over the summer and into the early autumn for an oversight regime that was proportionate for this group of providers, which deliver most of the apprenticeship programmes.
- 4.14. Peter explained how the devolution of the Adult Education Budget would affect funding based on delivery. Models would be shared with institutions so they could prepare in advance.

Provider Market Oversight

- 4.15. Matt Atkinson gave the Provider Market Oversight update. The aim of having a better oversight of independent training providers was noted, as well as ensuring the ESFA had the right providers on the register. Intervention in colleges was a more developed function than for independent training providers.
- 4.16. Processes for implementation of the insolvency regime were being prepared and are due to come into place for FE colleges next year. Counter Fraud work was also discussed with Matt Atkinson outlining that this was an area of work that would be growing.

5. Apprenticeships teach-in

- 5.1. Eileen Logie and Vanessa Clynes joined the meeting providing an update on the apprenticeship service. Key statistics on the service were shared noting it had the same volume of transactions as the Driver and Vehicle Licensing Agency (DVLA). Activity had been coordinated, with seamless user journeys developed for employers, providers, end point assessment organisations and apprentices.
- 5.2. A marketing platform was being procured to provide a personalised user experience focused on the level of engagement and information, which the user wanted. Some employers wanted their training provider to work on their behalf when advertising for their apprenticeships, managing funding and short listing applicants. From October, training providers would be able to recruit apprentices through this service. This platform allowed a direct line of

communication to the employer, enabling the Agency to affect behavior change by linking back with the employer at key stages of their apprenticeship journey. Over time, it was envisaged that the employer would gain more value from their account and engagement would increase as a result. It was noted that GDPR assurance was in place.

- 5.3. The presentation was well received with the Board noting this was a very good project.

6. ESFA Performance Update.

- 6.1 The performance update was taken as read.

7. ESFA Vision, Mission and Strategic Priorities.

- 7.1. Béatrice Lightfoot said that the staff engagement sessions had been well received, adding that the quality of the conversations with staff had been the key measure of the success of this work. The non-Executive Board members gave specific feedback, noting the approach was very good.

8. LearnDirect update

- 8.1. Kirsty Evans presented the history of the LearnDirect case, which resulted in an Ofsted rating of inadequate in March 2017. Referring to the reporting by the NAO and the conclusions drawn by the subsequent Public Accounts Committee (PAC), the Board agreed that the ESFA acted in line with best practice in identifying and acting on performance triggers in relation to LearnDirect.

9. ESFA Annual Report and Accounts

- 9.1 The Annual Report and Accounts were presented to the Board for final review and sign off.
- 9.2 The Board confirmed that they were happy to sign off the Annual Report and Accounts with no further changes. Eileen Milner thanked the people involved in producing them.

Decision: Annual Report and Accounts approved

10. ESFA sub-committee report

- 10.1 Mark Sanders presented the summary from the last three months' Audit and Risk Committee meetings.

11. ESFA Board effectiveness review

- 11.1 Ian Ferguson introduced this item confirming that the exercise was good practice and that it should take place to ensure that the work of the ESFA Management Board and its members were reviewed and working effectively
- 11.2 Appraisals of Non-Executive Board members would take place separately, at a later date when permanent membership has been established.

12. Any other Business

12.1. There had been a high level of applications for the Management Board with interviews taking place next week

12.2. The Chair noted there had been good papers.

12.3. The meeting closed at 4.25pm.