

**Date** 27 October 2010  
**Subject** Skills Funding Agency Advisory Group

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## **1. Welcome and Introductions**

1.1 Geoff Russell welcomed everyone to the first meeting of the Skills Funding Agency Advisory Board. Apologies had been received from Stephen Marston, Shane Chowen, James Fothergill and Chris Humphries.

1.2 Geoff Russell began the meeting by stating that the Board was a strong group with members from the further education sector, employer and learner representative groups and would provide a good breadth of knowledge and experience. The Board's role was to provide advice and feedback on the work of the Agency as well as provide a support and challenge role.

## **2. Role of the Advisory Board**

2.1 The Board reviewed the terms of reference for the Board which had been circulated with the papers, along with a note on the legal framework so as to ensure the Board were clear on the legal status of the Agency and the role of the Chief Executive of Skills Funding. It was agreed that substitutions were not preferred if members could not attend.

2.2 The Board asked about the range of responsibilities of the Agency and Geoff Russell responded that the Grant Letter set out what the organisation had to deliver, however this was being reviewed in the light of the Skills Strategy and the change in the Agency's role in the light of the freedoms and flexibilities for the sector that were being brought in by new Ministers. It was agreed that the Grant Letter would be circulated to board members for information.

2.3 The terms of reference were agreed by the Board and meetings would be held every two months, however members were encouraged to contact Agency officials in between meetings should they need to. Once agreed, minutes of meetings would be published on the Agency website.

2.4 The Board were made aware that some items would be brought to them in advance of publication, so they would need to use their discretion when reporting back to their constituents. The Agency would give as much as information as it could on policy development so as to gather the Board's views, bearing in mind

### **Skills Funding Agency**

Cheylesmore House, Quinton Road, Coventry, CV1 2WT  
T 0845 377 5000 [www.skillsfundingagency.bis.gov.uk](http://www.skillsfundingagency.bis.gov.uk)  
An agency of the Department for Business, Innovation & Skills

Ministers may have not yet approved the direction of travel. Susan Pember was supportive of the Board and stated that BIS would want to bring new policy to members as this was the only group that had this range of representation.

### **3. Audit and Risk Committee**

3.1 The draft terms of reference for the Audit and Risk Committee had been circulated with the papers and members were asked if they were willing to volunteer to join the Committee. Mark Farrar and Martin Doel both agreed to become members of the Committee, with Mark chairing. Officials would be in contact with both of them to arrange the first meeting.

### **4. Performance Scorecard**

4.1 The latest performance scorecard had been circulated with the papers so as to give members the context of the operational challenges the Agency faces. David Hughes explained this was a summary snapshot of current performance issues that is shared with BIS as the Agency's sponsor department.

4.2 Some members found the scorecard helpful as it provided members with information on the environment the Agency is currently working in, and any risks to delivery. Others felt that this information was not in line with the terms of reference as the Board's role was to discuss strategy and outcomes and whether the Agency was delivering its policy objectives. It was therefore agreed that in future, the scorecard would be circulated as a paper to note rather than being discussed at future meetings, as it was the proper role of the Audit Committee to assess the risk management system.

### **5. Skills Strategy Consultation**

5.1 David Cragg gave an overview of the latest proposals in the Skills Strategy and a summary of the themes currently being discussed with Ministers.

5.2 In the discussion, the following points were made:

- The simplification of funding needed to be done in a way that did not undermine the fairness agenda.
- There are different levels of simplicity and these needs to be well judged to ensure coherence and avoid any unintended consequences.
- Concern over the concept of loans as not all students might choose to access them and this could impact on delivery.
- With the introduction of loans, there was the potential of bringing the vocational route in line with HE.
- There needs to be an equality impact assessment on the proposals.
- The more learners and employers are informed and trusted, then the Agency can step back and the system will be simplified further.
- More mention needs to be made on employers' contribution to learning.
- Levies on employers and licences to practice only work when the sector supports them collectively.
- Sector Skills Councils may need a more regional focus given the demise of RDAs.

- Simplification should be a tripartite relationship where employers are allowed more access.
- Leadership and management needs to be developed as it supports the employer contribution.
- Employers could be involved in Lifelong Learning Accounts and could sign them off.
- The tough economic environment will impact on the contribution from employers.
- A debate is needed between DWP and BIS on the issue on active benefits.
- There will be less funding per student so the mix of contributions needs to adjust and levies are a way of achieving this.

5.3 Geoff Russell thanked the Board for their comments. The skills strategy would involve change but it would not all happen at once. There would be a timeline of activity and the Board's views would be gathered on an ongoing basis.

## **6. Implications of the CSR and the Skills Investment Strategy**

6.1 David Hughes gave a presentation on the implications of the Comprehensive Spending Review and the discussions taking place on the simplified funding system and methodology. The phasing of the CSR was not yet known but there would be an indicative budget which would provide stability and continuity for the sector.

6.2 The new outcome incentive payment would be an integral part of the new system and was a simple and powerful tool to influence college and provider behaviour to deliver what their communities needed hence ensuring value for money.

6.3 The Board asked about new providers wishing to enter the system. David Hughes explained that ACTOR, the approved training register, would be used and anyone could apply to be on it, also providers were also being encouraged to work with others.

6.4 Geoff Russell summarised the role of the Agency in the new funding system which was to gather intelligence on how the system runs, provide intelligence to inform, and intervene quickly and decisively when it does not work.

6.5 The Chair thanked members for attending the first meeting of the Advisory Board and their helpful input into the discussion. The next meeting would be held on 15 December 2010.

## List of attendees

### Members:

Geoff Russell (Chair)	Skills Funding Agency
Graham Hoyle	Association of Learning Providers
Martin Doel	Association of Colleges
David Frost	British Chambers of Commerce
Ian Pryce	Bedford College and 157 Group
Prof Ruth Farwell	Bucks New University
Scott Johnson	CBI SME Council
Peter Davies	City Lit
Matthew Nicholas	Jobcentre Plus
Derrick Anderson	Lambeth Council
Tim Ward	Learning Curve and TSNLA
Frances O'Grady	Trades Union Congress
Michael Davies	UK Commission for Employment and Skills

### In attendance:

David Cragg	Skills Funding Agency
David Hughes	Skills Funding Agency
David Way	Skills Funding Agency
Priya Gossain	Skills Funding Agency
Susan Pember	BIS

### Apologies:

Shane Chowen	National Union of Students
James Fothergill	Confederation of British Industries
Chris Humphries	UK Commission for Employment and Skills
Stephen Marston	BIS