

Minutes

Date	12 April 2011
Subject	Skills Funding Agency Advisory Board
Attendees	As per Annex

1. Welcome and Introductions

1.1 Geoff Russell welcomed everyone to the fourth meeting of the Advisory Board and gave a particular welcome to Philip Rutnam who was attending his first meeting.

2. Minutes and matters arising

2.1 The minutes of the last meeting held on 17 February 2011 were agreed and these would now be published on the Agency's website.

3. Outcome Incentive Payments

3.1 Geoff Russell introduced the theme for the meeting which was outcome incentive payments and this followed on from the discussion at the last meeting on the accountability framework. The payment is a mechanism to encourage accountability and gives freedom to colleges and providers to deliver what their community needs. It also ensures that the funds spent are used to deliver valuable outcomes and provides assurance to the Agency, National Audit Office and Parliament. Geoff commented that a funding system that incentivises colleges and providers to deliver what learners and employers need is a big shift and he was keen to get the Board's views on this new approach. He particularly wanted to ensure that it was not complicated or created bureaucracy.

3.2 David Cragg stated that the Agency wanted to get the process right as this was a fundamental part of local accountability. It would be supported by robust working arrangements with Jobcentre Plus (JCP) at a district level which would be based on trust. The first pilot would be on job outcomes, however other outcomes would be 'shadowed' to test the proposals.

3.3 In discussion the following comments were made:

- There are some dangers and pitfalls with outcome based payments generally where people will chase funding.
- This work is consistent with local accountability and JCP will need to engage with colleges and providers locally for it to work.
- It is important to consider pilots with wider outcomes which have a range of destinations and not just jobs.
- There are huge differences in the quality of data and there is a need to explore a range of measures to explore data issues.

- A measure of 'happiness' should be considered as well as jobs and qualifications, as individuals consider this when seeking learning.
- The coherence with JCP is welcome and the job outcome should be consistent with the DWP definition of sustainable employment.
- The proportion of funds held back is not a significant incentive.
- Measuring 'value added' for colleges and providers is helpful as part of the CSR argument.
- The timescales to achieve a positive outcome for some groups can be long and it is harder to measure the benefit e.g. a homeless person.
- It takes time to get good destination information from individuals.
- People in work can benefit from learning and this is important, but it can be harder to measure.
- This could become another set of targets, however these will be locally driven rather than set nationally.
- Performance could be measured nationally by a survey of employers and this would inform the debate.
- There is a need to ensure behavioural change by everyone involved – including JCP.
- Should consider what success looks like rather than focus on narrow outcomes.
- There is a culture of competition that has developed in the FE sector and this means a change of behaviour.
- There needs to be transparency in the measures as well as checks and balances.
- The measures need to apply to non-funded provision to drive the change.
- Learning can help an employee's company but this is hard to measure.
- Need to avoid a mechanistic output system but need the delivery system to support community and stakeholder accountability.
- The incentive payments will 'nudge' the system to deliver where the market is not working.
- The employer view will be harder to gather, but this could be done through Chambers of Commerce.
- Self assessment on local accountability by colleges/ providers could be used.
- Any approach would need to align with Ofsted processes and the Framework for Excellence.

3.4 GR thanked Board members for their input and summed up the discussion by commenting that the new system will be different and challenging but is intended to ensure value for money in a future of declining public funds. He wanted the system to incentivise better management, quality and responsiveness where those colleges and providers who are currently satisfactory, can work to deliver higher standards. It was important for the Agency to demonstrate success and tell a positive story to HM Treasury in advance of the next CSR round.

4. Any Other Business

4.1 There was no other business and the meeting drew to a close.

ANNEX

List of attendees 12 April 2011

Members:

Geoff Russell (CHAIR)	Skills Funding Agency
Ian Pryce	Bedford College/ 157 Group
Graham Hoyle	ALP
Martin Doel	AOC
Simon Nathan	CBI
Scott Johnson	CBI SME Council
Professor Ruth Farwell	Bucks New University
Peter Davies	City Lit
Tim Ward	Learning Curve/ TSNLA
Michael Davies	UKCES
Philip Rutnam	BIS
Mark Farrar	Construction Skills
Jon Graham	CIPFA

In Attendance:

Verity Bullough	Skills Funding Agency
David Cragg	Skills Funding Agency
Priya Gossain	Skills Funding Agency

Apologies:

Derrick Anderson	Lambeth Borough Council
Shane Chowen	NUS
David Frost	BCC
Frances O'Grady	TUC
Isobel Stephens	Jobcentre Plus
Les Walton	YPLA