

Chief Executive's Report to the YPLA Board

Date of issue	3 September 2010
Audience	YPLA Board
Publication Intent	Not protectively marked
Internal report ref	YPLA 18/2010
Agenda item	6

Summary

Issue

S1 An overview of developments within the YPLA over the period since the July Board meeting.

Reason for bringing this to the YPLA Board

S2 This is a regular report .

Issues covered

S3 The items covered are:

- YPLA Organisational Review
- New 16-19 provider payment arrangements
- Autumn challenges
- YPLA Board paper classification
- Visits and engagements

Recommendation

S4 The Board is recommended to note these developments, in particular the work under way on our organisational review which will be discussed in more detail at the first meeting of the Organisational Development and Remuneration Committee meeting on 29 September.

Main Paper

YPLA Organisational Review

1. The remit of the YPLA has been modified and expanded since its original inception – in particular to cater for the expansion of direct funding of academies and the direct funding of 16-19 in further education and sixth form colleges and independent providers. The YPLA is therefore conducting an organisational review which will focus on our functions, processes, systems and resources to make sure we are fully equipped to meet the new Government's requirements. The review is intended to support all teams in our changing role to make us a fit for purpose, more effective and efficient organisation, flexible and prepared for future developments. The review is not just structural – we will also be looking at our culture and ways of working.
2. The Terms of Reference are attached at Annex A. These will be discussed in more detail at the first meeting of the Organisational Development and Remuneration Committee meeting on 29 September.
3. There are a number of ways that staff have been invited to input into the review:
 - through team discussions;
 - by discussions with managers and representatives on the reference groups, or
 - by sending comments, views and ideas to the project team via a short survey which asks five very simple and open questions. Responses to the questionnaire are anonymous.
4. The first phase (the information gathering phase) should be complete in September. Following discussion at the Organisational Development and Remuneration Committee and in light of the Spending Review – likely to require significant efficiency savings in our running costs - and other developments in the autumn, I will then consider with my senior management team in the autumn how the review should be taken forward.

New 16-19 provider payment arrangements

5. A major task for our finance team over the summer break was to ensure that all arrangements were in place to begin the new academic year payments for 2010/11 on time. On 18 August the first payment of the new funding year was made to all general further education colleges, sixth form colleges, higher education providers of 16-19 further education and all but one independent and third sector providers.

6. The one payment that has been held is because we have not had a returned and signed Letter of Intent. It was for a small private provider in the West Midlands and both the region and the contract team have spoken to them so they were aware that they would not receive their August payment until we had a signed letter. They have confirmed that the delay in returning signed letter is due to annual leave. The plan is to pay them by next day CHAPS once the letter is received.
7. On the same day (18 August), payments to local authorities for School Sixth Forms other than academies were made to a total sum of £705m.
8. One issue where final decisions remain to be taken on the funding route is offender learning. The Apprenticeships, Skills, Children and Learning Act 2009 gave young people in custody the same entitlement to education as young people in the mainstream, and gave local authorities responsibility for securing suitable education for young people in custody. The Act also places a number of duties on local authorities which help to ensure continuity of education provision from custody to community.
9. The commencement date for the new arrangements was due to be this autumn and the funding route for young offender learning contracts was due to be transferred to local authorities as part of these changes. Ministers have reaffirmed their commitment to the direction of travel which sees local authorities taking responsibility for securing education for young people in custody, and for the resettlement of these young people on release but they have decided to delay the commencement of the legislation to 1 April 2011. During this time, Ministers will decide whether the funding route, as well as the statutory responsibility, should transfer or whether the YPLA should fund offender learning providers alongside other 16-19 further education providers.

Autumn challenges

10. It is clear that the pace of events will if anything accelerate in the autumn. At this stage key milestones seem likely to include:
 - The publication of the Government's Bill on Arms Length Bodies, likely to set a broad legislative framework for governance and accountability of these bodies – and to allow change to be made in some cases without the need for subsequent primary legislation. This should bring a measure of clarity about the future of the 'quangocracy' – and of course might have implications for the YPLA;
 - The publication on 20 October of the results of the Spending Review. At this stage it is not clear how much detail will be in this statement. It will certainly include Departmental spending limits but we are unlikely at that stage to have the full line by line spending totals that we will need before completing the allocations to academies and to schools and colleges for

16-19 and confirming the position on education maintenance allowances;

- The publication of a Schools White Paper with a subsequent new education bill;
- Confirmation of the new 16-19 arrangements, as part of wider Government plans for the development of the local authority role in education, with the latter being developed under the aegis of the Ministerial Advisory Group;
- Continuing expansion of the number of academies and gathering momentum for new 'free schools' which are expected to start in September 2011;
- The publication in September of the National Audit Office Value for Money study on academies, with the subsequent hearing at the Public Accounts Committee which I will attend with David Bell.

YPLA Board paper classification

11. At the July meeting, I said I would review the practise so far with the classification of papers for Board meetings, with a view to encouraging the maximum possible use of 'not protectively marked' as a classification.

12. The basis of our information security classification is as follows:

Public – Information that has been declared public knowledge by someone with the authority to do so, or is already within the public domain and can freely be given to anyone without any possible damage to the YPLA or its partners.

Unclassified – Information that relates to the majority of information produced or used by the YPLA for the purpose of carrying out its internal business processes. This information is normally accessible by all YPLA employees.

Protected – Information that is sensitive and should only be accessible to those with explicit permission to access it. Information should only be classified as protected where it would be likely to:

- Cause substantial distress to individuals
- Breach statutory restrictions on the disclosure of information (e.g. Data Protection Act)
- Breach proper undertakings to maintain the confidence of information provided by third parties
- Cause financial loss to or facilitate improper gain for the YPLA or third parties

- Prejudice the investigation of facilitate the commission of a crime
 - Disadvantage the YPLA in commercial or policy negotiations with others.
13. The markings we have used to reflect these categories are 'Not Protectively Marked' which would cover the first two categories above (since papers usually contain both) and 'Protect Management' or 'Protect Policy'
14. In our three meetings to date there have been 16 numbered papers, comprising 21 separately classified items (see list at Annex B). Out of this number, 8 were 'not protectively marked' and 13 were protected. In addition the minutes of every meeting are 'not protectively marked' once they are agreed at the subsequent meeting. All minutes and all papers marked 'not protectively marked' are published on our website at the same time as the minutes of the relevant meeting.
15. Having reviewed the use of paper classifications so far, I think there is scope for using 'not protectively marked' more often and I will be aiming in the next three months to reverse the ratios we have seen in the first quarter. This should help to increase the transparency of our discussions as a Board since anyone with an interest will more often be able to see the papers discussed as well as the conclusions reached and recorded in the minutes.

Visits and engagements

16. Our external contacts have been at a lower level over the summer period but key visits and engagements that the Board might like to be aware of are as follows:

Chief Executive

08 Jul ADCS Annual Conference
 09 Jul SSAT Academies 3rd Annual Conference
 14 Jul Association of Learning Providers' Conference
 15 Jul Young Apprenticeships Awards Ceremony
 29 Jul Launch of Fairbridge research on disengaged young people
 4 Aug 'Lunch and Learn' with YPLA staff in Coventry (with Les Walton)
 8 Sept Nuffield Seminar on Apprenticeships

Rob Wye

15 Jul National Youth Agency Board meeting
 15 Jul Young Apprenticeships Awards Ceremony
 16 Jul IEBE Event for Awards for Business Excellence

Neil Flint

14 Jul The Bushey Academy, Hertfordshire

David Russell

20 August – Visit to Hindley Young Offenders Institute

**Chief Executive
3 September 2010**

Organisational Review of the YPLA - Terms of Reference

Purpose

1. To review the functions, processes, systems and resources needed to deliver the coalition government's new requirements and to make recommendations on the optimum structure necessary to meet the new remit. The review will propose an interim structure for 2010/2011 to enable the YPLA to deliver its remit in this year. The review will also propose an organisational structure and a Staffing Basis Scheme which will remain fit for purpose throughout the life of this Parliament and make recommendations on how the new organisation should be developed.

Scope

2. The election of a new Coalition Government on 11 May 2010 has changed the assumptions upon which the YPLA was originally designed. For 16-18 provision the Government wants a simplified funding, allocations and payment system. The YPLA will now pay Sixth Form Colleges and private providers direct, rather than via Local Authorities. Local Authorities will be expected to retain the strategic overview of provision. Regional Planning Groups and Sub Regional Groups will not be mandatory. A simpler funding system will be needed with allocations based on the previous year's volumes. These changes will have implications for the way the YPLA is organised, the number of posts, the range of expertise and the balance of skills needed in future. There will be a reduction in the support for local authorities and an increase in the provider interface including contracting and audit.
3. The YPLA is responsible for helping some 800,000 young learners through the provision of financial support amounting to £1bn. There have been significant enhancements to the efficiency and effectiveness of the Learner Support Service, but a key consideration will be whether any changes to the offer emerge from the autumn comprehensive spending review. However, the funding of learners with learning difficulties and disabilities is undergoing a major review involving DfE, YPLA and Local Authorities. The coalition government is placing this provision as a high priority and the emphasis appears to be shifting from inclusion to specialisation. The Ofsted review is awaited and significant changes to processes and funding routes will be required, in this area. Good links with local authorities will need to be maintained and the extent of the YPLA role in the future is unclear but this area will need careful handling as budgetary control is a high risk as is the reputation of the YPLA.
4. For Academies, the new Government has announced a major expansion of the programme, offering all schools, including primary schools, the opportunity to become Academies. It will also be possible for new (Free)

schools to be created. The number of new Academies could reach 5,300 by 2015. The scale of this expansion also has major implications for the YPLA in terms of resources, skills and organisation. The current staff cadre has significant experience of working with secondary schools and relevant in relation to funding, finance and provider allocations. Existing YPLA staff also have strong relationships with local authorities, which will support development of Open and Converter Academies. Gaps in skills, knowledge and experience will need addressing.

5. The changes required by the new Government for 16-18, and LLDD/SEN provision and for Academies will have an impact on the business of YPLA and the organisational review will therefore need to consider:
 - the functions to be carried out in the period to 2015
 - the processes and systems needed to deliver these functions
 - the impact on shared services delivered by the SFA
 - the resources necessary including new IT Systems
 - the organisational arrangements that would most effectively deliver the YPLAs new objectives.

6. However, the YPLA remains responsible for three main programmes of work:
 - Financial support for young learners
 - Funding and supporting Academies and
 - Funding learning opportunities for 16-19 year olds

The budgets and delivery processes for each of these programmes may change and this will be reflected in any new organisational structure.

Timetable

7. The review will start immediately and the aim is to produce a draft report by the end of September. Progress of the review will however be dependant upon securing greater clarity on the responsibilities of the YPLA in relation to contracting, performance management, audit, school converters, free schools, and LLDD/SEN. It is possible to begin the review based on existing assumptions but if the assumptions change the model will need further review.

8. Final decisions on process changes, new system requirements and structures are dependant upon the resources available to the YPLA, which may not be known until the Spending Review is finalised (October 2010).

9. The rate at which schools convert to Academy status will also determine the number of staff required, the skills needed and where staff need to be located. By September we will have a clearer picture of the 2010/2011 converters and the likely future trajectory.

10. Once the future budget for the YPLA is known (October), we will develop an organisational model and a planning timetable for both staff and systems. While resource requirements are likely to increase in each year as the volume of Academies grow, we need to develop an organisational model and Staffing Basis Scheme, which is capable of being scaled up. This model needs to be in place for October/November.

Governance

11. A steering group has been established to oversee the review and take key decisions. Members are Peter Lauener, Neil Flint, David Russell and Rob Wye.
12. A project team has been established to plan and co-ordinate the review, led by David Russell. Team members include Ruth Bullen, Trevor Fellowes and Sue Samson. The project team will draw upon expertise from a wider reference group.
13. A reference group will be set up to deliver the necessary activities. It will comprise senior managers and functional specialists from across the organisation who will be tasked with developing new ways of working and simpler processes and systems.
14. The Organisation Development Group will be used throughout the review to advise on HR policies, processes and new ways of working.
15. Consultation will be carried out with the Staff Forum and the PCS throughout the review process.

Process

16. An information gathering phase is underway (July/August) which will attempt to clarify:
 - roles and responsibilities of YPLA, DfE, Local Authorities, Academies, FE Colleges and private providers
 - requirements of a new funding formula
 - how LLDD provision will be funded in the future
 - how Academies will be funded in future (16-18)
 - how capital funds (if any) will be allocated)
 - how information will be collected from Academies, colleges and providers
 - the extent of the role in relation to converter academies
 - the staff resources needed to deliver services to Academies, colleges and other providers
 - future systems requirements
 - alternative delivery models (e.g. Funding Agency for Schools, FEFC).

17. The design phase will begin by identifying the necessary outcomes, brigade them into functions, identify the necessary processes and systems to best deliver them and from that identify the most appropriate form/structure.

Assumptions

18. The design of the new structure will be based on the functions for which the YPLA is responsible and the specification(s) set out by DfE in a revised Remit Letter, not on adherence to the existing structure, which was developed to meet a different remit and within a different administration budget.
19. The functions to be delivered for Academies will comprise grant calculation and payment, and financial monitoring; general support, currently delivered through Academy Liaison Officers; and, subject to Ministers' decision, monitoring and support for Academies' educational performance.
20. The functions to be delivered on 16-19 are subject to current consideration and agreement by Ministers but will include the development of funding, performance assessment/intervention frameworks, the provision of analysis and information about 16-19 provision (supply and demand), support for Local Authorities in discharging their functions, the provision of funding and financial assurance, and overall budgetary control,
21. The provision of specialist support for vulnerable groups including LLDD, and probably YOs, will remain a significant role for the YPLA where the interface with local authorities will be an essential element of successful implementation.
22. The functions to be delivered in learner services are likely to continue to be a combination of direct delivery and outsourced provision through the CAPITA contract. The range of learner support programmes, eligibility rules and payments are subject to consideration by Ministers. Efficiencies will be achieved by greater outsourcing, stronger links to the rest of the organisation and simplification.
23. The running costs of the new YPLA will be tightly constrained. The Agency will strive to be highly efficient, non-bureaucratic with streamlined processes that are continually reviewed to improve efficiency and offer value for money at a rate comparable with other successful NDPB's.
24. The unitary character of the organisation should be preserved and developed, and the benefits of operating as one fully integrated organisation need to be fully realised.

Features

25. An organisational structure will be needed which provides continuity but which is also flexible enough to meet constantly changing needs.
26. The structure needs to provide a high quality service, differentiated to the needs of individual Local Authorities and providers where necessary on an exception basis (e.g. in relation to financial or other difficulty) and to the needs of all individual Academies, while also able to cater for a rapidly growing number of different types of Academies and schools (i.e. Free Schools).
27. The future YPLA needs to be able to maintain a consistent high quality service irrespective of staff leave or absences. It needs to make maximum use of information, skills, experience and knowledge wherever they exist in the organisation, and be built on good practice and expertise internally and with stakeholders.
28. The future YPLA needs policies, measures, ways of working and a culture that encourages effective flexible and cross organisation working and a whole organisation commitment to delivering all aspects of the business.
29. The organisation needs a simpler job banding system with more generic roles, in order to create a more flexible and responsive workforce.
30. The organisation should be enabled to be effective and efficient by streamlined and lean corporate processes and practices, and systems that prioritise, facilitate and enable delivery of high quality services to external stakeholders.
31. The YPLA should operate in a transparent and open way striving to give stakeholders confidence and clarity about how our resources are used.
32. The future YPLA will retain its Mission (Championing Young People's Learning) and Role (providing financial support to young learners, funding Academies, and supporting local authorities carry out their strategic commissioning role). Its Vision and Values will be reviewed against the new organisational requirements, but are likely to remain relevant.

Appendix 1 to Annex A

Background

1. The Young Peoples' Learning Agency (YPLA) is a statutory NDPB created by the Apprenticeships, Skills, Children and Learning Act 2009. Its main functions are:
 - a) Funding suitable education and training
 - b) Securing provision of education and trainingfor the following:
 - persons who are over compulsory school age but under 19, or
 - persons aged 19 or over but under 25 and are subject to a learning difficulty assessment
 - children subject to youth detention
 - local education authorities in relation to their responsibilities for the young people set out above.
2. In addition, the Secretary of State may require the YPLA to exercise specified Academy functions on his behalf. We understand that the Secretary of State is minded to require the YPLA to:
 - make grants to Academies, and
 - share information about Academies.
3. To deliver these legal duties, resources were allocated to enable local authorities and the YPLA to carry out their respective functions. The YPLA was designed to be a slim-line body within a staffing envelope of 500 posts to enable it to:
 - support and enable local authorities to carry out their new duties
 - the provision of financial resources for education and training whether provided directly to providers or indirectly via local authorities;
 - provide financial support to learners; and
 - fund Academies for all their provision.
4. Just under 1,000 posts were transferred to local authorities to enable them to discharge their new duties and powers to:
 - secure enough suitable education and training for persons (16-19/25) residing in their area (regardless of where they wish to learn) and held in youth detention in their area;
 - determine the suitability of that education and training for persons 16-19/25 including its range, quality, location and times it is available
 - intervene in designated sixth form colleges in specified circumstances, and advise the Skills Funding agency of concerns about quality in other colleges;
 - provide work experience for persons 16-19/25; and
 - provide transport statements for persons 16-19/25.
5. In addition, when the YPLA took on the responsibility for open Academies on 1 April 2010, 80 posts were transferred from DfE to support 280 institutions.

Classification of YPLA Board Papers April – July 2010

April 20/21 Meeting:

Paper 1

Young People's Learning Agency Conduct of Business and Procedures

NOT PROTECTIVELY MARKED

Paper 2

YPLA National Commissioning Framework

NOT PROTECTIVELY MARKED

Paper 3

YPLA Statutory Intervention Policy and Statutory Guidance to Local Authorities (Cover paper)

NOT PROTECTIVELY MARKED

Update on YPLA Statutory Intervention Policy and Statutory Guidance to Local Authorities on Intervention in Sixth Form Colleges

NOT PROTECTIVELY MARKED

Draft Guidance to Local Authorities Intervention in Sixth Form Colleges

PROTECT - POLICY

June 8/9 Meeting:

Paper 4A

Chair's Update

NOT PROTECTIVELY MARKED

Paper 4B

Chief Executive's Report to the YPLA Board

PROTECT-MANAGEMENT

Paper 5

Developing a high quality service for academies

PROTECT – MANAGEMENT

Paper 6

Strategic Analysis: Outline of the Approach to YPLA National and Regional Level Analysis

NOT PROTECTIVELY MARKED

Paper 7

Learners with Learning Difficulties and/or Disabilities: budget and risk management

PROTECT-MANAGEMENT

Paper 8

UPDATE ON YPLA PERFORMANCE AND RISKS

PROTECT-MANAGEMENT

July 19/20 Meeting:

Paper 9

Chair's Update

NOT PROTECTIVELY MARKED

Paper 10

Chief Executive's Report to the YPLA Board

PROTECT-MANAGEMENT

Paper 11

Academies Update

PROTECT-MANAGEMENT

Paper 12

YPLA Annual Business Plan 2010/11 (Summary paper)

NOT PROTECTIVELY MARKED

YPLA Annual Plan 2010/11

PROTECT-MANAGEMENT

Paper 13

First Quarter Reporting on Performance and Risks: Cover Paper

PROTECT-MANAGEMENT

YPLA Scorecard: Quarter 1 2010

PROTECT-MANAGEMENT

Paper 14

YPLA Quarterly Performance Report: Quarter 1 2010

PROTECT-MANAGEMENT

Paper 15

YPLA Quarterly Delivery and Risk Report

PROTECT-MANAGEMENT

Paper 16

Simplification of Funding Systems for 16-19 Education and Training

PROTECT-POLICY