Minutes

Date 28 November 2008
Subject External Advisory Group
Location CBI Conference Centre, Centre Point, London
Time 10:30
LSC office National Office
Publication intent Internal

Present
Andrew Jones
Marion Plant
Di Dale
David Lawrence
Geoff Daniels
David Collins
John Guy
Geoff Hall
David Kendall
Susan Pember
Sue Baldwin
Donald Rae
Kate Watters
Julian Gravatt
Mark Crawley
Nick Lewis
Steve Gray
Stewart Segal
Sue Rimmer
Judi Baxter
Verity Bullough

In attendance
Janet Ryland
Jonathan Dalton
Paula Chapman
John Lodge (minutes)

Apologies
Apologies have been received from:
Malcolm Trobe
John Dallinson

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Item 1. Welcome and introductions
1.1 The Chair welcomed everyone to the meeting and introduced David Kendall (Principal of Derwen College) representing Natspec, Kate Watters representing NIACE and Sue Baldwin representing DCSF. The apologies were noted.

Item 2. Minutes of last meeting and Matters Arising
2.1 The minutes of the last meeting were accepted as an accurate record.
2.2 2008/09 Allocations Summary. Due to significant data issues the allocations have not yet been completed or published on the Internet within pivot tables.
   Action: Confirmation of the publication date of the 2008/09 Allocations Summary and a link to be sent to Members following resolution of data issues (GD)
2.3 Verity announced the appointment of Paul Holme to be part of LSC Management Group as Economic Responsiveness Director. His role will be to understand the impact of emerging economic issues and develop the ability to respond. Part of this will be identifying the need for any programme adjustments based on a continuous flow of information from Regions. The Ministerial Review is due mid-December and EAG members feedback was encouraged to help to inform this process.
2.4 The need for creative solutions to help and support priority groups during the economic downturn was discussed i.e. apprentices who may be displaced, long term unemployed and support for SMEs. Local ideas and project initiatives were encouraged. Positive actions were discussed including the AOC Good Practice Guide in England and a joint group on the National Economic Council working with DWP on alleviation methods.
Action: Members to forward evidential data on the impact of the economic downturn to Verity Bullough (verity.bullough@lsc.gov.uk) (All)

2.5 A short summary of the Commissioning Strategy has been sent out to members. It was noted that uncertainties e.g. Skills Pledge and the Qualified Provider Framework may discourage or prevent provider bids. Members requested definition on the rules and guidance.

Action: Clarification on rules and general guidance to be issued. (VB)

2.6 Statement of Priorities. Verity presented an update on the recently published document and members were asked for views.

2.7 It was recognised that the new version gathered everything in one place and provided connectivity between elements.

2.8 In the changing economic circumstances Verity confirmed it was important to reach a balance between PSA targets and priority needs and the flexibility needed for Adult Learner Responsive, Train to Gain and SMEs. This was with Ministers and due to be agreed by 5 December.

2.9 Members were updated on the LSC briefing, development and support process to provide clarity for staff and to providers. Members’ feedback was also essential to ensure consistency of approach.

Action: Members to email feedback to Verity verity.bullough@lsc.gov.uk (All)

2.11 The 70/30 balance for L2 and 3 was confirmed. Members requested clear guidance on L2 / 3. An issue was raised by Members concerning the clarity of guidance within the Statement of Priorities.

Action: DIUS to check the guidelines are appropriately clear (SP)
Action: Prior notification of flexibilities to be issued to Members (VB)

2.12 Apprenticeships. The product is perceived as high quality but it was noted that the way that completions are tracked and measured can cause issues for providers.

2.13 A discussion took place on the application of MLP for Apprenticeships; that a lack of flexibility might move a number of providers below the 50% level. It was agreed that the performance needs to be driven higher but the method of target setting and availability of timely Provider level information make it difficult for providers to assess how they are performing and take corrective action if appropriate.

2.14 A statement on 2010/11 funding could not be made at this time as a cross-Departmental Spending Review is taking place. Members were reminded of the importance of effective lobbying to demonstrate the value and benefits the sector could provide during difficult economic times.

2.15 LSC plans had been based on SLN funding rate assumptions as publication of the SLN rate had been delayed. The delay was a concern to Members as it could cause uncertainty and differential SLN rates could undermine 16-18 Partnerships. Confirmation of the issue date with deadlines was requested by Members.

2.16 The Grant Letter was discussed. Verity requested that Members questions be raised urgently so that flexibility could be built in and emphasised that
previous Members feedback had made a difference to Departmental decisions.

Action: Detailed questions from Members to VB or GD to enable all issues of concern within the SOP and the Grant Letter are brought to attention. (All)

Item 3. Apprenticeship Vacancy Matching Service

3.1 Paula Chapman provided an update on the progress of this matching service that will enable candidates to search and apply online. The system will go live in December and will roll out fully by April 2009.

3.2 The system has undergone intensive testing led by an independent team and ongoing development has been implemented to enhance business assurance, scaleability and usability.

3.3 Regional Project Teams have been established to facilitate system training for LSC and for providers.

3.4 The system will be developed in two phases -
   Phase 1
   3.5 From 8 Dec work will commence with providers to upload their vacancies before Christmas.
   3.6 From 5 Jan 2009 candidates will have access to vacancies via the Website.
   3.7 Phase 2 will involve –
      • Feedback from stakeholders
      • Improving the search facility
      • Establish candidate alerts
      • Access for key partners
      • Strategic Reporting
      • Links with Skills Accounts via portals.

3.8 Members were asked for views of the service. The match between numbers of vacancies and candidates was discussed. It was confirmed that, based on Regional projections, a significant mis-match was not expected and the forecast was for approximately 2,000 vacancies to be available by Christmas. To avoid candidate disappointment, i.e. if they are not successfully matched with a vacancy the system will signpost to other resources i.e. Connexions, Job Centre Plus, Guidance Agencies and to the National Help Line.

3.9 It was confirmed that a new learner tracking field would be available shortly after 8 December. This would enable identification of and priority to be given to Apprentices about to lose their jobs.

3.10 It was confirmed that to enable flexibility for this year it will not be mandatory for all vacancies to be uploaded to the system but the position will be reviewed for 09/10.

3.11 Following discussion of the technical issues that required development and resolution the need for a User Group was agreed. By including the provider aspect in development this would help to establish ownership of the system.
3.12 A number of issues were also raised by Members -

- A common application process was discussed and it was agreed that we must avoid bureaucracy. A “once only” approach is needed to record learner information. Agreed that more discussion was needed on this.
- Regarding on-line prospectuses a standard form of words and clear linkage must be provided to avoid confusion.
- Regarding access to the system for all young learners the LSC was reminded that this was not the only system used as others will have their own systems but that employer involvement in a User Group was crucial.
- A discussion took place regarding the negative effect of competitive target setting and that there had been examples of cold calling and undercutting. It was confirmed that, while it must be an open market offering genuine choice, behaviour must conform to the rules.

**Action:** User Group to be established in liaison with EAG members (PC/All)

**Action:** Members are requested to provide evidence to clarify the competition issues (All)

**Action:** To resolve competition issues discussions to take place to clarify the target management approach with NES and NAS. (VB/DW)

**Action:** To carry forward to a future meeting an item to discuss the common application process and reducing bureaucracy (JL/RL)

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**Item 4. Demand Led Funding and the Financial Health of the Sector**

4.1 Geoff Daniels presented information on the financial health of the sector and gave the LSC’s assessment of the current overall picture including transitional protection.

4.2 Members raised a number of issues and concerns regarding the financial health of the sector.

- While it was noted that the overall sector operating deficit was small Members viewed any deficit as bad. It was confirmed that LSC would carry out continuous tracking during the economic downturn. Additionally the Allocations Framework will shortly be published and thorough briefing has taken place with Regional and Local teams to ensure consistency of application.

- Members took a strong view that LSC need to look closely at the longer term impact of Capital Projects and in particular the revenue assumptions concerning growth that underpin many projects. It was confirmed that there would be little or no overall growth in 16-18 learner numbers but it was acknowledged that whilst there is no overall growth the pattern at each provider level will be negotiated based on previous year’s performance. Members provided examples where a financial gap was opening at individual colleges.

- Members agreed that an “Expert Group” for finance be established. Julian Gravatt to take the lead on this. The brief for the Group would be to look at
all factors influencing financial health and undertake a longer term assessment of college financial health position. The general view of members was that colleges were in a worse position than the financial forecasts indicated.

- For the private sector the Provider Liaison Group will review the different issues facing them.

**Action:** Establish Expert Group for the College Sector (JG/ VB/ JB) (see also related action under para 7.3)

**Item 5. Skills Accounts Update**

5.1 Jonathan Dalton presented an overview and plans for 08/09 and 09/10. This work involves testing and trialling for 08/09. From May 09 outcomes will be evaluated and lessons learned applied for further trialling from May 09 for 09/10 and roll-out from 2010.

5.2 IES will be piloted from December 2008 in the North West Region then by three other regions. The voucher will not be promoted at this stage but access will be available.

5.3 A major challenge is the integration of complex systems and development work is continuing on this. It was confirmed that the long term vision for Skills Accounts is to replace the current use of the ILR but until it was rolled out and tested the ILR will remain.

5.4 The Website will be available via Direct Gov from 30 November 2008.

5.5 The focus for Skills Accounts development was for Adults and based on use of ALR funds but that there was a policy commitment to consider and explore the aspect for young people. Members requested clarification on this specific policy commitment.

5.6 Timing was discussed and concerns were noted that an earlier roll-out of Skills Accounts may be required to meet the Government’s vision for 2013 - 15, as a key part of the SFA agenda and platform.

5.7 The branding of Skills Accounts is an interim arrangement and will be reviewed long term alongside the Adult Advancement Careers Service.

5.8 It was confirmed that the long term embedding of Skills Accounts was a recognised risk area that must be managed effectively.

5.9 Learner Record. It was considered that the choice of words needs to be reviewed and tested for appropriateness.

5.10 Skills Health Check. Members requested that this section be further developed and that within the 19+ section the language used needed to be reviewed for appropriateness.

5.11 Members suggested that to enhance systems and ownership the Skills Accounts pilot be extended for a 2nd Year.

5.12 It was confirmed that front portal system access would be developed especially to provide integration with NAS.

**Action:** Information on the policy commitment to explore Skills Accounts application for young people to be provided for Members (JD)
**Item 6. Update on UK VQ reform Programme**

6.1 Janet Ryland provided an update on the programme and to alert EAG to the key issues facing the LSC and the sector as QCF is implemented during 2008-10. Key points made were:

6.2 The Secretary of State has indicated a timescale for QCF implementation by 2010.

6.3 LSC will take forward the development of the QCF service layer enabling credit accumulations and transfers.

6.4 QCA will take forward capacity building to utilise the QCF.

6.5 Sector Skills Councils will lead on qualification strategies.

6.6 It was noted that the Grant Letter includes a commitment to post-LSC QCF funding and that this makes clear that VQ Reform is central to SFA development.

6.7 An OFQAL efficiency study and work on the mapping of qualifications across all sectors was noted. This work is not specific to the VQ Reform programme and will incorporate a range of qualifications, including QCF.

6.8 A discussion took place regarding flexibilities in –

- identified sector areas
- L2 and L3
- SME's.

The need for a full list of flexibilities and guidance was discussed.

6.9 It was agreed that QCF needed a longer discussion at another meeting

**Action:** Verity to issue a list of flexibilities and guidance. (VB/JR)

**Action:** QCF to be an agenda item at a future EAG meeting (VB/RL)

**Item 7. Any Other Business**

7.1 Donald Rae informed members of his role with the newly launched REAct (Raising Expectations Programme) which is a support scheme to prepare local authorities for the transfer of funding from the LSC in 2010. This programme will also engage all key 16-18 agencies including the LSC, the AOC, the National Youth Agency and Ofsted to smooth the transfer funding process.

7.2 An issue was raised concerning the refunding of ALA costs. Noted that this issue had already been raised and should be brought forward to the next meeting.

7.3 Concern was raised that the nationally driven reform agenda with its fast pace of change would impact on the sector with requirements for systemic change and associated risks; Machinery of Government changes and the impact of the economic downturn add up to a “toxic mix”. Verity agreed that the remit of the Expert Group to include all relevant aspects of change including finance.

**Action:** (Refer to Item 4 Action.) Expert Group brief to be extended to include relevant aspects of change including finance (JG/VB/GD)
Action: Refunding of ALA costs to be brought forward to next meeting (RL/ JL)

The next meeting of the Group to be held on 27 January 2009 at LSC national Office, Cheylesmore House, Coventry CV1 2WT. Rooms 15A, B and C. Members to notify agenda items required.
During the meeting the following agenda items were identified:
For 27 January Meeting: Refunding of ALA costs
For future meetings: Longer discussion of QCF NAVMS. Discuss the Common Application process and reducing bureaucracy.

Meeting chair  Verity Bullough
Minute taker  John Lodge
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