Date: 22 July 2009
Subject: National Council meeting
Location: Centre Point
Time: 09:30

Present:
- Chris Banks (Chair)
- Maggie Galliers
- Claire Ighodaro
- Mary Marsh
- Emma Pearson-Winstone
- Geoff Russell
- Mark Sanders
- Malcolm Trobe
- Les Walton
- Jill Youds

In attendance:
- Norman Boyland (Chair of Capital Committee - for item 4 only)
- Trevor Fellowes (Director of Learner Support - for item 6 only)
- Phil Head (Director of Property and Infrastructure - for item 4 only)
- Deian Hopkin
- Robert Hough
- Alan Langlands (HEFCE)
- Lesley Longstone (DCSF)
- Stephen Marston (BIS)
- John Merry
- Matthew Nicholas (JobCentre Plus)
- George Sweeney

LSC staff:
- David Cragg (Head of Adult Skills Funding)
- Priya Gossain (Assistant to the Chief Executive)
- Amy Noonan (Policy Advisor to the Chairman)
- Sue Randall (Clerk)
- Chris Roberts (Chief Operating Officer)
- David Russell (National Director of Finance and
Minutes

Resources
David Way (NAS Deputy Chief Executive)
Rob Wye (Head of Young People’s Learning - for item 5 onwards)

Apologies
Apologies have been received from:
Gareth Cadwallader
John Cridland
Ian Ferguson
Bryan Gray
Sally Hopson
Frances O’Grady
Cathy Robinson (Head of Legal and Governance)

Item 1. Welcome
1.1 The Chair welcomed all to the meeting. Being welcomed to their first National Council meeting were Les Walton (Chair designate of the YPLA), Robert Hough (replacing Bryan Gray as RDA member), and Sir Alan Langlands (Chief Executive of HEFCE).
1.2 The Chair recorded Council’s thanks and appreciation to outgoing member, Bryan Gray.
1.3 Congratulations were extended to Maggie Galliers, John Merry and Deian Hopkin following their receipt of honours in the Queen’s Birthday Honours round.
1.4 The Chair advised that the next meeting of the full Council would be in December, work in the meantime would be carried forward by the three new Committees of Council.

Item 2. Minutes
Of the last meeting
2.1 At the last meeting, the executive had responded to Council challenges and questions on capital and efficiency savings. It was felt that the minutes did not sufficiently reflect the executive responses. It was agreed that these should be added to the minutes to give a full picture of the discussion.

The formal minute of the Council decision on the LSC Capital Programme – selection of projects to go forward
2.2 The word “possible” to be added at paragraph 4, bullet 1.
Item 3. Matters arising/action log/notification of AoB items
3.1 There were no matters arising that did not appear on the agenda.
3.2 No Other Business items were notified.
3.3 The circulated action log was out of date. The current version would be updated and circulated within the next week.

Action: Sue Randall

4.1 Phil Head, the Director of Infrastructure and Property Services, joined the meeting.
4.2 The Chief Executive updated the Council on developments following its approval of the 13 projects to go forward.
4.3 A value for money exercise had been undertaken with each of the 13, the results of which were expected later that day.
4.4 A project assessment process was due to commence, with the Capital Committee considering the proposals in mid-August. National Council members would then have an opportunity to comment.
4.5 Council noted that the AoC was due to commission a paper looking at appropriate levels of borrowing. This would provide guidance around liability issues.
4.6 Council felt that it would be useful for the LSC to carry out its own independent research on borrowing levels. The Executive noted the advice, but added that the LSC was to be closely involved in the AoC work.
4.7 In relation to Colleges undertaking higher levels of borrowing, the Executive was aware of the implications of this and agreed that it was necessary to exercise caution, while being clear on the acceptable risk and constraints on colleges.
4.8 The LSC would enter into discussions with colleges if they got into financial difficulty, but it was important to be clear that the LSC was not responsible for building cost over-runs.
4.9 A Private Finance Task Group had been established, headed by a college Principal, Mark Dawe, which aimed to review the Private Finance Initiatives available to the sector and standardise designs and specifications.
4.10 The approval process for specialisation funds was agreed.
4.11 Other points noted by the Council were:
   • DCSF would be briefed on the 16-19 Capital Fund after the meeting
   • Further work to establish the extent of “sunk” costs was continuing
   • Budget re-profiling of existing capital commitments may take place next year, but was not now expected to be needed in this financial year
   • The newly formed Chair’s Committee would oversee the interim management of Capital issues on Council’s behalf, with major decisions coming to full Council.
Item 5. Efficiency savings for 2010-11 (Paper LSC 38/2009)

5.1 Chris Roberts, the Chief Operating Officer updated Council on developments since the last meeting around delivering required efficiency savings.

5.2 The LSC expected to receive a Grant Letter from DCSF and DBIS in October 2009 which would set out the SFA and YPLA baselines for 2010-11.

5.3 Council noted that the expected level of detailed advice on efficiency savings options had not been provided. This was mainly due to ongoing discussions, and the fact that many of the required savings were the responsibility of successor bodies. In light of this, efficiency savings would form a key part of the first agendas of the new Committees.

5.4 Council also noted particular challenges around delivering administrative savings while maintaining staffing levels sufficient to undertake the Council’s operational responsibilities.

5.5 The Chief Executive agreed to discuss Local Authority liability issues with the interested parties outside of the meeting.

5.6 The Secretary of State had asked the Chair to respond to him by the end of July. A detailed response was not possible, so the Chair agreed to write to the Secretary of State to explain the current position. The Council delegated authority to the Chair to do so.

Action: Chris Banks


6.1 Trevor Fellowes, Director of Learner Support, joined the meeting.

6.2 Key points for Council to note were:

- Despite the difficulties with Liberata, uptake of Education Maintenance Allowances (EMAs) in 08/09 had been good and 4% above forecast
- Progress with Capita in developing new delivery arrangements for 09/10 was proceeding well
- Uptake of the new free childcare scheme in 08/09 had not been as high as expected and uptake for September will be monitored closely. Matthew Nicholas of Job Centre Plus offered to discuss further engagement with the LSC outside of the meeting
- It was hoped that uptake for Professional and Career Development loans would increase during 2010/11.

6.3 Capita was currently administering approximately 20 thousand EMA applications per week, and more capacity was being arranged to cope with any further demand. The company had a robust contingency plan in place in case of any adverse impacts from the swine flu outbreak.

6.4 Communication with providers around the EMA process was going well, as was a series of roadshows designed to take providers through the process.

6.5 Trevor Fellowes explained that any potential overspend from an increase in Adult Learner Grant (ALG) take up following a trial relaxation in the first-ness test, was likely to be manageable, because access is controlled through the
Next Steps Agent. However, mainstream ALG, EMA and Care-to-Learn are entitlements, so increased demand could lead to significant overspend.

Item 7. Train to Gain
7.1 Maggie Galliers declared an interest in this item. 
7.2 Chris Roberts, the Chief Operating Officer, agreed to circulate a full update paper to members after the meeting, but in the meantime asked Council to note the following key points:
   - Train to Gain was a hugely popular programme, with demand exceeding supply, leading to funding challenges
   - Providers often found it challenging to manage a business where the work had such pronounced peaks and troughs
   - It was important to find ways of managing the high level of demand
   - Pronounced regional differences in starts presented budgeting challenges
   - The marketing budget had been reduced
   - European funding had been successfully re-routed into Train to Gain
   - The possibility of viring between the ALR and Train to Gain budgets was currently being investigated
   - A significantly reduced number of new starts was likely in most areas given the funding pressures.
7.3 Council noted that any monies freed up as the result of agreed flexibilities would be diverted into regions that did not have any current starts.
7.4 The proposed single national contract may impact on the service. Regions would be kept fully informed and Chris Roberts agreed to discuss the matter with interested members outside of the meeting.
7.5 Chris Roberts agreed to circulate the recent NAO value for money report into the service to members.

Action: Chris Roberts

8.1 The report was presented to Council. It was still a “work in progress” with comments requested. In addition to some suggestions on format, the following was agreed:
   - Full report to go to the three new Committees from now on
   - Future reports need a cover paper and/or an executive summary which prioritises risks and issues
   - A narrative required to understand the data at the back of the report
   - The summary of performance has different regional and national forecasts, which may be due to a timing issue
   - Summary P&L and balance sheet to be included in future reports.
8.2 Rob Wye agreed to discuss a number of issues with interested members outside of the meeting, including LLDD funding overspend, Apprenticeship starts and Care to Learn.

8.3 The Chief Executive welcomed further comments direct to him on email.

**Item 9. SFA/YPLA Transition and Shadow running**

9.1 The matching process was progressing well. It was expected that the number of unmatched staff would not exceed 200 by the end of September and that suitable roles would be identified for the majority of those remaining.

9.2 Local Authorities had been fully engaged throughout the process.

9.3 A moderation process commenced this week, allowing reassessments for members of staff who had concerns over their match.

9.4 National Council looked to the two new Committees to oversee transition issues, but National Council confirmed that the LSC must continue to be realistic about any new work it was asked to take on.

9.5 It was important to note that structural changes to the successor organisations could have a destabilising effect. The Council asked the Chair to write to the Secretary of State Lord Mandelson about this, recommending that further changes should not be introduced prior to the establishment of new organisations.

  **Action: Chris Banks**

**Item 10. Update from Audit Committee following its discussion of transition control issues**

10.1 The Committee had considered an update on the transition process at its last meeting in June.

10.2 The Council requested a resulting report from the Audit Committee Chair.

  **Action: Gareth Cadwallader**


11.1 The paper was mainly for information, but Council was asked to note the encouraging participation figures.

11.2 An increase in the numbers of young people Not in Employment, Education or Training (NEET) at age 18 was partly attributable to the economic situation and was balanced by a decrease in the numbers of young people who were NEET at age 16-18.


12.1 David Way, the NAS Deputy Chief Executive joined the meeting.

12.2 He reported record levels of starts and completions in apprenticeships at all ages.

12.3 The ongoing recession continued to have an impact, mainly in the 16-18 age group. A 16-18 action plan was being implemented to boost recruitment.

12.4 NAS recruitment had currently reached about 85%.
12.5 The Vacancy Matching Service had achieved around 800 successful matches to date.
12.6 David Way agreed to ensure both new Committees were kept abreast of developments.

**Item 13. Any Other Business**
13.1 There was none.

**Item 14. Date of next meeting**

**Meeting chair**  Chris Banks  
**Minute taker**  Sue Randall  
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