Minutes

Date 9 September 2009
Subject Adult Skills and Apprenticeships Committee
Location Cheylesmore House, Coventry
Time 09:30
LSC office National Office
Publication intent INTERNAL DOCUMENT

Present
Gareth Cadwallader
Maggie Galliers
Claire Ighodaro
Jill Youds
Robert Hough

LSC staff
David Cragg
Paul McGuire
Geoff Russell
Chris Roberts
Priya Gossain
Madeleine Durie
Pete Sanders

Apologies
Apologies have been received from:
Matthew Nicholas
David Hughes
David Way

Item 1. Proposal of Meeting Chair
1.1 Maggie Galliers nominated Gareth Cadwallader to be Chair of the Committee
   Claire Ighodaro seconded the proposal, members unanimously agreed.
   Gareth thanked members for their support.

Item 2. Welcome and introductions
2.1 Committee Members and LSC staff introduced themselves. Gareth thanked
   members for their attendance today and noted that many people have had to
   make sacrifices to be here due to the last minute confirmation of the meeting.
2.2 It was noted that unlike the Young People’s Learning Agency, the Skills
   Funding Agency – when it is established in April – will not have a National

Learning and Skills Council
National Office
Cheylesmore House  Quinton Road  Coventry  CV1 2WT
T 0845 019 4170  F 024 7682 3675  www.lsc.gov.uk
Council style body. This Committee is therefore not a bridging Committee, but has sole responsibility for overseeing and providing scrutiny on this agenda. In essence this Committee is the National Council for the adult skills and apprenticeships agenda.

2.3 Apprenticeships and Train to Gain are considered to be the key risks over the next few months. There will also be additional risks during the first days of the SFA. Whilst neither the LSC nor this Committee are responsible for the risks to the SFA, this Committee must ensure the risks that will pass to the SFA are minimised.

2.4 The terms of reference were published last week but members noted it lacked detail. Essentially the LSC continues to have statutory responsibility for the whole agenda, but the National Council has delegated the responsibility for the specific areas of Adult Skills and Apprenticeships to this Committee. Members requested that the Terms of Reference be re-considered and clarified before or at the next meeting.

Item 3. Performance Report

3.1 Paul McGuire talked through the key messages from the risk management section of the tabled papers. It was noted that Capital was still considered a ‘red’ risk as although new procedures have been agreed these have not yet been implemented. The Grant Thornton model will however be implemented over the following weeks and it is expected that the risk will be reduced after that.

3.2 The budgetary pressure work has been carried out much earlier this year. This process has highlighted potential pressures in addition to the actual pressures but there is a longer time frame to resolve all the issues.

3.3 The overall administration budget is likely to have a small year end underspend of £0.8million, this masks larger overspends and underspends in the non-cash and near-cash budgets as well as the pay and non-pay budgets.

3.4 The Committee was reminded that the administration budget has not yet been agreed with the Department of Business Innovation and Skills. This is due to the predicted £6million overspend resulting from the changes in assumptions about recharging NAS costs to programmes, and the 5% efficiency requirement. Work is being done to mitigate these overspends as far as possible.

3.5 Members were informed that there has been a convergence of four issues with allocations resulting in a £47million problem with the Adult Learner Responsive budget in this financial year. More funds have been allocated than the budget allows. Systems are now in place to prevent this from happening again, in the meantime several options are being considered to rectify the problem. The favoured approach at the moment is to rigorously apply the mid-year clawback. This must be communicated to all providers ahead of the clawback. Over-performance will not be rewarded this year and the clawback will be redistributed. The Minister is already aware of the situation and has been approached for additional funds. Ministerial approval will be needed for virement of budgets.
3.6 The members noted the new safeguards that have been put in place and are satisfied that this situation cannot arise again in future. An OGC review will also be carried out on these new systems.

Item 4. Transition and Machinery of Government

4.1 The matching process continues to progress very well and has now entered the final stages. The matching process did not offer choice to individuals, but stated a job to which they were matched. Out of 3,300 staff only 100 appeals were made regarding the proposed matches.

4.2 A further round of interviews will take place where promotions are available, with 120 jobs in scope. It is anticipated that, as a result, this could reduce the overall number of surplus/unmatched staff to approximately 160-180. Talks are ongoing with the Departments on further measures that may reduce this figure to between 120 and 140.

4.3 Members were reminded that there is no separate budget available to meet transition costs including redundancies. In the event of redundancies, the LSC must therefore approach the Department for the additional funding. Members noted that further funds are unlikely to be forthcoming. The final number of surplus staff, and hence, the total cost of any redundancies is unlikely to be known until the end of December.

4.4 In the meantime, however, if the position of surplus/unmatched staff is not resolved and they remain under threat of redundancy, it would be necessary, in line with the Cabinet Office Protocol, to consult with the Trade Union and inform staff affected at the latest by 1st October.

4.5 It was confirmed that the preference would be to limit redundancies to those staff in locations and/or specialist roles, for whom there were no available/suitable roles. (Currently 28 staff.) LSC management believe that this would be possible through a series of measures, including adjustments to the new structures, over-resourcing some key functions in the transition and through a targeted voluntary severance programme post-transfer. If managed effectively, it would also be possible to do this without incurring any greater cost than an immediate redundancy programme.

4.6 The Committee remained concerned that, if this issue is not resolved, there may be a large group of staff uncertain of their future position. It was agreed that the issue should be raised through the Chairs’ Committee and kept under close review by the LSC Chair and Chief Executive.

4.7 Members were made aware that the efficiencies savings required of the LSC may not be achieved this year. The LSC had been expected to achieve these savings by disposing of surplus premises. However, changes to the SFA regional structure and delays in decisions outside of LSC control have largely precluded this. If necessary, the LSC Chief Executive may have to write to the Permanent Secretary to inform him of this situation and declare an overspend in administration budget for 2009-10. (The administration budget is ring fenced and therefore additional funds cannot be found from savings in other budgets.)
4.8 It was noted that the Committee is a Committee of the LSC and does not have the authority to discuss or decide on staffing levels of the SFA. Its role is to support LSC staff during the transition.

**Item 5. Managing Efficiencies**

5.1 The Committee noted this paper which was provided for information. Many of the issues highlighted in the paper are covered by other items on the agenda.

5.2 This work is still in the formative stages and only the headlines are shown in the paper.

**Item 6. Apprenticeship Update**

6.1 Members were reminded that the National Apprenticeship Service was established in April and has responsibility across the full range of apprenticeships.

6.2 The summer months are traditionally the period of highest starts for all apprenticeships. A stock-take of 16-18 apprenticeships is being prepared at the moment to obtain a clear picture of how close the programme is to the profile and how significant the reduction in employer recruitment has been. This will be discussed with DCSF and the Prime Minister’s Delivery Unit in mid September.

6.3 The 16-18 starts are down 8% from the profile, due largely to the impact of the recession on 16-18 employment which has been affected more than other age groups. This will continue to be an issue however; it is possible that DCSF will allow additional flexibilities in the budget as well as increasing the available funding.

6.4 The 19-24 starts are also down by 3% compared to the profile however it is believed that this is largely due to uncertainty over future funding resulting from the Machinery of Government transition. As confidence increases it is predicted that demand will rise quickly and will be higher than the budget. It was confirmed that funds can be moved from the 25+ apprenticeships budget into the 19-24 apprenticeships budget to cover this demand; however funds cannot be moved from the 19-24 budget into the 25+ budget. The 16-18 apprenticeships budget is ring-fenced.

6.5 Demand from employers has started to arise from placed that have traditionally not had much demand. Apprenticeships in London have recently become very popular. Members were also told about the London Apprenticeship Service, who act rather like a temping agency by training apprentices in-house and paying their salary but working with other employers to find them jobs for a fee. This model has been very successful.

6.6 The Golden Ticket scheme was recently publicised on the radio by Iain Wright and David Way resulting in a large surge of internet activity. The Customer Relationship Management (CRM) system will be used to track the outcomes of this initial interest.

6.7 The vacancy matching system has recently been evaluated, it was confirmed that users are finding that this resource is becoming more and more useful.
The data lag has also been reduced. Members were informed that several other websites have been copying sections of the website without permission and passing it off as their own information. They have all been contacted and ordered to remove the information as they are breaching copyright.

**Item 7. Managing Demand**

7.1 The Committee reviewed the LSC management’s assessment of performance and risk of Adult Demand-Led programmes; specifically Train to Gain. The Committee’s assessment was that in terms of financial controls the risk was Amber, while reputationally and in terms of broader issues such as the systematic health of the programme, value for money and beneficial impact on the economy, the rating should be Red. In summary, the Train to Gain programme looks increasingly likely to come in within budget, but there is an undercurrent of large-scale excess demand and the danger of creating a dysfunctional system geared up for ‘Stop/Start.’

7.2 The Chair’s Committee on behalf of National Council should formally consider endorsing the management’s effort to mitigate the impact of the severe slow down in starts on providers and employers; specifically Council should endorse management’s proposals for increased flexibility in viring funds into Train to Gain from other programme areas.

7.3 Even if the short-term impact can be mitigated it will remain the case that demand will substantially exceed supply and that there will remain a significant risk of providers and employers suffering from a severe stop/start in the funding of new Train to Gain investments.

7.4 The LSC should develop and communicate proactively a message to providers and employers that sets out how effectively the LSC responded to the emerging economic downturn last year and how there will be an inevitable period of settling down during which it is recognised that many providers and employers will experience significant belt-tightening. If possible, the message should be a joint one with the Department.

7.5 The Council should endorse management’s proposals for an orderly tightening, including improved prioritisation through the removal of flexibilities, differential pricing and, moving to a financial year basis to assist smoothing out the in-year seasonality.

7.6 On the financial side the Adult Skills and Apprenticeships Committee was given considerable reassurance that improved financial controls have been put in place and could foresee the status of financial control improving to Green over the coming months, given continuity of current policies.

**Item 8. Any other business**

8.1 There were no other items.

**Item 9. Date of next meeting**

9.1 Future dates will be arranged at the earliest opportunity and preparations will be more robust allowing the Management more time to prepare their papers.
and presentations. The Chair will also arrange a pre-agenda meeting with David Cragg to ensure the agenda reflects the key issues at the time.

9.2 It was suggested that meetings should be held every other month, but the Performance Report should be circulated every month. If there are any key concerns arising from the Performance Report then these can be discussed informally either by correspondence or teleconference. Meetings will therefore be arranged in November, January and March. More frequent meetings would put an unmanageable burden on LSC executives who are already servicing a large number of Committees and Boards during the transition.

**Action:** The Clerk to canvass dates for meetings in November, January and March.

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