## Minutes

**Date**  
9 December 2009

**Subject**  
National Council meeting

**Location**  
Centre Point, London

**Time**  
09:30

**LSC office**  
National Office

**Publication intent**  
INTERNAL DOCUMENT

### Present

- Chris Banks (Chair)
- Gareth Cadwallader
- John Cridland
- Ian Ferguson
- Maggie Galliers
- Sally Hopson
- Robert Hough
- Mary Marsh
- Frances O’Grady
- Emma Pearson-Winstone
- Geoff Russell
- Mark Sanders
- Malcolm Trobe
- Les Walton
- Jill Youds

### In attendance

- Norman Boyland
- Lesley Longstone (DCSF)
- Stephen Marston (DBIS)
- John Merry
- George Sweeney

### LSC staff

- Priya Gossain (Assistant to the Chief Executive)
- Paul McGuire (National Director of Finance)
- Amy Noonan
- Sue Randall (Clerk)
- Cathy Robinson (Head of Legal and Governance)

### Apologies

- Apologies have been received from:
  - Alan Langlands (HEFCE)
Item 1. Welcome
1.1 The Chair welcomed all to the meeting.

Item 2. Minutes of the last meeting
2.1 These were agreed as an accurate record.

Item 3. Matters arising/action log/notification of AoB items
3.1 The Chair updated the Council on recent events:
   - The Pre-Budget Report was due today
   - The ASCL Bill received Royal Assent on 10 November. Most commencement orders take effect on 1 April 2010
   - The Ministerial Review held on 24 November had generally gone well and Ministers had been reassured on progress, and were appraised of ongoing risks
   - The key issues from the recent Regional Chairs’ meeting had been documented and would be circulated to members

        Action: Amy Noonan

   - Announcements on the YPLA/SFA senior teams had been made
   - Marinos Paphitis was to lead on a fees review with the LSC Chair
   - An LSC Recognition event was planned for 9 March 2010 at Lancaster House
   - An LSC Legacy document was planned. Members were invited to contribute their perspectives should they wish.

Item 4. Declarations of Interest
4.1 Committee members were given the opportunity to declare any interests with specific links to the meeting agenda.
4.2 Other than members’ ongoing interests previously declared to the LSC via its annual process, no specific interests were declared.

5.1 Geoff Russell introduced the report. The key areas for discussion were:
   - The additional recruitment above plan of 16-19s in colleges and schools
   - Reductions in skills finding in the spending plans for 10-11.
5.2 The Council noted a number of different pressures in the system - colleges were over-subscribed, apprentices were running below plan, 18 year old NEETs were increasing and some voluntary sector providers were struggling to fulfil their Entry to Employment contracts. Members advised that the interaction of these developments was kept under close review by the two Departments as well as by SFA and the YPLA post April 2010.

        Action: Geoff Russell/Peter Lauener
5.3 Council also felt it important to exploit opportunities for closer collaboration with colleges. It was also important to ensure families were encouraged to support young people as far as possible. Local Authorities had a role here.

5.4 The future landscape was complex, so leadership needed to be clearly articulated. While colleges were well used to accessing a variety of funding streams, it was important to build in local discretion, with DWP and DCSF joining up nationally.

5.5 The Chair brought the discussion to a close. He added that ongoing scrutiny of these issues would take place at the YPLAC, ASAC and Chair’s Committee meetings.


6.1 Paul McGuire presented the report that detailed the LSC’s financial management in respect of the seven months of the 2009-10 financial year to 31 October 2009.

6.2 The current position showed an approximate £7m overspend, consisting of an underspend on DCSF budgets of £28m, and an overspend on DBIS budgets of £35m.

6.3 The £7m overspend was down from a pre-action figure of £100m. Further actions led to a forecast balanced budget.

6.4 Current risks were:
   - A very minimal safety margin (DCSF)
   - As yet unknown affect of EMA take up data (DCSF)
   - No safety margin (DBIS), although work was underway to create one
   - Admin non-cash – mainly linked to timing issues as relating to properties
   - Non-pay bill overspend – this was small, but was necessitating work to minimise it.

6.5 The overspend was the major concern. The majority of it related to Train to Gain budgets and Adult Learner Responsive. The Train to Gain position was prior to the new system, so as time went on, this situation would improve. More detail on the ALR position would be available after January as mid year reconciliation and allocation rebasing was to take place.

6.6 Paul McGuire was responsible for the LSC year end close down. An earlier hard close was aimed for, with a Statement of Internal Control, assurance statement and 9 month accounts to be brought to the Council meeting in March 2010.

   **Action: Paul McGuire**

6.7 The Accounting Officer to be identified by the Department was to be responsible for the sign off of the final accounts.

6.8 Although no major issues had surfaced in previous years between hard close and the year end, Council cautioned that this was not a reason to be complacent, especially given possible effects of mitigating actions taken during January. Paul McGuire agreed to exercise caution.
Item 7. Capital Update (Paper LSC 45/2009)

7.1 Council had been presented with four papers as follows:
   - FE Capital Programme Update
   - 16-19 Capital Update
   - Capital Delegations
   - Update on judicial review – Grimsby Institute of Further and Higher Education.

FE Capital Programme Update

7.2 The sector had been consulted on the as yet unallocated £200m of the £900m FE budget for the 3 year period 2011-12 to 2013-14. The LSC’s stance was that the allocation must be on the basis of need, as this aligned with the Foster recommendations. The timing of the allocation would take account of the outcome of the Grimsby judicial review.

7.3 Modelling was underway regarding assistance for colleges to fulfil their financial obligations. There was some debate about whether this meant the avoidance of insolvency or whether it represented a lesser level of assistance. This clearly impacted on the amount of money required. No final decisions had yet been made, as Ministers and the Department were being consulted. Council was asked to delegate responsibility for discussions and decision to the Chief Executive.

7.4 Members felt that more clarity was needed around the “financial obligations” that colleges would be funded to fulfil. Given that there was potentially a £25m difference in the two approaches, members did not feel able to delegate responsibility to the Chief Executive given the level of information they had received. Authority was, instead, delegated to the Chair’s Committee which was likely to meet again in January 2010.

16-19 Capital Update

7.5 Needs based criteria for the 16-19 capital in excess of competitions and presumptions were being considered.

7.6 Council was asked to delegate authority for the approval of the prioritisation process to the Capital Committee.

7.7 The delegation was granted.

7.8 There was evidence that capital project construction firms were not being obliged to use apprentices, as had been previously agreed. The issue would be followed up.

   Action: David Way (with David Hughes and Phil Head to support)

Capital Delegations

7.9 A number of changes to the current capital delegations were put forward.

7.10 Council felt that there was insufficient clarity in the paper around what had been changed.

7.11 Council delegated authority to the Chair’s Committee to consider the changes and agree them if appropriate.
Update on judicial review – Grimsby Institute of Further and Higher Education

7.12 Council noted the paper that gave an update on the grounds for the judicial review, the LSC’s initial grounds for resistance and the progress of the claim.

Item 8. Committee Reports

YPLAC (Paper LSC 46/2009)

8.1 Les Walton updated the Council on Young People’s Learning Agency Committee business.

8.2 The Committee had met three times. Meeting agendas were split into two to reflect the Committee’s dual roles of carrying out the LSC-delegated functions and advising the Chair on the set up of the YPLA.

8.3 Key Committee discussions so far had been around how best to manage the efficiency savings which would be needed within the sector in 2010/11; the development of the National Commissioning Framework, including the role of local authorities and the YPLA’s relationship with providers, the issue of leadership in the system in the future and the development of a clear message about the way the new system would benefit learners.

8.4 Ian Ferguson added that the YPLA would have a key interest in Apprenticeships and it was important to make sure that the new 16-19 commissioning arrangements built on what was a success story over the last ten years from the LSC and now the National Apprenticeship Service. The YPLA was keen in principle that there should be more 16-18 Apprenticeships both for the capable young people for whom they are their preferred route and for the less academically talented and disadvantaged. The issue of engaging and incentivising employers would remain key.

ASAC and Audit (Paper LSC 47/2009)

8.5 Gareth Cadwallader updated the Council on the recent Committee meetings which were both focussing on actions over the next few months. The Audit Committee was looking at assurance levels to the end of the LSC. Recent developments included:

- Overall level of control demonstrably better
- Foster recommendation implementation going well
- Positive horizon scanning reviews taking place
- Nothing of major concern arising from the Internal Audit review of expenses
- Orderly end of year arrangements had been put in place to finalise and sign off Statements of Internal Control and accounts
- Admin budget to be reviewed in February.

Equality and Diversity Committee

8.6 Mary Marsh updated the Council on the recent Equality and Diversity Committee meeting on 10 November. The meeting had involved representatives from the YPLA and SFA.
8.7 The Committee’s key aim now was to ensure a legacy for equality and diversity within the future organisations, and the Committee was putting in place a plan to work with the YPLA and SFA through transition to this end.

8.8 The Committee intended to produce its usual Annual Report.

**Chair’s Committee**

8.9 The Committee was meeting regularly to fulfil its remit of providing an overview of LSC governance and activities to ensure continuity between National Council meetings.

**Item 9. MoG Update including plans for winding up the LSC**

9.1 The SFA senior management team had been announced. Some vacant posts remained which would be advertised externally.

9.2 There was an interim Chief Executive of the SFA in place, and Ministers intended to appoint the substantive SFA Chief Executive as soon as possible.

9.3 There had been more applications received than positions were available for RDA secondments.

9.4 Outstanding premises issues were being closed off.

9.5 Regular monthly meetings between the Chief Executive and the Regional Directors were taking place which ensured all regional actions were in hand.

9.6 Formal links between the YPLA and SFA were being established.

9.7 If necessary, those staff who would ordinarily have carried out schools allocations work would retain that role temporarily beyond the life of the LSC to ensure the allocations are carried out in a timely manner.

9.8 Local Authorities to be advised shortly of the share of the LSC admin budget that would be allocated to LAs to cover the costs of transferred staff and posts from April 2010.


10.1 Geoff Russell introduced the two papers that he explained gave an overview of the implications of the strategies and likely developments.

10.2 *Skills for Growth*, the national strategy for economic growth re-affirmed current entitlements and moved towards a single national account management approach so all activity was managed through one Skills Funding Agency contract. Skill accounts to be available to all adult learners and all relevant providers ensuring better informed customers and greater influence on provision through choice.

10.3 The Investment Strategy set out efficiency savings, and plans for rate reductions. The key resulting action was to assist the sector in managing this.

10.4 Council made the following observations:

- The Skills Strategy did not adequately reflect the way employers work. Employers plan much further ahead than the Strategy allowed them to do
• Some aspects were welcomed, particularly an increased ability to vire across budgets
• Provider staff would be required to work in very different ways
• Skills Accounts gave rise to the potential for fraud (although Council noted that these could now only used in conjunction with a provider with an LSC contract, thus minimising the fraud risk).

Item 11. Any Other Business
11.1 There was none, but the Chair thanked the Council for its ongoing hard work and commitment during what had been a challenging year.

Item 12. Date of next meeting
12.1 24 March 2010 in London.

Meeting chair: Chris Banks
Minute taker: Sue Randall
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