Minutes

**Date**  
4 June 2008

**Subject**  
National Council meeting

**Location**  
Conference Room

**Time**  
09:30

**LSC office**  
National Office (London)

**Publication intent**  
Public

**Present**  
Chris Banks (Chair)  
Shirley Cramer  
John Cridland  
Ian Ferguson  
Mark Haysom  
Claire Ighodaro  
Frances O’Grady  
John Taylor  
Malcolm Trobe

**In attendance**  
Richard Blackwell (HEFCE)  
Dominic Herrington (DCSF)  
Stephen Marston (DIUS)  
John Merry  
Matthew Nicholas (JobCentre Plus)  
George Sweeney

**LSC staff**  
Henry Ball (Regional Director for the South East)  
Verity Bullough (National Director of Funding, Planning and Performance)  
Jenny Catlin (Policy Advisor)  
Sue Randall (Clerk)  
Chris Roberts (Acting National Director of Adult Learning, Skills and Employment)  
Cathy Robinson (Head of Legal and Governance)  
David Russell (National Director of Finance and Resources)  
David Way (National Director - Apprenticeships)  
Rob Wye (National Director of Young People's Learning and Skills)

**Apologies**  
Apologies have been received from:  
Gareth Cadwallader
Minutes

David Eastwood (HEFCE)
Bryan Gray
Deian Hopkin
Lesley Longstone (DCSF)
Mary Marsh
Andrew Steele (DBERR)

Item 1. Welcome
1.1 The Chair welcomed all to the meeting, and in particular thanked Dominic Herrington for attending for Lesley Longstone of DCSF. He also welcomed Henry Ball as the Regional Director attendee.
1.2 The Council formally approved the appointment of John Cridland and Frances O’Grady as vice chairs of the Council.

Item 2. Matters arising/notification of AoB items/latest news
2.1 A note about the proposed structure of the National Apprenticeship Service had been circulated.
2.2 There were no anticipated Other Business items.
2.3 The Chair confirmed that all Regional Council Chairs had now been appointed. They were now assisting with the recruitment of the members and the proposed appointments would be considered by the Appointments Committee at a meeting at the end of June. Three new National Council members had also been appointed.

Item 3. Minutes of the last meeting
3.1 These were agreed as an accurate record.

Item 4. Machinery of Government Changes
4.1 Stephen Marston was invited to update the Council on the recent regional stakeholder roadshow events, jointly presented with DCSF, and stakeholder feedback from them.
4.2 Most comments had been around pre-19 arrangements, although paradoxically, most stakeholders had said they knew the least about post 19 arrangements.
4.3 Pre-19, the key issues raised had been around: Local Authority capacity (comments often coming from Local Authorities themselves); sub-regional groupings (who, how and what rules will be set); ensuring connectivity to the economic and skills needs of a region.

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4.4 The potential for better integration pre-19 was identified as a key opportunity.
4.5 Post-19, the key challenges identified had been around: stimulating demand; offering coherence for employers; keeping bureaucracy to a minimum.
4.6 There was an opportunity for the post-19 offer to become a service in its own right for the first time, with a tailor-made architecture. The potential for new sets of partnerships was also seen as a positive.
4.7 Concerns centred around maintaining delivery standards, LSC staff motivation and high quality communication.
4.8 In terms of next steps, a summary of the stakeholder responses would be published by the end of June, with a major communication effort planned for the late autumn to coincide with the publication of the Bill.
4.9 The Council thanked Stephen for the update which had been useful in terms of giving a flavour of stakeholder response.
4.10 It was agreed that transition discussions that talked about “shadow” organisations were unhelpful as this would mean different things to different people and at this stage, clarity and consistency of language were crucial.
4.11 The commitment to keep the amount of bureaucracy down at every step was welcomed, and Council asked that the number of “steps” within the process was kept to a minimum as well.
4.12 Some Council members asked about what was being done to retain and motivate LSC staff during the transitional period. Mark Haysom responded that it was important to emphasise that the next 2 years represented an opportunity for staff, with new or different roles becoming available. It was clear that morale would be tested, though, if certain fundamental decisions were not made very rapidly (such as about office location and structure), and he continued to push for these to be made and communicated during the summer.
4.13 It would be helpful if Local Authorities had incentives to form clusters, linking the clusters to area economic strategies. It was clear that the capacity to carry out the new responsibilities existed in the LSC, so effective management of transition into Local Authorities was a priority.
4.14 Council commended LSC management for their effective mentoring of staff through the process thus far.
4.15 Chris Banks brought the discussion to a close adding that it was not the intention for the LSC to respond formally to the consultation, rather he would be sending a letter to Ministers on behalf of the Council alerting them to issues and concerns and offering ways in which the LSC was able to assist with transition. As the body with current responsibility for the sectors, this felt like the right thing to do. Council agreed to delegate responsibility to the Chair to compile and send the letter.

5.1 David Russell presented the paper that gave the full year outturn figures which were consistent with the forecast contained in the previous report.
5.2 Management action and a return of funding to the Departments resulted in a net underspend of 1.6%.

5.3 Spend on demand led programmes was hard to predict, with demand currently running behind budget.

5.4 Council noted that the underspend on the budget for Learners with Learning Difficulties and/or Disabilities was inflated due to additional monies having been put into the budget prior to reporting.

5.5 The use of the underspend was currently the subject of discussion with the Departments, but it was unlikely that the full amount would be returned to the LSC.

5.6 On performance, Verity Bullough reported that the recently published Statistical First Release showed significant performance improvements. An increase in adult apprenticeships set against a flattening out at 16-18 formed the basis of the challenge for the NAS.

5.7 Council was concerned about the lower than anticipated demand for 16-18 apprenticeships and suggested that some of the budget underspend could be used to stimulate demand here.

Item 6. Allocations update

6.1 Verity Bullough updated Council on the recent round of allocations.

6.2 This was an ongoing process being conducted within the previously agreed and published time frame.

6.3 Allocations had all been finalised for 16-18, FE and School Sixth Forms. The Employer Responsive allocations were yet to be finalised.

6.4 Lots of work had been undertaken around FE and School Sixth Forms as there had been a higher than anticipated cohort.

6.5 Ways to improve the process for the next year were being looked at. Concerns this year had centred around the segmentation and protraction of the process, and communication issues.

6.6 One challenge was to find ways to guide institutions through the forecasting difficulties associated with a demand led system.

6.7 John Taylor confirmed on behalf of his college that he was satisfied with the outcome of his allocations, and the dialogue between college and LSC had been good.

6.8 Council acknowledged that it was difficult for college governors to take decisions without knowing their allocations.

6.9 The uncertainties arising from the allocations process were acknowledged, but it was essential for institutions to plan for what they could. It was clear that this was the Secretary of State’s stance.
Item 7. Train to Gain
Performance, trajectories and proposed flexibilities (Paper LSC 30/2008)

7.1 Chris Roberts introduced his report that updated Council on Train to Gain performance between August 2007 and March 2008, and set out the trajectories for expansion of Train to Gain over the CSR period and proposed new actions and flexibilities for consideration.

7.2 Overall, performance was going well. 80% of the Level 2 target had been met. Level 3 required more attention, although monthly starts had recently exceeded 35,000.

7.3 Over the next three years, it was anticipated that the Level 2 target would be hit, with the possibility of exceeding the budget.

7.4 Proposals sent to the Department on flexibilities had just received a response. Agreement had been received on sector compacts, and it was hoped to sign four in the next few days. Increased funding rates had also received approval.

7.5 Areas for further work included: gaining a clearer focus on the public sector; level 3 and why it was not performing as well as level 2; Skills for Life performance.

7.6 A series of next steps was agreed as follows:
- Develop a procedure for holding regions to account for performance
- Take good practice around the country
- Develop ways in which the NES can assist with driving up volume
- Instigation of a supply chain review
- Ensure that Train to Gain is integrated into the LSC, and not viewed as a separate programme
- Monitor the impact of economic fluctuations on performance – this was as yet an unknown.

7.7 Council thanked Chris for the update, but expressed concerns around the difficulties with Level 3 and asked for more analysis on this.

Action: David Way

7.8 John Cridland offered the CBI’s assistance with obtaining up to date economic data.

Action: Chris Roberts to liaise with John Cridland

7.9 Matthew Nicholas confirmed that Job Centre Plus was currently working to improve public sector involvement in Train to Gain. The National Employer Survey may be of some use here.

7.10 Council did acknowledge that current numbers did not seem to reflect the latent demand. It was hoped that the system would enable this to change.

7.11 In closing the discussion, Chris Banks said that effort now needed to refocus on the new trajectories.
7.12 Mark Haysom thanked Chris Roberts for the good work he had done around Train to Gain, and advised that he was now to return to his substantive role as Regional Director for the North East.

**Item 8. Apprenticeships**

_Update on performance (Paper LSC 31/2008a)_

8.1 David Way advised that Apprenticeship starts were up by 3% on last year, with Apprenticeships for adults showing particularly strong growth.

8.2 Completions were ahead of profile, and it was now the objective of the NAS to further stimulate demand.

8.3 The national action plan presented to Council aimed to make it easier to learn what works well in regions, and to identify what more could be done to stimulate demand among 16-18 year olds.

_Progress on the Development of the NAS (Paper LSC 31/2008b)_

8.4 The paper updated Council about the continuing development of the National Apprenticeship Service, which had now moved to the implementation stage following a positive consultation period, which had also revealed support for NAS engagement in schools.

8.5 A risk analysis was to be carried out concentrating particularly on risks arising from an economic downturn.

8.6 An organisational model was currently being developed, but it was clear that additional resource was needed.

8.7 Members were keen to encourage the active marketing and selling of apprenticeships as an opportunity. It was felt particularly that Local Authorities had not yet been fully persuaded of the value of Apprenticeships.

8.8 It was important to work through the detail of how the soon to be recruited NAS Chief Executive post would relate to the LSC. Lines of accountability were not yet clear.

8.9 David Way agreed to add in a column to the action plan detailing the monetary value of each action. Also, an assessment of the NAS’s link with the NES which was missing.

**Action: David Way**

**Item 9. Capital**

_Policy Issues – Extending Capital Eligibility (Paper LSC 32/3008a)_

9.1 David Russell presented this paper that invited National Council to review and advise upon proposals for extending capital eligibility.

9.2 Management Group had expressed concerns about the principle of extending capital eligibility to the private sector. Additional safeguards around asset ownership and State Aid issues had resulted in a revised proposal that Management Group had endorsed.

9.3 The revised, preferred proposal was to offer:
• Lower levels of capital funding to all eligible contracted work-based learning providers for capital related purposes such as enhancing premises, purchasing equipment and learning materials and:
• Higher levels of capital support for qualifying project-based capital applications identified through EC qualifying competitive processes, with an advanced level of safeguards including public sector guardianship of assets or assets held in charitable trust.

9.4 Ministers were now very keen to see this extension to eligibility carried out as soon as possible as there was a perception of undue delay which was in danger of reflecting negatively on the LSC.

9.5 Paragraph 13 of the paper currently stated that the Secretary of State had announced that the specialisation budget of £180 million announced in the CSR would be increased to £200 million to support specialisation and particularly to address strategic skills needs. This was incorrect. The Secretary of State had actually announced an additional £200 million to be funded from the Council’s existing capital budgets.

9.6 Council members were content with the principle behind the extension to eligibility. However, they were clear that any extension must be in the public interest, which led to capacity concerns if LSC staff were expected to establish private companies’ motives in applying for funds.

9.7 Following discussion, it was clear that there remained a number of issues for clarification between LSC and Departmental colleagues. It was agreed that this issue would return to the Council at its next meeting giving an opportunity in the meantime for the relevant discussions to take place.

Action: Sue Randall to ensure the item appears on the July agenda

Proposals (Paper LSC 32/2008b)

9.8 John Taylor presented the report that informed Council of decisions made by the Capital Committee at its meetings on 29 April and 21 May 2008.

9.9 Council noted the high level of scrutiny given to each proposal and a number of issues of relevance to each proposal. Council also noted that Hartlepool College’s proposal was referred back to the college to come back to the next Committee meeting.

9.10 Council agreed ten in principle applications for Bournemouth and Poole College, Havering Sixth Form College, Rotherham College of Arts and Technology, Dunstable College, Mid Cheshire College, Stourbridge College, College of North West Kent, Bourneville College, Huddersfield Technical College, Liverpool Community College.

9.11 Council agreed four detailed applications for Barnet College, Warwickshire College, Southampton College and Aquinas College.

9.12 Council noted the other decisions taken by the Capital Committee.

Item 10. Statutory Intervention Policy (Paper LSC 33/2008)

10.1 Council agreed to delegate authority to the Chief Executive to make any further minor amendments required to the policy, and to submit it to the
Secretary of State for Children, Schools and Families and the Secretary of State for Innovation, Universities and Skills.


11.1 Council noted the comprehensive report and agreed to pick up any items of specific interest with Mark Haysom outside of the meeting.
11.2 The structure and content of the report was being reviewed to ensure it still retained a unique value.


12.1 Council noted the paper about this high profile issue which was mainly for information. A National Identity Scheme could have various implications for the LSC in terms of requirements over establishing the identity of an individual.
12.2 Comments were invited to be sent to David Russell direct outside of the meeting.
12.3 Authority to submit the final response to the consultation was delegated to the Chief Executive and the National Director of Finance and Resources.

Item 13. Commission of Inquiry into Adult Learning

13.1 Council noted some background documents to ensure that they knew about the Inquiry, which had been established in September 2007 and was sponsored by NIACE.

Item 14. Any Other Business

14.1 The Chair took the opportunity to thank Henry Ball – who was due to retire at the end of July - for all his work and commitment throughout his career with the LSC.

Item 15. Date of next meeting

15.1 This was 30 July 2008 in London.

Meeting chair Chris Banks
Minute taker Sue Randall
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