### Minutes

**Date**: 11 May 2009  
**Subject**: LSC's External Advisory Group  
**Location**: Centre Point, London  
**Time**: 10:30  
**LSC office**: National Office  
**Publication intent**: Internal

**Present**  
Andrew Jones – Sir John Deane’s College  
Bob Powell – Holex  
Caroline Neville - LSC  
David Collins – South Cheshire College  
David Kendall – Derwen College / NATSPEC  
David Lawrence – Easton College  
David Russell – LSC (Chair)  
Donald Rae – Derbyshire Education Authority  
Elaine McMahon – Hull College  
Geoff Daniels – LSC  
Graham Hoyle – Association of Learning Providers  
Ian Pryce – Bedford College  
Jane Watts – Third Sector National Learning Alliance  
John Guy – Sixth Form College Farnborough  
Judi Baxter – LSC  
Julian Gravatt – Association of Colleges  
Juliette Sargeant – University of Arts London  
Malcolm Trobe – ASCL  
Marion Plant – North Warwickshire and Hinckley College  
Mark Ravenhall – NIACE  
Nick Lewis – Castle College Nottingham  
Ruth Curry – DIUS  
Steve Gray – Training 2000 Ltd  
Stewart Segal – Association of Learning Providers  
Sue Rimmer – South Thames College
Minutes

Susan Pember – DIUS
Una Bennett – Information Authority

LSC staff
Hilary Chadwick
Keith Smith
Lawrence Leader
Rebecca Loveday (minutes)

Apologies
Apologies have been received from:
Carol Bannerman – Bolton Community College
Di Dale – Wiltshire College
Geoff Hall – New College Nottingham
Helen Sexton - NATSPEC
John Dallinson – Newcastle College
John Morgan – Conyers School / ASCL
Mark Crawley – University of Arts London
Sue Baldwin - DCSF
Tim Ward – The Learning Curve
Verity Bullough – LSC

Item 1. Welcome and introductions
1.1 Members were welcomed to the meeting. The apologies were noted.

Item 2. Minutes of last meeting
2.1 The minutes were accepted as an accurate record of the meeting. The following matters arising were reported:
   • 2.28: Skills Activism was added to the agenda.
   • 7.2: The new Chief Executive had been invited to attend the 10 July meeting of the Group.

   Action: Members were invited to submit issues to Rebecca Loveday that they wished to discuss with Geoff Russell at the next meeting of the Group
   (All)

Item 3. Skills Activism
3.1 Susan Pember introduced the new initiative called Skills Activism. It worked alongside Demand led Funding but provided a planned landscape for the
future. In scope were England, Wales, Scotland and Northern Ireland. It was also to be supported by an HE strategy to be released in the summer.

3.2 Members welcomed the intentions of the initiative, recognising that the use of market intelligence was very sensible, if difficult to predict in the longer-term. They made the following points:

3.3 Barriers to flexibility should be identified and removed to enable providers to be responsive to changes.

3.4 New ways of dealing with potential abuse should be sought: the response of tightening flexibility and increasing bureaucracy was unwelcome.

3.5 The Third Sector should be included within this work to enable its innovation to be translated into the mainstream sector through closer working. Susan confirmed she would add the Third Sector to the paper.

3.6 It was important to embed this new strategy within the existing infrastructure, with links across all organisations.

**Item 4. Information Authority: Progress so far**

4.1 Una Bennett presented a paper on the progress made by the Information Authority since its creation, following the Foster Report. Una confirmed ‘FE Data’ included SSF, General FE, Independent Training Providers and Sixth Form Colleges.

4.2 Una confirmed the IA was currently consulting on an earlier close date of the final learner responsive collection (F05). This was to enable earlier reporting of success rates for FE and to support the funding allocations process.

4.3 It was noted that there was an unsatisfactory delay in publishing sector achievement data, leading to a loss of positive, deserved publicity. The delay in receiving data from Awarding Bodies was noted as a key issue, which might be resolved through negotiation between them and the providers.

4.4 It was confirmed that 98% of the data would be available by the end of November although concern was raised at the impact of not using the remaining 2%. This could be resolved through greater flexibility, where adjustments could be made at a later stage (to be considered as part of any transition planning).

4.5 Members noted the review of audit inspection dates which would be considering the viability of bringing them forward.

**Action:** The result of the review of the Audit Review dates be brought back to the Group for information (DR)

**Item 5. Allocations Update**

**Young People**

5.1 Geoff Daniels updated members on the progress made so far in the allocations for Young People.

5.2 There was additional funding / places in 2009/10 compared to figures published in the November 2008 Grant Letter. This additional growth would focus on NEET and enable the September Guarantee to be delivered. However, the allocations timescale was tight to ensure greater security of
planning for providers. The final allocation would therefore be sent out by the end of May / early June.

5.3 Colleges and providers should submit proposals for the additional, limited funding.

5.4 In order to ensure budgets matched actual delivery, DCSF were considering if clawback should take place in the autumn. Members asked that the rules for any clawback be clear and published.

5.5 Some providers were looking at collaborative working to address any shortfalls. This could impact any proposed clawback of funding from individual providers.

5.6 DCSF have agreed an additional £5M to be used in 2008/09 for E2E. This allocation would also be made as soon as possible.

5.7 The scope to respond to this increased funding was required across all sector providers to ensure demand was met.

5.8 The funding model used the F01:F05 to account for differentiation in patterns of delivery.

5.9 Flexibility was required to meet demand for young people in 2013, where a place in learning would be provided for every 16 year old and then every 17 year old.

Adult

5.10 Regions had worked extremely hard to ensure the Adult Allocations process was successful. This included links to addressing the new or long-termed unemployed to meet the demand arising from the economic downturn.

5.11 Members agreed that the process so far seemed satisfactory. However, concern was raised regarding the Fee Income target. Co-funded income targets were based on historic data which did not currently show the impact of the recession on the co-funded to fully funded shift. Targets were therefore unrealistic. It was noted however that some institutions had done very well against these targets.

5.12 There was concern at the impact in the reduction to the Development Learning funding.

Action: Members were invited to submit their views to Rebecca Loveday on the impact of the reduced Development Learning funding across regions (All)

5.13 It was reported there was to be a revised approach to ESOL, with a lead role for Local Authorities.

Action: A response to the reported changes to ESOL from DIUS be reported to the Group (SP)

Employer

5.14 Keith Smith reported on the progress made in the Employer Responsive (ER) allocations in 2008/09.

5.15 There was more funding available for ER provision. However, the Train to Gain programme had proven to be very successful, with significant uptake over the last 6 months in response to the stimulus in demand activated in the
summer of 2008. It was therefore necessary to ensure there was no overspend, whilst continuing to fund the best performing providers to maintain quality.

5.16 In response, Partnership Teams were considering the level of performance and number of learners enrolled up to the end of March to enable confirmation of the 2009/10 budget. It was important providers managed within formally agreed MCVs and managed the April to July offer accordingly.

5.17 More funding would therefore be made available in this academic year by transferring resources from 2009/10 into 2008/09. However, the LSC needed to understand the commitments in 2008/09 and the impact on 2009/10. This led to the publication of indicative, rather than final, Maximum Contract Values (MCV) in March.

5.18 Members expressed great concern regarding this issue. The impact on employer relations and the reputation of the sector could be damaging.

5.19 It was confirmed the LSC would stand by its MCV contractual commitments where delivery quality was good and would ensure the LSC could fund all those learners who started before the 1st April 2009. Anything beyond that would be funded based on availability. It was noted failure to meet MCVs could be legally challenged, whilst recognising the LSC and sector clearly could not allow funding to remain with poor quality provision.

5.20 Regions and National Office were working together to ensure MCVs were issued by 31 May. The end to end process was being overseen by Chris Roberts, the LSC’s Chief Operating Officer.

5.21 It was confirmed Single Contracting would be an aid to managing these issues in the future.

**Item 6. Capital Spend for Private Training Providers**

6.1 Lawrence Leader presented an update on the extension of the capital funding scope to include Private Training Providers. There had been a slip of a few weeks due to the complexity of the process but issues had now been resolved. Letters of invitation to take part in the second phase of the process had been sent Friday 8 May.

6.2 The issue of State Aid was addressed through the competition element of the process. Although anyone could apply, there were safeguards applied to protect any investment. These had been drawn up in close collaboration with Legal and Finance colleagues.

6.3 This was a pilot year so the process would be assessed in October. Advice would be sought on taking this forward from EAG members.

6.4 Feedback would be provided to unsuccessful bidders through Area Teams.

**Item 7. Large National Employers: Opportunities for Providers**

7.1 Hilary Chadwick of the National Employer Service reported on the proposal to encourage providers to work in partnership with large NES employers in the delivery of their training provision: there needed to be a shortlist of providers who were able to work with employers.
7.2 NES were in discussion with ALP and AoC to make this a nationwide offer, with colleges working together with one lead. Holex were also keen to be involved in the discussions.

7.3 The need to speed up the process by which providers could work with employers nationwide was noted.

7.4 Further information was available for providers by contacting Hilary.

Item 8. Single Contracting: progress Update
8.1 This item had been covered under item 5 above.

Item 9. Any other business
9.1 The next meeting of the Group was 10 July at 10.30 in National Office Coventry.

   Action: The SFA regional structure be brought to the next meeting of the Group (SP with LSC support)

Meeting chair       David Russell
Minute taker        Rebecca Loveday
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