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<td>Subject</td>
<td>External Advisory Group</td>
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**Present**
- Andrew Jones
- Bob Powell
- Di Dale
- Donald Rae
- Geoff Hall
- Helen Sexton
- Ian Pryce
- John Dallinson
- Julian Gravatt
- Juliette Sargeant
- Malcolm Trobe
- Marion Plant
- Stewart Segal
- Sue Meyer
- Sue Rimmer
- Susan Pember
- Tim Ward

**In attendance**
- Mark Haysom
- Juliette Sargeant
- Janet Ryland
- Kully Jones

**LSC staff**
- Caroline Neville
- Geoff Daniels
- Judi Baxter
- Rebecca Loveday

**Apologies**
- Apologies have been received from:
  - Carol Bannerman
  - David Collins
  - David Lawrence
  - Graham Hoyle
  - John Guy
  - Lindsey Wharmby
  - Mark Crawley

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Item 1. Welcome and introductions
1.1 The Chair welcomed everyone to the meeting, in particular Caroline Neville, who was attending her first meeting as a new member of the Group.

Item 2. National Learner Satisfaction Survey (item 6 on the agenda)
2.1 Judi Baxter presented the planned approach to undertaking the National Learner Satisfaction Survey in 2009 (NLSS). The survey was used to inform Ministers of learners’ experiences across post-16 provision in England and was therefore seen as valuable by DIUS. Susan Pember endorsed the need to continue with the survey as DIUS regularly used the outcomes to review the learners’ experiences and to quote the headline figures.
2.2 The Group were asked for their views on the two options presented for the NLSS: repeat the 2007 survey or reduce the sample size.

Recommendation: Option 2 – Reduced sample size be taken forward.
Recommendations: Those learners undertaking PCDL should be included within the survey.
Action: Members to submit expressions of interest in assisting in the development of the Survey’s questionnaire to Judi Baxter (All)
Action: This item be brought back to a meeting of the Group to consider the future role of the survey in 2009 and beyond (CB).

Item 3. Machinery of Government
3.1 The Chair welcomed Mark Haysom to the meeting. Mark updated members on progress in the development of the proposals for Machinery of Government since the publication of the consultation in March 2008.
3.2 It was one year since the MoG changes were first announced. Although the direction was identified within the consultation, much of the supporting detail remained unclear and required further development.
3.3 Nine regional consultation events have been held and, although there were many questions regarding the proposals for the Adult sector, including the Skills Funding Agency (SFA), the greatest concern was regarding the proposals for Young People, where questions were raised about the Young Peoples’ Learning Agency (YPLA), Local Authorities (LA) and how they would work together.
3.4 The LSC had carried out its own internal consultation. Staff were showing great resilience but had raised concerns regarding both their personal futures and that of the sector. There was frustration because of the lack of answers to basic but crucial questions such as geographic location.
3.5 Clarity was also required on how cluster arrangements would work. Although there was evidence of good collaborative working, this was not countrywide. There would therefore be a push for LAs to describe how they would work together. Detail was also required on their interaction with the YPLA and providers.

3.6 The national, regional and local presence of the YPLA and SFA were to be clarified. The LSC had devolved much of its power to the regions, which, if it change under the new organisations’ structures, would add to the challenges ahead.

3.7 Two years to complete the transition was very challenging. It also had to be delivered alongside the LSC’s ‘day job’ of meeting performance targets, whilst ensuring staff were provided every opportunity available to them under the new proposals in an open and flexible setting.

3.8 The incremental roll-out also presented challenges. To counter these, it was proposed that interim arrangements run alongside the current LSC structure. This would include the YPLA, SFA, cluster teams and the shared services arrangements, although clarification was required on what the latter encompassed.

3.9 The suggested timescales for implementation were:
   a. New organisations’ descriptions shared with LSC staff by summer 2008.
   b. Shadow arrangements in place by the end of 2008.
   c. Appointment of YPLA and SFA Chief Executives by autumn 2009.
   d. Shadow governance arrangements then in place from autumn 2009.
   e. Formal move to new organisational arrangements, with appropriate powers, by Spring 2010.
   f. Closure of the LSC by mid 2010.

3.10 Members made the following comments:
   a. Given the level of turbulence to providers whilst the new arrangements were rolled-out, it was recommended that minimum changes be made to other areas within the 2008/09 funding round. It was confirmed Ministers had agreed that this should be the case.
   b. The sector understandably wanted to be proactive and responsive to the challenges ahead but should still raise concerns where they recognised a potentially negative impact on the frontline.
   c. Members would welcome the sector’s involvement in the development of proposals for the new landscape.
   d. It was critical to recognise the impact of TUPE.
   e. The inclusion of LLDD within the remit of the YPLA was welcomed as it provided appropriate national consistency (geographical boundaries were inappropriate for LLDD). However, there were other areas that needed to be assigned to one agency, such as OLASS, where the programme covered both the YPLA and SFA cohorts.
   f. There were many opportunities for the sector arising from the proposals, where there would be positive ways of working within local cluster arrangements supported by innovative funding models. However, the local political dimensions could be an issue where new funding was directed to LAs. It was noted the Local Government Association did not want a national funding formula.
   g. The YPLA should ensure LAs do not enter into protectionist behaviour for their colleges and providers, including the allocation of capital funding. However,
care should be taken to ensure boundary issues were managed without increased bureaucracy.

h. Regional Forum checks and balances should be in place to ensure effective local decision-making, with challenges brought by the Secretary of State where appropriate. It was noted this was already in place for pre-16 provision.

i. The single, compelling reason for the Machinery of Government changes needed to be communicated.

j. LAs needed to promote themselves as potential employers for LSC staff: two-way secondment opportunities should be made available.

k. The sector should communicate to DIUS the key principles they believed should underpin the MOG proposals; for example, that funding should follow the learner to enable choice. There was still opportunity to raise any issues during the detailed discussions in the summer, following the publication of the results of the consultation in the next few weeks.

l. The main stakeholder group for the Machinery of Government Programme was the FE Reform Programme Board, on which some of the members of the EAG were involved.

**Item 4. Minutes of last meeting and matters arising (Item 3 on agenda)**

4.1 The apologies were noted for the meeting.

4.2 The minutes of the previous meeting were accepted as an accurate record.

4.3 A consultation with critical friends was being held on the New Models guidance. It was vital that the document contain guidance on the increasingly complex area of college companies.

**Action:** Susan Pember to ensure the New Models publication contains guidance on college companies as a matter of urgency (SP)

4.4 It was confirmed there was an intention to bring Skills Accounts back to the Group for consideration at a later date.

4.5 The matters arising from the previous meeting were as follows:

- 1.4: It was confirmed that members’ claims for travel and expenses could not be claimed back from the LSC when attending meetings.
- 1.4: Members views had been canvassed on the future location of the meetings: London or Coventry. It was decided the majority of meetings would be held in London but with two per year to be held in Coventry.

**Action:** Update of the meeting dates and venues be sent to members along with the minutes (RL)

- 2.2: The LSC will follow up on the findings of the Single Equality Impact Assessment of Demand led Funding and UK Reform Programme when the QCF was operational. The LSC was in discussion with DIUS regarding the overall impact assessment for the QCF.
- 2.12: The New Models of Delivery would be brought to the next available meeting of the Group.
- 3.7: The Apprenticeship Matching Service would be brought back to the meeting on 14 July.
- 5.5: On 7 May, a subgroup of the National Learner Panel met to discuss Government’s proposal for the new Adult Advancement and Careers Service and Skills Accounts. The panel members met with Aled Williams from the Adult
Advancement and Careers Service Policy Team and Sue Thickett from the Learner Accounts Policy Team.

**Action:** A note of the meeting be issue to members along with the minutes of the meeting (RL)

- 6.9: Framework for Excellence was on the agenda.
- 7.5: Following discussion at Management Group on the issues and concerns regarding the allocations process in 2007/08, a letter was issued from Mark Haysom, which was sent by the Chair to members prior to its wider circulation.
- 7.5: Further details on how the LSC was taking forward next year’s allocations (as part of the wider Business Cycle) were covered in item 5: Business Cycle 2009/10.

**Action:** The impact of the funding models on college and provider allocations be brought to the Group at its meeting of 14 July, along with consideration of the proposals for the Business Cycle 2009/10 (GD/JB)

**Item 5. Full Level 2 and QCF Implementation Consultation (Item 4 on agenda)**

5.1 Kully Jones and Janet Ryland gave a presentation on the proposed full level 2 definition. Members made the following comments:

a. The flexibility of the credit framework was welcomed but it was noted this was at risk where the distinction between ‘vocational’ and ‘academic’ was maintained through progression pathways.

b. There were major challenges for Awarding Bodies; the move to the QCF was at a time of diploma roll-out and wider business issues.

c. Although most private providers welcomed the credit framework, it was noted that there should not be an increase in complexity regarding the supporting funding model: funding should not be the control mechanism.

d. However, checks and balances must be in place that enabled good control of the programme until it was imbedded and any currently unseen consequences were identified. This would protect the credibility of the programme, including at a political level.

e. It was confirmed Sector Skills Councils (SSCs) would define and update employment-based standards of competence for Apprenticeships, NVQs and full level 2s entering the market to ensure quality is maintained.

f. Full level 2 would equate to a minimum of 130 learning hours. The value of learning hours would be decided by the Awarding Body.

g. The programme was working across 25 SSCs, which were at different stages of development. Further work was therefore needed and a robust dialogue held regarding public funding priorities.

**Decision:** Members of the Group to be critical friends of the programme’s proposals.

**Action:** Full Level 2 and QCF Implementation be brought back to the Group in the autumn, along with the proposals for the Foundation Learning Tier (JR/KJ)

**Item 6. Business Cycle 2009/10 (Item 5 on the agenda)**

6.1 Verity Bullough introduced the item on the progress made in the development of the Business Cycle 2009/10.

6.2 There are a number of challenges ahead, including timing of outputs and quantum.
6.3 The LSC was in discussion with DIUS/DCSF regarding the development of Priorities for Success 4 (PFS4), with a comparison to be made with the PSF3 and Comprehensive Spending Review of 2007/08.

6.4 It was critical to improve the processes that supported the Business Cycle in 2007/08 and to consider the data required for agreeing baselines and final allocations. The Group would be consulted on proposals to ensure they are correct before sign off.

6.5 It was confirmed that Bill Rammall had made a commitment that all 16-18 providers would receive their consolidated baseline in December. The Minister had also made a commitment that both Adult and Employer consolidated baselines would be issued by February. Further clarification was required on what consolidated baseline encompassed.

6.6 It was confirmed any allocation would need to be informed by appropriate data, else risking poor investment decisions.

6.7 The new funding formula was the best yet. However, its integrity appeared to have been compromised and the Group needed to see an analysis of the outcomes from 2007/08. This included the ALS formula, which had not corrected the anomalies in the system.

6.8 The issuing of tenders before the communication of baselines for Independent Providers meant they would have to bid for multiple contracts across regions to secure their future viability.

Action: At its meeting on 14 July, the Group to consider the outputs within the Business Cycle 2009/10 to provide quality assurance that they met stakeholder expectations (JB)

Action: The Group to also consider the outstanding outputs for the 2008/09 Business Cycle (JB)

Item 7. The launch of version 1 of Framework for Excellent

7.1 After it was reported there would be further opportunity to question and comment on the contents of the Framework, the paper was noted.

Item 8. Any other Business

8.1 The Group to consider more medium to longer term issues including:
   a. Market behaviour and the impact of HEFCE’s higher investment in Universities to enable their entry into FE provision.
   b. Demand led Funding and the financial health of the sector.

Meeting chair: Verity Bullough
Minute taker: Rebecca Loveday
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